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Department of Music

Notes and Coins: The Financial Sustainability of Opera and Orchestral Music

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Declaration of Authorship

I, Antony Feeny, certify that this thesis presented for the examination for the Degree of Doctor of Philosophy at Royal Holloway University of London is solely and entirely my own work other than where I have clearly referenced the work of others.

Antony Feeny
June 2018

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I have benefited from interviews and discussions with literally hundreds of people. Those I have formally interviewed are listed in Appendix 2, but I have also met and discussed issues with a wide range of other people both within and without the music industry whose views have also informed my data and analysis.

I have enjoyed access to archival material at the Royal Opera House Collections, Glyndebourne, English Touring Opera, and the Richard Wagner Museum in Bayreuth, to whom my thanks are also due.

Abstract

Throughout their histories, opera and large-scale orchestral music have rarely been able to cover the costs of their performance without external support, and yet they continue to flourish. This thesis examines this issue to confirm that there has been a continual shortfall of sales revenues compared to costs, assesses why this has been the case, looks at how such shortfalls have typically been funded, and asks why these art forms have nevertheless survived for more than four hundred years (the "sustainability dilemma").

The thesis takes a multi-disciplinary approach covering several areas which have not yet been systematically explored. After a review of the relevant theoretical foundations for the study of the classical music industry and its economics, it explores the meaning of sustainability and various forms of value key to the survival of opera and orchestral music. This is followed by an overview of the economic history of opera, and a selective examination of some important aspects of its economics which are not typically highlighted.

The financial situation of the classical music industry in the post-War years is evaluated in new ways by combining interviews with over 150 people active in the contemporary classical music and related businesses with analysis of financial data. These data are drawn from a variety of primary sources including the recent financial accounts of a wide range of classical music organisations in the UK, as well as selectively for other key musical countries including Germany and the USA.

The current funding model of opera and orchestral music based on income from commercial, governmental and philanthropic sources appears still to be robust, if unorthodox in terms of today's standard business models. The thesis concludes by highlighting some of the options that may face opera and orchestral music if the future were to bring a more financially challenging environment.

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Chapter 1: Introduction and research context

1.1 Introduction and objectives

The brightly lit building looms grandly over the fleets of limousines depositing their jewel-bedecked passengers at its imposing entrance. Grey-haired men in dinner jackets and coiffeured women in evening dress sweep past the tall statues through the glittering foyer, casually showing their tickets to the submissive uniformed lackeys who wave them into the auditorium already buzzing with high-society gossip from the other denizens of privilege balancing their champagne flutes with well-practised poise while greeting their peers. Clutching shiny bejewelled opera glasses, the elite take their places, leafing through the embossed programmes to confirm the appearance of their favourite star performers. The auditorium darkens and the applause grows as a barely visible man in coat tails marches to the podium, bowing briefly. As he decisively lowers his baton, a hundred musicians respond with the overture's opening chord.

This is the classic image of opera and classical music that has existed for hundreds of years and remains even to the present day. It is sufficiently accurate that it still draws an immediate response in the 21st Century, as a brief visit to any major opera house will testify. Yet it is also sufficiently inaccurate that it ignores many other forms of opera which have emerged over the years in very different environments. This image does, however, encapsulate three core characteristics that lie at the heart of the opera business in particular, and classical music in general, and are the subject of this thesis: music, money, and status.

The *musical* aspects of classical music have been researched extensively for decades. Consideration of its socio-economic *status* (and thus class associations) has grown in recent years, covering its social history (Snowman 2009) or addressing issues such as 'musicking' (Small 1998). As reported in one description of concert life in London over 200 years ago, "Music had long been a way of advertising social status: it had the advantage of involving both conspicuous spending and pretension to good taste" (McVeigh 1993: 11).

The *money* aspect remains relatively unexplored in comparison, with the financial and business facets of classical music typically discussed only as part of wider studies covering a particular composer, work or period. This contrasts with the popular music industry, whose ostensibly commercial imperatives have encouraged more focus on its finances.

A landmark exception was *Performing Arts – The Economic Dilemma* written by William Baumol and William Bowen in 1966, and one of the first studies to engage seriously with classical music as a business. It introduced what is now called Baumol's "Cost Disease", which posits that industries like classical music with an inevitably high labour component have little scope for increases in productivity. As wages rise in other industries enabled by productivity increases, the costs of classical music will rise disproportionately and "costs per performance should be expected to continue to rise more rapidly than the general price level" (Baumol & Bowen 1966: 391).

Although other writers (Cowen 1996; Peacock 1993) have argued that mass media dissemination and the pay increases of audiences have shifted the relative economic logic, the "Cost Disease" remains influential. Administrators and practitioners also experience the problems constantly. As William C. Morris, Chairman of the New York Metropolitan Opera's Executive Committee, commented:

> I shock new board members when I tell them our gross margin is negative one hundred per cent—for every dollar of ticket revenue, we lose a dollar. It's not a business. There are no shareholders. Directors of the Met are opera lovers, and the return they're looking for is to provide what directors and opera lovers want, which is to be the best opera house in the world (Stewart 2015).

Although slightly undermining their own argument that music's economic situation is *worsening*, Baumol & Bowen opened with the statement "In the performing arts, crisis is apparently a way of life. One reads constantly of disappointing seasons, of disastrous rises in cost of emergency fund drives and desperate pleas to foundations for assistance" (Baumol & Bowen 1966: 3). In the same vein, the writer and historian Cristoforo Ivanovich, in his treatise *Memorie teatrali di Venezia* in 1681, deplored the situation of Venetian opera: "Profits at the door, the basis of the business investment, instead of growing are diminishing, evidently endangering the continuation of this noble entertainment" (Rosand 1991: 391).

These writers present two similarly pessimistic views nearly 300 years apart. Their opinions could be supplemented by modern evidence, although financial problems are hardly unique to the arts world. Orchestras in Philadelphia and Minnesota in the US and the Radio-Sinfonieorchester Stuttgart des SWR in Germany have experienced severe financial and organisational disruptions. The old New York City Opera and Gotham Chamber Opera have disappeared completely, and others such as English National Opera, San Diego Opera and apparently even the Wiener Staatsoper have been struggling financially[1].

And yet today, notwithstanding continuing financial crises, classical music performances attract audiences of millions. In the US and the UK there are reported to be, respectively, more than 700 and 60 orchestras and 140 and 80 opera companies[2]. New opera and orchestral venues have been opening

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[1] Philadelphia Orchestra Chapter 11 bankruptcy filing 16/04/2011, Minnesota Orchestra lockout 01/01/2012 till 01/02/2014, proposed merger of Radio-Sinfonieorchester Stuttgart des SWR (RSO) and SWR Sinfonieorchester Baden-Baden and Freiburg (SO) in 11/2013, New York City Opera bankruptcy filing 01/10/2013, Gotham City Chamber Opera announcement 01/10/ 2015, San Diego Opera proposed closure 19/03/2014, Wiener Staatsoper Direktor Dominique Meyer magazine interview 19/03/2014, English National Opera *passim*

[2] The League of American Orchestras (http://www.americanorchestras.org) claimed some 700 members in 2016, and the Association of British Orchestras (http://www.abo.org.uk) had 61 full members in 2017; Opera America (http://www.operaamerica.org) had 144 professional company members in 2017, and I have counted some 80 professional and amateur opera companies in the UK [Web-figures last accessed 11/02/2017]

globally. These include opera houses in China in Beijing (2007) and Guangzhou (2010), Norway's Oslo (2008), Russia's St. Petersburg Mariinsky Theatre Second Stage (2013), and Dubai (2016), and large-scale orchestra complexes such as Singapore's Esplanade (2002), Reykjavik's Harpa Concert Hall (2011), the Philharmonie de Paris (2015), and Hamburg's Elbphilharmonie (2017). In addition there is a barrage of positive statistics about developments in "new" musical markets such as China with its "boom time for opera" (Melvin 2010) and allegedly more than 40 million child student-pianists (Sebag Montefiore 2013) – although such comments may be inclined to see a complex cultural issue through rather immediate and Western eyes (Huang 2011).

The pessimistic viewpoint appears to ignore these highly active musical communities and the many and continuous improvements in both performance and technical standards. In the 50 years since Baumol & Bowen's research, the technological developments alone have included amplification, Dolby, mixing desks, CDs, acoustics, MP3, FLAC, and streaming. These have improved the availability and quality of the music which audiences can now experience in many locations, and have provided further sources of revenues (Economist 2016; Laing 2002; Nicolaou 2017) and added multiple locations for the monetisation of music (Forde 2015). All this suggests that "The more opera is dead, the more it flourishes" (Žižek & Dolar 2002: 3).

The apparent contradiction of the gloomy financial outlook amidst continuing investment and ubiquitous performances should stimulate research. Suitable topics might include understanding and analysing the economic and business bases for the industry, and proposing solutions to the "sustainability paradox", or how opera and orchestral music have endured for centuries with high artistic standards despite adverse structural economics. Substantial research has not been forthcoming, however, and references to business or finance are often tangential. There are therefore several areas – such as the sizing and funding of the contemporary classical music industry, and the efficiency measures in Chapter 9 – where the research in this thesis is exploring under-developed territory.

This thesis aims to fill a part of this gap and tackles the "sustainability paradox" by addressing the following questions:

1. How have opera and orchestral music survived as businesses?
2. Is external 'subsidy' a key and inevitable feature of their financing, and if so why?
3. How do the business and financing models and traditions of classical music in the UK differ from those in some other major musical countries, and why?
4. How have non-monetary factors, such as power and status, contributed to the sustainability of classical music?
5. Can opera and orchestral music be financially sustainable, and what does that mean?
6. Are there emerging business, technological, socio-economic or other factors that might help improve the financial sustainability of classical music?

1.2 The music industry and its business

1.2.1 Defining opera and classical music

This section reviews the classical music industry through the lens of previous scholarship. Other types of music in addition to classical are referenced, primarily because much of the relevant research has been carried out on popular music.

Historical definitions of opera and other forms of classical music used to focus primarily on the 'product', i.e. the music. This is largely still the case in popular discourse, and even in standard non-specialist texts[3]. There has been limited consensus about why a particular piece of music might be admitted to the classical canon: for example, why one of Shostakovich's symphonies is

[3] E.g. "Opera" in *The Oxford Dictionary of Music*, 2nd ed. rev., accessed11/02/2017, http://www.oxfordmusiconline.com/subscriber/article/opr/t237/e7485

considered standard classical repertoire, whilst his film scores are not; or why Bizet's *Carmen* is considered an opera but Sondheim's *Sweeney Todd* is not, even though both include dialogue and are performed in opera houses and other arenas with and without microphones (another factor that is usually included in these judgements). Many people's main contact with these types of music is through films, videogames or in public places (Frith 2002), and some leading orchestras earn critical extra income from playing scores for these more popular media, such as the London Symphony for the first six *Star Wars* films and the London Philharmonic for the *Lord of the Rings* trilogy.

There is not even a clear consensus about the use of the term 'classical music'. Some authors use the expression "Western art music" rather than "Western classical music" (Cottrell 2004), while others simply refer to "classical music" (Frith 2002). I use the latter throughout this thesis for two reasons: firstly, "classical music" is the expression that is used and understood by the overwhelming majority of the musical and non-musical communities; and secondly, the implied denial of the term 'art' to other types of (non-classical) music can be seen as inappropriately elitist. It is difficult to argue that the works of The Beatles, for example, are not "Western art music" when fifty years after their composition they are as revered and studied as any pieces of 'classical music' – especially since artists like the Beatles are often drawing on the classical music tradition (Goodall 2013: 307-10).

Scholarship has moved on from a 'product-centred' view, understanding that classical music has to include the social context of its performance (Hall-Witt 2007; Johnson, V. et al. 2007; Small 1998; Weber, W. 2004). This recognises that any definition is socially constructed and changes over time, and that classical music occupies a particular position in the culture of societies – for example in the UK its association with the social elite, warranted or otherwise. Different aspects of this have been variously explored, including the role of performers and audience (Small 1998), and the existence and transfer of power relationships (Bourdieu 1984).

Nevertheless, there is still scope for acknowledging the product viewpoint. Giving primacy to social context does not sit easily with the many different forms of opera, for example, which do not take place in "grand opera" houses playing to a well-heeled audience. In the UK these include: the pub variety (such as OperaUpClose and its mission "to make opera more democratic"); community opera (such as the Birmingham Opera Company in which the audience move around configurable open spaces as part of the action); and experimental opera (such as the Tête à Tête Festival "committed to exploring the future of opera" by performing short challenging works). The combined budgets of all these smaller opera companies are a fraction of those of the UK's large opera houses, although there are far more of them. Fewer have as yet sprung up in more highly subsidised continental European countries, but they too have many small-scale and amateur musical organisations.

In what follows I will therefore be talking about opera and classical music as a canon of works in a specific historical and formal tradition, as activities with certain social attributes, and as highly flexible music forms with defined labels.

1.2.2 The classical music industry

Having considered classical music as a *concept*, this section clarifies the scope and nature of the classical music *industry* before moving on to consider the value created in the industry, and how opera and other forms of classical music fit within this framework. The term 'industry' is typically used to refer to a grouping of producers in an economy suppling goods and services to meet the needs of buyers (Bain 1968; Dalziel 2007). Whilst the Standard Industrial Classification system (used internationally since 1948) and similar categories may be useful for economic and statistical purposes, among other things they ignore network and systems-based aspects which are crucial in the music industry.

The environment of classical music is different from many conventional industries, being characterised by a high labour component, extensive amateur music-making, subsidy, and voluntary contributions, which all support the professional and commercial mainstream. It has to some extent come to depend on these amateur and voluntary elements, although it is the professional and monetised industry that is the focus of this thesis.

Whilst there is now a relatively extensive literature on the music industry, there is no precise consensus on its definition, or even on the question of whether it should be viewed as one or several industries. Some argue that the definitional emphasis "tends to vary, presumably in accordance with the needs and definitional frameworks of the authors and funders", before concluding that "there is no such thing as a single music industry. There are, however, people working in a range of industries centred on music. There are music industr*ies* and it is them that we should study and engage with" (Williamson & Cloonan 2007: 311, 20).

These researchers comment that even distinguished industry academics use both plural and singular apparently interchangeably (Hesmondhalgh & Negus 2002). However, it is common in both public and academic discourse to refer to quite disparate functions as part of a single industry, such as financial services encompassing insurance, banking and asset management, which are just as diverse as composing, performing or recording. It is claimed that the recording industry has been quite successful in positioning recording and its supply chain[4] as the main focus of the "music industry" in discussion and policy-making, and that even distinguished analysts of the popular music industry either always or regularly equate the music industry with the recording industry (Longhurst 1995; Negus 1996; Shuker 2001).

Recorded music has never been as significant in the classical music industry, however, even in the new age of streaming. Indeed, "for many years, within most major [recording] companies, the classical division was allowed to run at a

[4] A supply chain: "a series of linked suppliers and customers" (Graham et al. 2004: 1089); or "all activities associated with the flow and transformation of goods from the raw material stage through to the end user, as well as the related information flows" (Handfield & Nichols 1999)

loss, supported with revenues generated from the sales of pop and rock (Negus 1999: 49). Classical recorded music has always shared its status with live performances and scores, perhaps because such a large proportion of the commonly performed classical music repertoire was written before the age of recording so there were no proprietorial or "definitive" interpretations – and this attitude has continued even after recording became commonplace.

Dave Laing sees the industry as "the ensemble or complex of practices and institutions that make possible and regulate the production, distribution and consumption of music", although he too struggles to "unpack the components of 'production', 'distribution' or 'consumption' … [f]or instance, should 'production' include performance and recording as well as composition, and, if so, in what dimension?" (Laing 2002: 171). This also implies a slightly passive model of consumption: "In essence it's a one-way street, from analysis to performance, from page to stage. In today's parlance, it is knowledge transfer rather than knowledge exchange" (Cook 2013).

Others similarly view the music industry as consisting of "a set of overlapping and interconnecting networks, through which cultural material flows and undergoes a process of commodification" (Leyshon 2001: 61; Leyshon et al. 2005: 185-86). Leyshon refers specifically to the exposition by Jacques Attali of how the networks of composition, representation and repetition interrelate in the musical economy (Attali 1985: 31-32). In reflecting a wider range of industry participants and their networks, this is certainly a more sophisticated and dynamic view of the way that the music industry functions.

Patrik Wikström also cites Leyshon's network diagram but sees the music industry as comprising music-recording, music-licensing and live music. He argues that music is more a *copyright* rather than a *cultural* industry. Whilst this acknowledges the importance of copyright over the last 300 years (Frith & Marshall 2004), it ignores music outside the historical or geographical arena of copyright, and is more relevant to popular than classical given that classical's revenues are less linked to copyright. In her book about the creative industries in China, however, Lucy Montgomery argues that the combination of disruptive technologies and new generational attitudes means that a new business model for music is already emerging based on entrepreneurial innovation and speed to market rather than copyright (Montgomery 2010).

Although copyright has historically been key to the protection of the music industry, there are growing questions about its future role, not just in the new geographical markets examined by Montgomery, but also in its core Western markets (Anderson, T. J. 2014; Lessig 2008) as well as in minority areas of music (Seeger 1992). Mark A. Lemley has challenged the link between intellectual property and creation, and has questioned whether its protection and the associated regulation is really the best way of securing the future of music and the content of other media industries, which is the traditional justification (Lemley 2014), particularly in an age of streaming and other evolving media and technologies. I discuss this briefly in relation to historical operatic creativity in Chapter 3.

Restricting the debate to copyright, however, is too narrow, particularly when the majority of the operatic and orchestral repertoire performed is out of copyright. The key point is that the music industry comprises networks of people and organisations entering into commercial or other exchange-based relationships to undertake or support music-related activities. In doing this they probably (but not necessarily) make money through a variety of payments or other forms of exchange (fee, grant, copyright, favours, etc.) to sustain the livelihood and continuity of musicians and related people and organisations. The music industry is thus "a series of interlocking networks of workers and traditions" (Anderson, T. J. 2014: 5).

These networks can comprise a wide variety of stakeholders including singers and other musicians, patrons and philanthropists, government bureaucrats and administrators, connoisseurs and enthusiasts, casual audiences, and so forth. Some of these stakeholders may be organised in groups, whether viewed as an 'imagined community' (Anderson, B. 2006), a collection of people sharing a similar *habitus* (Bourdieu 1984), or in the case of musicians as an "art world", which "denote[s] the network of people whose cooperative activity, organized via their joint knowledge of conventional means of doing things, produces the kind of art works that art world [sic] is noted for" (Becker 2008: xxiv). Becker argues that

> art worlds do not have boundaries around them … we look for groups of people who cooperate to produce things that they, at least, call art. …The artist thus works in the center of a network of cooperating people, all of whose work is essential to the final outcome (Ibid.: 35, 25).

These groups are important in their different ways to the maintenance of what has been described as a an 'ecosystem', or "an economic community supported by a foundation of interacting organizations and individuals" (Moore 1996). In the context of music, Schippers, after A.G. Tansley, defined ecosystem as:

> the whole system, including not only a specific music genre, but also the complex of factors defining the genesis, development and sustainability of the surrounding music culture … individuals, communities, values and attitudes, learning processes, contexts for making music, infrastructure and organisations, rights and regulations, diaspora and travel, media and the music industry" (Schippers 2015: 137).

1.2.3 The social and commercial positioning of classical music

The music business has never been static, but has been forced to adapt and reinvent itself in line with changes in technology, society, and economics. Even in the 18th century, evolving tastes forced the entrepreneurial Handel to reinvent Italian opera performed in an opera house as religious oratorio performed in church-like venues (Dean 2006), whilst the more traditional Haydn found that the relative security he had enjoyed at the Esterházy court was evolving into the "music market" developing in industrialising England and from which he was able to profit in his final years.

The reinvention of classical music as a consumer good in this changing economy was important to its survival as its original court-based patrons disappeared. The advent of paid concerts with a growing audience was one critical change. Later came the availability and spread of music occasioned by the rise of the piano and sheet music in tandem with the interest and purchases by the growing middle classes – not to mention the various commercial and philanthropic institutions that made music more publicly available (Ehrlich 1985, 1990).

One example was the player-pianos in the US at the end of the nineteenth century which helped to turn music into something to be listened to rather than to be performed oneself. Music was gradually drawn into market exchange, and became "something that can be turned to commercial advantage, bought and sold" (Taylor 2007: 283). Playing a role in advertising on evolving media, music became a key part of the product and cultural message, as well as general interaction with economic forces and capitalism (Taylor 2012, 2016). This observation does not fully address the issue of how the practice of attending paying concerts or operas dating back to the mid-17th century or earlier (and thus predating modern industrial capitalism) fits within this framework. However, that does not undermine the point that the industrial and commercial economy enabled industrial and commercial music-making.

Popular music has long depended largely on the commercial market for its survival. The substitution of higher-margin physical recording materials by low-margin streaming (Clowery 2017) is just the latest challenge to this pressure, although the exact impact of this latest technical and commercial development is still being determined (Ellis-Petersen 2016; Nicolaou 2017). Classical music has not usually had this same financial imperative, at least until recently. The live musical experience which is still critical to classical music has also barely changed. This is not a challenge to Philip Auslander's arguments that the concept of "live performance" didn't exist before the advent of media technology and that its construct is in any case a questionable creation (Auslander 1999). It is simply to point out the relatively small changes in the experience of attending an opera or concert now compared to 200 years ago in contrast with attending a popular music performance at, say, the O2 arena.

Commercial pressures have heavily impacted popular music in areas such as the product, positioning, social practices, and technologies, including most recently digitisation and the Internet. There has been growing attention to "the ways in which the consumption of music is increasingly linked to other kinds of media, where the music is valued less for its own qualities than for its association with other phenomena" (Leyshon et al. 2005: 8). The basis for revenues and profits has been moving away from units sold to usage and the management of "reams of end user data" as what was once "called the audience has been replaced with a new actor called the end user" so that "the music industry has fully morphed into a service economy where the most profitable industries understand their customers as users" (Anderson, T. J. 2014: 22, 14, 185). This kind of change from a product-based to a service-based industry model mirrors what has happened in many other sectors of the economy from agricultural seeds to aero engines (Zook & Allen 2001).

Aram Sinnreich builds on Lawrence Lessig's idea of remix culture (Lessig 2008) to address some of these same themes. He sees us entering a period of "configurable culture" wherein the original composer-created performance is re-created in mash-ups, remixes, and Photoshopping, which some people may even find "better than the original" (Sinnreich 2010: 83, 135). Although he scarcely relates his idea of configurable culture to wider trends in society or other areas of the arts, his approach provokes valid questions about what a music industry may encompass in the future. It is less clear, however, that the classical music industry, given its fixation on "works" (Goehr 1992), is ready for these kinds of changes.

The importance to the music industry of non-musical attributes such as prestige and resources has increased in recent times as a result of widening commercial opportunities (Taylor 2007). The sophistication with which organisations have developed and used their brands has grown significantly, and "Marketing … has developed from an overall attempt to impose what Jean Baudrillard called a 'code of value' [(Baudrillard 1970)] to finding ways of working with consumers so that what they say or do can generate value" (Arvidsson 2006: 42). Even major classical music organisations such as the Royal Opera House have developed their social media approach hand-in-hand with the development of their marketing and brands and have found that "social media postings can often do a lot of the ROH's marketing task"[Int71][5].

Corporations use popular music to market their brands to young people who are "willing but cynical participants in the process" as "young people's taste and meaning-making practices constitute a form of affective labor that builds brand value" (Carah 2010: xiii), a process in which Carah claims that live music has a central position as part of the process of building cultural capital. Others take further the emphasis on non-musical attributes, speaking of "the nearly ubiquitous (ab)use of background music as a manifestation of instrumentally manipulated culture deployed in the service of social control" (Bradshaw & Holbrook 2008: 26).

Nevertheless the association between music and brands is a two-way process: brands can help disseminate and popularise music as much as the other way around (White 2007). This is one area where classical music may be more important than its "share of audience" might suggest. Given that classical music is often used in advertising (Lewin 2014; PRS 2010), advertisers seek its associations with a particular social message or status (Cook 1998: 4-8). This type of 'exploitation' can therefore also be seen as being in the interests of classical music by enabling a higher degree of popular exposure. How many people were familiar with or wanted to see Delibes's opera *Lakmé* (1882), for instance, prior to the use of its 'Flower Duet' in 1989 by British Airways (PRS 2010)?

Other alleged characteristics of classical music have also been important in this debate. The claim that classical music acts as a deterrent to violence has

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[5] This is an interview reference, as explained in Chapter 2 Section 2.4

attracted popular media attention (Economist 2005; Jackson 2005; Kindynis 2012), but there has also been more systematic examination of the effect of classical music on purchasing patterns suggesting that the popular perception of the more elevated status of classical music has some solid psychological foundation. Such studies claim that "customers selected more expensive merchandise when classical music was played in the background" (Areni & Kim 1993: 336) and that "the results indicate that restaurant managers can use classical music to increase customer spending" (North et al. 2003: 712).

Classical music has adopted some changes in commercial practices developed in the popular arena, such as advertising or social media marketing, and has deployed these effectively with the aim of expanding visibility and profitability. Developments have mirrored the popular music industry, such as the marketing of Nigel Kennedy's EMI recording of Vivaldi's *The Four Seasons* in 1989 which has been argued to represent a fundamental change in the marketing of classical music (Carboni 2011) or 'The Three Tenors' whose first concert took place at the time of the 1990 FIFA World Cup in Italy and is rumoured to have generated some $1bn. in sales during the 2000 event (Lieberman & Esgate 2013). In hindsight it seems as likely that these marketing phenomena led towards so-called 'crossover' groups such as the phenomenally successful Il Divo – apparently "the most commercially successful group of their kind in international music history" (CapitalSound 2016) – rather than towards the popularisation of mainstream classical.

There are organisations that operate at the margin by leveraging a limited selection of repertoire in special events using mainstream musicians. These include Raymond Gubbay (now mainly owned by DEAG), but more prominently the violinist André Rieu. Rieu is said to have sold over 35 million records (McBride 2015), his 2016 Christmas concert broke "his own record for the highest-grossing single day music concert event of all time at the UK & Ireland box office" (Hanley 2016), and his private Johann Strauss Orchestra with over 50 players (Rieu 2017) tours a specific product worldwide with great success since Rieu branched out from mainstream classical.

Despite a few exceptions, the fundamental mainstream classical music experience is relatively unchanged. The industry remains generally wedded to the traditional models which most of its practitioners and audiences appear to see as core, especially in the area of live performance. Indeed, some of my interviewees suggested that there is a reluctance to risk changes that might upset the existing precarious balance of product, financing and audience, and this ambivalence towards change may be another factor explaining the relative lack of more in-depth business research discussed in the next section.

1.3 Research into popular and classical music

Whilst most technological, regulatory and practical issues affect classical as much as popular music, there has been less research on their impact for several reasons. Firstly, the popular music industry is considerably larger. There are few figures available about industry size, which is discussed extensively in Chapter 6, but in the case of recorded music, industry figures indicate that classical music is only around 3.3% of the total UK music industry income[6]. Secondly, classical music enjoys substantial funding from non-commercial sources such as government and private donors, whilst most revenues for popular music derive from commercial transactions.

Thirdly, this different funding reflects the different conceptions of value applying to classical and popular music. The latter exists mainly within an essentially commercial framework whose individual components (performance, recordings, brands, etc.) must also generate profits. In contrast, commercial value is not a necessary condition for classical music, whose organisations can and do survive for years without generating financial surpluses. This is partly because the associated value is coupled with education and status and its

[6] Total UK recording industry income was calculated at £688m in 2015, down from £1,176m ten years earlier (BPI 2016: 8, 26), and total global industry revenues at US$14.996bn (IFPI 2016: 9)

performance is often linked with a social elite. Finally, most of the key changes (digitisation, Internet, copyright, etc.) affect recorded music far more than the live music which constitutes a much larger portion of classical's revenues.

As a result, there is less pressure for change in classical music, let alone measures that might increase efficiency, productivity or commercial return. This may explain the relative paucity of analysis of classical music as a business. There have been a few exceptions, two of which merit mentioning here. In the area of orchestras, there was a valuable update of Baumol & Bowen's work, even if its conclusions were not surprising, including a call to enhance commercial revenues and reduce expenses, and its finding that "no undiscovered 'silver bullet' – a single solution that eliminates these challenges – emerges from the analyses of the financial and operating data of U.S. symphony orchestras" (Flanagan 2012: 185).

In the other important work, a former opera administrator and an academic combined to look specifically at the management and funding of opera (Agid & Tarondeau 2010). They successfully engaged with many of the key issues, and inspired some of the analysis in this thesis. Using data collected from 62 major opera houses in North America and Europe, two key ideas stand out from their work:

- The delineation of three major funding models for opera: the 'American' model based largely on a combination of box office revenues and donations; the 'German' model based largely on public funds with marginal box office revenues; and a hybrid 'European in-between' model based on a combination of box office revenues, public funds and donations
- The development of a statistical model ("a quantified explanatory model") based on selected variables and designed to understand the performance of different opera companies. This "seeks to identify the key influential parameters and variables, and their relative affect [sic] on the degree of financial autonomy and seat occupancy rate, in order to learn from them" (Ibid..: 237), including variables covering artistic policy, production policy,

and environmental factors.

Their model (which they do not claim to be statistically representative) proposes that financial autonomy (i.e. proportion of receipts from the box office) and seat occupancy rate are the key drivers of business performance, with other variables being the determinants of these. The fact that it is mostly the major opera companies which enjoy high financial autonomy and high seat occupancy might lead to scepticism about the value of the analysis, particularly given the subjective nature of some of the variables (e.g. operatic tradition, fame of soloists). However, some of the results are more intriguing, e.g. that "the average ticket price has no effect on the seat occupancy rate" (Ibid.: 242). Their discussion is largely descriptive with only minimal attempt to explain some of the underlying rationales, such as the relevance or otherwise of specific historical and economic circumstances of the various countries.

Beyond such relatively isolated instances of in-depth and analytical research into classical music, discussion about historical and contemporary business issues such as risk and return, efficiency, and composer/performer economics, has tended to focus on other areas of the performing or visual arts (Economist 2016; Throsby 2006; Zieba 2009; Zieba & Newman 2013). This may reflect an absence of innovation in classical music's business model which has largely avoided disruptive change and adopted marginal adjustments, such as advertising or social media marketing pioneered in the popular arena.

1.4 The commercial viability of the music industry

1.4.1 Cultural economics and viability

The fewer commercial and other pressures affecting classical as against the wider music industry might explain the continuation of the "sustainability paradox" into contemporary times. This does not explain its previous long history, however, or account for the fact that "Opera's business model is … not structured to deliver a profit, but rather towards generating enough income to cover the costs of production" (Payne 2012: 25).

Musical and cultural economists are aware of the problem. Mark Blaug, quoting Ruth Towse (Towse 1997b), regrets that "cultural economics lacks a single dominant paradigm or overarching intellectual theme that binds all its elements together" and appears to have developed only one governing economic concept, namely Baumol's Cost Disease (Blaug 2001: 124). Since it is now half a century since Baumol & Bowen's research, if Blaug's criticism remains valid then cultural economics cannot plead youth in its defence. Several other eminent cultural economists have also focused on the topic, devoting particular attention to music, either separate from or compared to other art forms (Cowen 1998, 2006; Ginsburgh & Throsby 2006; Peacock 1993; Throsby 2001, 2010; Towse 1997a, 2010, 2011).

Blaug also denominated nine main areas on which cultural economics has focused: taste and taste formation, demand and supply studies, the media industries, the art market, the economic history of the arts, labour markets for artists, Baumol's cost disease, non-profit arts organisations, and public subsidies to the arts (Blaug 2001: 123). This now looks more like a list of past preoccupations when compared to the more pressing contemporary issues noted earlier, such as digitisation, streaming, and network economies; nor have any ideas they may have generated answered the "sustainability paradox".

Most of the economic discussion has a theoretical premise based on a market for music, and the components required to constitute such a market, including in particular demand, supply, and price. This is the most basic area of economics, or in the words of one textbook "the so-called law of supply and demand is a fundamental tool of economic analysis" (Baumol & Blinder 2009: 66). This tradition of neoclassical economics has dominated the development of much economic thinking, although it is now being challenged in mainstream economics (CORE 2016) as well as in relation to the music industry (Laing 2003). To paraphrase Towse's summary, this framework can be characterised as assuming that there is a recognisable market with perfect information available to producers and consumers who make rational short- and long-term decisions maximising profits and satisfaction respectively, that this responds to prices and competition, and resources can be easily redeployed. While this allows for regulation and some other government intervention, it largely assumes that the economy operates on free-market lines, and thus by implication ignores all activities that take place outside a market (Towse 2010: 5-25).

1.4.2 Markets and subsidy

Classical music has rarely operated under these neo-classical economic principles, which now form part of the so-called neoliberal agenda.   As the *Oxford Companion to Music* says in relation to opera, "Opera is the grandest and most expensive of musical entertainments, and in its fullest forms has almost invariably required some kind of subsidy to survive, whether royal, national, local, corporate, or philanthropic" (Latham 2002).   Although subsidies feature in other industries, such as agriculture, where proponents argue for the need to redress alleged market "imperfections" or to provide temporary protection, there are also many economies where industries are not subsidised and still thrive (e.g., in the case of agriculture, New Zealand).

The empirical evidence relating to large-scale classical music is clear: rather than trading successfully in a commodity market, non-amateur music-making has nearly always depended on external financial contributions, in addition to payments for attendance by its audience. Furthermore, most of the organisations providing classical music seek to maximise a range of characteristics rather than just profits (such as variety of repertoire, geographical reach, and audience diversity), as evidenced by a short perusal of the reports of most classical music organisations, especially those in receipt of public funding. In this sense, classical music constitutes a specialist niche market trading on different values compared to popular music. In any case the commercial imperatives in popular music are now also changing in line with digitisation and other developments.

Finally, and importantly, there is amateur music-making, which constitutes a substantial part of general musical activity. Just as there are areas of the "domestic economy" which fall outside the boundaries of the market, such as home-based childcare and cleaning, so by definition does all amateur music-making, ranging from small groups through to large-scale voluntary choruses which frequently perform alongside professional musicians whose own careers often depend on multiple sources of income. Furthermore, many people, especially parents, spend substantial amounts of money providing specialist musical education, much of which also exists outside the formal musical economy.

These factors together comprise significant areas of 'subsidy', whether in the form of direct financial or in-kind contributions. Subsidy is commonly associated with governmental rather than private contributions, and if it is discussed at all in standard economic textbooks (frequently only as a minor off-shoot of welfare economics), it is usually in the context of payments by government to producers in designated industries to facilitate investment or trade (Baumol & Blinder 2009: 349). For some, however, the important point about subsidies is that they are conditional government payments which affect relative prices and the allocation of resources (Gerritse 1990: 135).

The economist's case in favour of subsidy had traditionally been made in relation to protectionism and 'market failure', the existence of which most economists accept (e.g. "The market is not ideal. There are market failures" (Samuelson et al. 1998: 274)), although "reasons have to be given why 'market failure' can only be rectified by … policies which call for intervention in particular factor or product markets" (Peacock 1990: 21). As Towse comments, "In the case of the arts and culture, it is the presence of 'unpriced' public goods … that justifies cultural policy measures, such as subsidies to arts organisations, to overcome market failure" (Towse 2010: 167). Towse also points out that “Baumol and Bowen made the case for subsidy using welfare economic arguments of external benefits as the market failure” (Ibid.: 221).

Although subsidy in other areas of the economy is often intended to provide commercial advantage by protecting industries or jobs, there is rarely any immediate commercial advantage for governments in contributing to the arts. This contrasts with corporations for whom arts contributions or sponsorship are a form of advertising or Corporate Social Responsibility (CSR), and for many private donors, who typically enjoy attending performances even if they choose to give anonymously. There are, however, other real or potential advantages to a government in funding music and other arts, such as fostering an environment welcoming to international business, as will be considered shortly.

These doubts about the applicability of the market to classical music and other arts forms giving rise to the need for subsidy have been an important feature of the literature about cultural economics. Dave Laing, for example, comments that: “Music is by its nature sociable; musicians and their audiences are linked by ties of trust and friendship. To make money out of music the industry has to rationalise these ties: to bring in the law. And that is when the trouble starts” (Laing 2002: 216). The more common consensus of those writing in this area has been that the economics of the market are insufficient on their own to support the continuation of a strong musical culture.

Nearly 50 years ago Baumol & Bowen concluded “that the professional performing arts can be expected of necessity to make ever increasing demands on the public, not only absolutely but also relative to the real resources that are at its disposal” (Baumol & Bowen 1966: 406). A generation later Bruno Frey also recognised the potential inadequacy of the market with regard to the arts without necessarily endorsing straightforward public intervention:

> I see the advantages of using markets. They tend to be efficient and allow the different artistic preferences of the population to be met. … Art experts have often been unable to grasp new art movements: the market has often been much quicker to respond. … But I also see the limits of markets … [and] do

> not agree that market failures in the arts necessarily mean that the government must intervene (Frey, B. S. 2003: 9-10).

Some economists go further, and argue that historically music and other arts have thrived in the commercial market without government support:

> Government involvement in cultural preservation involves costs beyond the immediate tax burden—state support makes the arts more bureaucratic and less dynamic. Government, when it acts as customer on a very large scale, often pushes out beneficial market influences" (Cowen 1998: 40).

In contrast, and confounding 'cultural pessimism', Cowen argues that markets are beneficial to the survival and diversity of artistic culture:

> Markets provide profits to those who successfully preserve and market the cultural contributions of previous artists. Today's consumers have much better access to the creations of Mozart than listeners of that time did … More people saw Wagner's *Ring* cycle on public television in 1990 than had seen it live in all *Ring* productions since the premiere in 1876 (Ibid.: 30).

This argument glides over the fact that the creation of many of the works which he mentions were made possible because of non-market support. The *Ring*, for example, was substantially (and presumably non-consensually) subsidised by the subjects of King Ludwig II of Bavaria; indeed, "the total amount Wagner received over the nineteen years of his relationship with Ludwig – including stipend, rent and the cash value of presents – was 562,914 marks" and according to the calculations of Joachim Kohler "Ludwig paid four million euros at today's prices to subsidize his early passion for Wagner … half of that sum going on Wagner's private household, including servants, and the rest on promoting his music" (Köhler 2004: 477; Millington 2012: 163).

Cowen's argument thus implies a confusion about attribution, namely arguing that a thriving and diverse culture results from the historical application of ideal market mechanisms rather than from an enabling environment of what in contemporary terms would be seen as a modern capitalist mixed economy. This mix provided the patronage and largesse of figures as diverse as Prince

Nikolaus Esterházy (Haydn), King Ludwig and Otto Wesendonck (Wagner), Nadezhda Filaretovna von Meck (Tchaikovsky), and Joseph Beecham whose legacy to his son Thomas Beecham helped fund an opera company and two of London's contemporary orchestras.

Cowen reflects a more commercial view of these issues. He might argue that even these non-market funds ultimately derive from a form of market economics, which at least in the case of commercial fortunes is true. For example, three of these patrons were business people who made their money through commerce and trade (Wesendonck in silk, von Meck in railways, and Beecham in pharmaceuticals), whilst the resources of the Esterházy and King Ludwig derived from land and taxes enabled by their local economies. Furthermore, the paternalism and choice by wealth that accompanies this type of philanthropy is increasingly in question in a democratic age, or as Towse puts it:

> This means that private entrepreneurs, who are in business to make profits, get to decide what creative work is produced and consumers, perhaps without having a lot of knowledge or experience of what is good art, decide what succeeds on the market through their choice of what to buy or attend. Many people in the arts deplore this principle, arguing that we need expert judgement (Towse 2010: 18).

Such an opinion might be deplored by democratic pluralists, but cheered by those who have endured Florence Foster Jenkins and her modern equivalents.

These debates often view subsidy negatively, perhaps deriving from a bias in favour of commercial approaches to culture and other activities. But the allocation of resources beyond the immediate financial return can be seen as an investment rather than as a subsidy. In the case of government, the 'returns to subsidy' are less quantifiable and more widely spread across society as a whole. Music and other arts institutions both in the UK and internationally have started to recognise this which has resulted in a growing number of studies covering their economic value for the wider economy (BOP 2013; Deloitte

2015; Lincoln-Center 2016; LSE 2012).

1.4.3 Viability and the supply of music

The other side of the demand and supply equation is the supply of music, which like the demand side is more complicated than a traditional neo-classical model would imply. For example, "producers" (which in the context of music may mean impresarios, institutions or artists) are not always, or even generally, profit-maximising. Opera house intendants could choose to stage only the handful of operas with wider popular appeal and thus potential profitability, such as *Carmen*, *La bohème*, or *La traviata*[7], but in practice they continue to stage both obscure works by nearly forgotten composers such as Meyerbeer or Cavalli and new works. Both of these may challenge audiences and critics alike, for example:

> Even dancing zombie nuns can't revive Meyerbeer's forgotten opera [*Robert le diable*] … Leaving the theatre, I overheard an exasperated audience member: 'That's the last time I'm seeing a Meyerbeer. I've tried three times and always failed.' It's admirable he tried more than once. But I'm not sure the failure was his (Rahim 2012).

Intendants choose to stage these obscure works reflecting both artistic preferences and public duty, which is either understood or set out in agreements with public funders. A profit-maximising strategy alone by an operatic impresario is more likely to lead to a regular diet of Lloyd Webber's *The Phantom of the Opera* and similar works, which its owners claim since it opened at Her Majesty's Theatre, London on 27th September 1986 is "one of the most successful piece of entertainment of all time … played to over 140 million people in 35 countries in 166 cities around the world with an estimated gross of $6 billion" (RUG 2017).

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[7] One former opera company chief executive readily admitted "laying on an extra *Traviata* or two to pay for more obscure repertoire"[Int17]

In the relatively few in-depth discussions of the supply side of opera and orchestral music, there has been little exploration of measures that could change the industry economics by addressing the cost structure. Examples might include abbreviated or slimmed-down versions of works, lower-cost auditoria or reconfiguration to enable more seating, the selective introduction of microphone-assisted sound, shared overheads, virtual reality components to replace sets, and so forth, as discussed further in Chapter 9.

There could be several reasons for the lack of serious consideration of such issues. For example, it may reflect the limited practical experience of musicological writers, some of whom may adopt a theoretical perspective which is radical in its discussion of the sociological characteristics of the art form, but conservative in its consideration of its presentation. The "historically informed performance" movement, whose influence has grown enormously over the last generation, can be seen as an example of this since it stresses the value of performances of complete works in a manner claimed to be of their times. This may not only be uneconomic or otherwise inappropriate for 21st Century situations, but ignores the chaotic reality of the original context where performances were characterised by low-attention audiences, cuts and 'plagiarised' arias, and florid unscripted improvisation.

1.5 Taking sustainability beyond economic value

1.5.1 Classical music and sustainability

The last section considered the viability of classical music institutions in the contemporary commercial environment. This section addresses the wider question of whether the art form itself and its practices are sustainable, and how other forms of value have enhanced that sustainability.

The fact that music institutions may be financially viable in the short term is not evidence that classical music itself is financially sustainable in the long term.

Throughout its 400-year history, opera, as well as other large-scale music, has been sustained by financial contributions from external sources, including both people (e.g. philanthropists, musicians) and organisations (e.g. governments, foundations). The audience has frequently not paid a price sufficient to cover the full cost, which has culminated today in a situation where, for example, "Donor contributions now support 43 percent of the Met's whopping $325 million operating budget, up from 38 percent in 2005" (Wakin & Flynn 2011).

In recent years discussion has been growing in musicological circles about sustainability. This has encompassed what Cottrell has called the two different stances of cultural preservation and scientific enquiry: the former concerned with preserving "particular musical cultures, attended by an implicit valorization that suggests such cultures need and deserve presentation and support"; the latter implying "a more detached observational mode" (Cottrell 2010: 6).

The meanings of preservation and conservation, depletion and degradation, have been debated, along with their relevance to music (Grant 2011; Nettl 2006; Titon 2015). The focus has rarely been on classical music, which is still a living art form and where concern is not so much preservation as ensuring that it can be enjoyed by current and future audiences. This recognises the legitimate concerns of future stakeholders, but does not tell us what exactly is to be sustained. This has long been problematic: should we "preserve what we deem to be of high quality, or what is typical, or what a culture considers ideal", as well as "encouraging people to keep up their old practices … just for the sake of the rest of the world." (Nettl 2006: 169-70). Schippers asks more generically: "Is it the musical sound, the performance tradition, the transmission processes, the audience, the commercial value, the social, cultural, or spiritual context, or the musical practice at large, including its underlying values and attitudes?" (Schippers 2015: 137). One might hypothesize that Monteverdi would barely recognise as opera performances of, say, Meyerbeer's *Les Huguenots* or Stockhausen's *Licht* since both these works themselves and their original presentations would have been so different, let alone the way in which their audiences might 'hear' the works (Abbate & Parker 2015).

One view is very direct, if rather limited: "sustaining music means sustaining people making music" (Titon 2009: 6). Another is more inclusive, proposing "Five Key Domains for Assessing the Sustainability of Musical Cultures"[8], and arguing that "to be sustainable … need[s] a combination of …: a robust transmission process, strong links in the community, prestige, appropriate settings and infrastructure …, supportive media, an engaged music industry, and laws and regulations" (Schippers 2015: 138). Another researcher sees sustainability as too fixated on "the composer and the score … as the primary objects of analytical importance and the determinants of meaning" (Sherinian 2015: 350).

Ragsdale addresses the issue in a more straightforward way through a checklist of questions, asking if what we're sustaining should include all or some of "the reputations, salaries, and vacation packages for directors and other professional arts administrators … historically leading institutions … buildings … a canon of great works … productions, or performance practices … the capacity for artistic risk-taking … a pool of talented artists … broad and deep community engagement with the opera?" (Ragsdale 2012: 7). This view has the advantage of recognising that sustainable classical music has to incorporate a wider scope than some other commentators consider necessary, as well as being practical.

Sustaining live performance has been central to the classical music tradition, especially for opera, given that its live theatrical nature has always been its essence (cf. "At the very least, the critic of opera needs to understand the history, practices and theories of theatre as well as those of music" (Grant 2011: 3)). Furthermore, because it is the lived experience that characterises the uniqueness of music as against, say, paintings in a museum or literature, which can exist outside their context even if the understanding of them may change

[8] Systems of learning music, musicians and communities, contexts and constructs, infrastructure and regulations, and media and the music industry (Schippers 2010: 180-81)

over time.

Comparisons with other art forms underline the backward-looking nature of classical music. In Chapter 3 I highlight the aging nature of the standard operatic repertoire. The business model underlying this rests on trying to generate surpluses (or at least minimise losses) from leveraging the sunk costs inherent in the practice of constantly repeating a handful of blockbusters stored in the 'operatic museum' (Abbate & Parker 2015: 520; Goehr 1992: 174, 205).

Ragsdale cites the biologist Alexey Voinov who points out that sustainability is commonly seen as 'keeping something at a certain level' or 'avoiding decline' when in fact living systems tend to go through life cycles involving change. Voinov sees this as a paradox since "sustainability is … an unnatural attempt to break this cycle and extend a certain stage of the life cycle and avoid decline. Whereas renewal is about development; sustainability is about preservation" (Voinov 1998). This highlights the dilemma for an art form that is trying to achieve both.

1.5.2 The organisations and environment supporting sustainability

Institutions are a key part of ensuring both development and sustainability, and at least in the case of live performance it is difficult in practice to separate musical activities from their performing institutions, except in a theoretical sense. That does not imply that any *particular* organisation has a *right* to exist, or even that those institutions *per se* are required for the continuation of musical performances, especially if they do not evolve with the times. As John Knell comments:

> there are too many undercapitalised arts organisations operating at near breaking point organisationally and financially, whose main preoccupation is survival diverting their energies from the central mission of cultural creativity … at the very least we need to challenge more directly the mindset common across the sector that it is a wrong, and indeed a cultural crime, to let an arts organisation die (Knell 2005: 1).

No *particular* organisation needs to survive to preserve an art form, as long as someone is there to preserve and develop its traditions and practices, although most subsidies tend to be directed straight to organisations rather than to works, individuals or other potential recipients. The commercial sector deals with the issue of organisations outliving their usefulness via bankruptcy. The problem in respect of classical music organisations – and, in a different way, charities (Fiennes 2017) – is that the overwhelming majority are subsidised either directly or indirectly by government or by random philanthropists. Government subsidy in particular is typically biased towards the status quo, i.e. sustaining organisations or individuals that have either been in existence for years or have built up links with the bureaucracy (Romer 2017). It is also biased towards larger companies, as evidenced by figures in Chapter 6 showing that in 2013 the top 5 opera companies received over 90% of government subsidies (and the top ten 98.5%) out of a total of 74 companies covered. This is not an argument against subsidy *per se*, but another reason not to forget the important flourishing amateur segment.

Establishing financial robustness as the appropriate measure of sustainability would imply that only a few organisations such as the Metropolitan Opera are sustainable since it is one of the few to build and maintain financial reserves. Artistically, however, the Met's programme is often seen as being very conservative (e.g. "The dullest Met season in years?" (Lebrecht 2017)), and in the long term *financial* sustainability (including both preservation and development) cannot be sufficient on its own. At the other extreme from the Met, one UK orchestral manager commented that there was no point in putting money aside for the future since the orchestra's mission was to get music out to the wider public *now* rather than speculating about what might be required at some unspecified time in the future[Int52] – which also seems rather short-sighted. From a more balanced perspective, organisational sustainability could mean "organisations that are artistically outstanding, serve their diverse communities with imagination and verve, and are, at the end of the day, financially solvent" (Ellis 2004: 4).

Contemporary classical music audiences of millions, and annual opera performances numbering over 24,000 in 62 countries worldwide (*Operabase.com*), could be taken as evidence that classical music does not actually need to be sustained. This depends on a supportive environment, however, especially financially. As Titon comments in discussing the threats to the Old Regular Baptist music culture from the small and declining population of the local community, "their great vulnerability, I believe, is economic dependence. They are concentrated in a region dominated by a single industry" (Titon 2015: 184).

Opera in a country like Germany depends heavily on the single source of government funding, as discussed in Chapter 8, which is a different type of economic dependence. Recent experience in other countries that have traditionally enjoyed high levels of government arts subsidy (such as Belgium, the Netherlands, and Spain) suggests that this cannot necessarily be relied upon when their economies are under stress.

The heavy reliance of the USA's classical music sector on private support might imply a similar concern there, but the sheer plurality of the sources of that support suggest greater stability. The fact that the classical music business in the UK is supported by funding from an even wider range of sources should provide a degree of resilience – defined by Titon as "a system's capacity to recover its integrity, identity, and continuity when subjected to forces of disturbance" (Ibid.: 192).

Several authors (Cook 2014; Small 1998) have written about the importance of the way in which musical works are presented, rather than the works in the abstract or on paper. This acknowledges the value of the embedded infrastructure that is required to support such performances, including musical education, musicians' training, particular practices, instruments, venues and so forth. Sustainability could be seriously threatened by, for example, the perceived decline in musical education identified as a concern by a large number of my interviewees, as discussed in Chapter 9.

Positive views about the present situation arising from the apparent robustness of performing groups and audience numbers[9] are unfortunately offset by data on relative decline[10]. It is more difficult for an activity to be considered sustainable in the longer term if its audience (and thus funding) is gravitating towards a range of other 'good causes' as well as other arts and entertainments. Pessimists point to the claim that

> "the primary issues facing the American arts at present are not financial. They are cultural and social. We have a society in which the arts have become marginal. We are not producing another generation of people who attend theater, opera, symphony, dance, jazz and other art forms" (Dana Gioia, then Chairman of the NEA in 2006 (Ragsdale 2011: 2).

And there may also be a problem on the 'supply side':

> We cannot pay our artists poverty-level wages, burn out our staffs, ignore or underutilize our volunteers, or continually push our subscribers and ticket buyers to buy more, more, more concerts on our season, at higher and higher prices, without consequences. It's greedy. And it is not sustainable (Ragsdale 2012: 6).

But these features (low wages, burn-out, etc.) are not absolute and are determined as much by what is common practice in other areas of the economy and society rather than anything inherent to music, particularly as concerns build about the impacts of so-called "gig economy" and zero-hour contracts (Pennycook et al. 2013). Many other legal and social practices are similarly contingent, such as the tax benefits enjoyed by charitable/non-governmental institutions and philanthropists, or the effective gifting of opera houses and

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[9] In the US in 2014 there were perhaps "1,224 orchestras [which] contributed $1.8 billion to the U.S. economy and attracted a total audience of nearly 25 million" (LOA 2016: 4)

[10] "Since 2002, adult attendance rates have declined for a core set of arts activities … Thirty-three percent of adults attended one of those selected activities in 2012, compared with 39 per cent a decade earlier", but with figures for classical music of 13.7% and for opera of only 4.3% (NEA 2015: x, 92).

other venues to arts organisations on a non-commercial basis.

In summary, one might conclude that the financial sustainability of classical music is not static but includes notions of long-term maintenance, preservation, and development; that it needs to consider the wider activity and context as well as the financial sustainability of current musical institutions; that investment in the evolution of the art form is as important as profitability or revenues; and that the adverse structural economics require multiple sources of income.

1.5.3 Achieving sustainability beyond economic value

The sustainability of classical music despite its adverse economics is further secured by the other types of value it provides over and above financial returns. Its various stakeholders have their own views about the value of the music: for some, such as producers and paid musicians, this value may be primarily commercial since it generates profits or provides a livelihood, but there is also a range of other types of value. These may include, for example, for a connoisseur, the pleasure of finally seeing a certain obscure opera (Benzecry 2009); for a volunteer, participation in the local operatic society; for a musicologist, the performance of a new edition; for the casual audience, a night out with a friend; for a government, the opportunity to further its political agenda; and for the large donor, the status value from privileged access to a prestigious art form.

The value for these groups varies widely, is uncertain in nature, and is very difficult to measure since it rarely exists in monetary form, so I term this 'dependent value' since it depends on the group and situation. Dependent value is the value that a group or individual places upon the experience of classical music in terms of satisfying preferences. These values cannot be aggregated since their natures differ, and any related commercial value may be negative.

Whilst 'dependent value' covers a multiplicity of different values including both commercial and non-commercial, it does not explain the nature of the value. David Graeber distinguishes three types of value – sociological ("what is ultimately good, proper, or desirable in human life"), economic ("the degree to which objects are desired"), and linguistic ("meaningful difference") – and also argues that a review of other societies shows that value is not necessarily based on commodities as against processes, summarised in his question: "What if one did try to create a theory of value starting from the assumption that what is ultimately being evaluated are not things, but actions?" (Graeber 2001: 2, 49).

This process-oriented view of value is comparable to the view stated earlier of the music industry as a network of people and organisations involved in various relationships and activities. It draws on the work and tradition of Marcel Mauss, who identified "exchanges and contracts [which] take place in the form of presents; in theory these are voluntary, in reality they are given and reciprocated obligatorily" (Mauss 1925/1990: 3). This resonates in the field of classical music, both historically and in contemporary times, where so many people donate substantial time and resources to making music happen, but so often do so without market-based commercial reward [11].

Such exchanges imply a set of mutually-understood principles at individual or community level. In the case of classical music's 'philanthropic' donations, this is seen in the various privileges that are offered for escalating tiers of membership and other support schemes, which constitute a real if partial exchange. Indeed, Mauss posits that these principles can become a source of conflict rather than unity if those within the group end up openly competing for the status conveyed by philanthropy. Signs of this 'one-upmanship' are sometimes visible, and in a democratic age classical music always risks becoming tarnished by the negative associations of the 'conspicuous consumption' (Veblen 1899) of its supporters.

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[11] The gift process has been partially reversed in an age of Internet streaming since many musicians find that they have to "gift" their performances to their followers on YouTube and other websites

The gifts to music organisations are not usually anonymous especially in the US, and it is relatively easy to identify from programmes and websites the source and even the approximate amount of most donations. It may at first seem strange that some should be anonymous, but Mauss might categorise these as *prestations*, or a type of community service obligation that may also be linked to an individual benefit such as status, although this is not necessarily the case. As regards contemporary classical music, there is usually some type of value or benefit involved, albeit not financial, as well as some sense of community service.

Offering an alternative and important explanation for acts of giving from Mauss's rules of exchange, Bourdieu argues that social position determines a person's tastes and interests which are thus class-related. He contends that people accumulate different types of capital in the form of economic (control of resources), social (network of relationships), cultural (education and knowledge), and symbolic (prestige) capital. In this context opera is "the occasion or pretext for social ceremonies enabling a select audience to demonstrate and experience its membership of high society in obedience to the integrating and distinguishing rhythms of the 'society' calendar" (Bourdieu 1984: 272).

The accumulation of Bourdieu's non-monetary capital goes a long way to explain the elaborate displays of patronage, and the social and symbolic function of participating in grand opera and other prestigious forms of classical music. It is useful also to note Graeber's observation in commenting on Bourdieu that if "gifts are always part of a game of dominance, an attempt to accumulate symbolic capital and gain an advantage over the other party; this is how everyone else will perceive your actions, and this will be their real meaning" (Graeber 2001: 29).

Other writers have built on this notion of capital (Cottrell 2004; Small 1998). In his distinctive study of classical musicians' lives in London, Cottrell posits the existence of an equivalent in the world of musicians which he calls "musical capital". The extension of the concept draws attention to one potential limitation of Bourdieu's schematic: social, cultural, musical or other types of capital, unlike monetary capital, cannot easily be defined, measured, accumulated, or traded. This is despite the use of recognised symbols such as civic honours or music awards or Bourdieu's attempt to use the technique of multi-correspondence analysis to map levels of capital onto the social space (Bourdieu 1984: Chapters 5-6).

These notions are very useful in understanding the non-commercial aspects of the sustainability of classical music. Mauss implies more recognised relationships within the context of a stable community involving or requiring reciprocity in largesse, whilst Bourdieu emphasises power relationships as particular social classes compete amongst each other for relative status whilst striving together to enforce their notion of culture on wider society. The importance of such a donor culture can also have very practical negative consequences for the art form:

> A system of funding the arts by donations from the wealthy … creates a form of cultural plutocracy with all the social problems that go with it. … Cultural plutocracy inherently produces cultural elitism … [and] creates a system of feast and famine where prestigious institutions in a few financial centers receive exorbitant funding while regional organizations are starved to death (Osborne 2017).

This is an incomplete view, however, since the recipient may in fact be in a position to partially reverse this one-way dependence by developing brand value so that the price commanded for support is higher and the associated prestige is thus also increased. An example is the Euro 96 football (Lash & Lury 2007), although one could also cite the longer-term elevation of football's status by FIFA or of Formula One as other examples of the successful sustained building of entertainment brands into global commodities. These provide further instances of 'dependent value' since in addition to creating profit, brand value and social status, other types of value are built for other communities such as ‘petrol-heads’ or armchair sports enthusiasts, and these are rarely monetisable. It is doubtful whether opera or other forms of classical music would be able to reproduce this type of global brand and capital building, however, particularly given that Bourdieu’s social capital acquires some value from its scarcity.

1.6 Summary and structure of the thesis

This first chapter has set out the domain of this thesis, covering the business of opera and classical music at the intersection between music, money and status. It identified the ‘sustainability paradox’, namely that opera and other forms of classical music have survived for some 400 years but scarcely ever earned a commercial return. The discussion looked at what constitutes the business of classical music and how it fits in with other areas of the music industry, before considering the main economic issues and how other writers have explored them. A majority of past research, covering questions such as branding and positioning, has been into popular rather than classical music, and this was duly recognised, along with the opportunity that this now creates to explore the issues further in relation to classical music.

The chapter then explored the longer-term financial sustainability of opera and orchestral music within the context of sustainability generally and in ethnomusicology in particular, and its combination of the issues of preservation and development. It proposed that the key to the ‘sustainability paradox’ lies in the value attributed to opera and classical music by its diverse stakeholders who have supported the activity because of the different dependent values that each group attributes to the music regardless of its viability in the commercial market place. Donors in particular have provided extensive financial support because of the associated social or cultural capital.

Chapter 2 sets out the methodology that I have adopted for the rest of the thesis, including the theoretical approach and its distinctiveness. I consider my particular position and perspectives and how this has affected and informed my work, as well as some issues encountered in accessing and obtaining core data. During the research, I interviewed over 150 people involved in the contemporary music industry in the UK and internationally, including administrators, musicians, donors, and decision-makers. I explain how I approached these interviews and used them in subsequent evaluation of the industry which includes the other major area of research, namely the financial analysis of the expenditure and financing of the classical music industry. I explain how the data for this financial analysis were sourced and analysed, and some of the issues and assumptions involved.

Chapters 3-5 present an overview of some key aspects of the economic history of opera in particular, as well as more in-depth discussion of some specific issues. The scope of a full economic history of opera and orchestral music would be too large for this thesis, but using some historical examples, I point out that financial problems are a recurring feature of this history. Live performances have almost always required external financial support, although decisions about financing have evolved from the autocratic princely fiat of earlier times towards the more pluralist and democratic approach of the modern age – a period also characterised by an aging operatic repertoire whose average time of composition dates back 150 years. I look at the management and entrepreneurial models that have characterised opera since its early days, and end by drawing attention to three key trends that once seemed to have the potential to challenge the primacy of traditional live performance. These are copyright/ publishing in the 19th century, recording/ broadcasting in the 20th century, and now in the 21st century digitisation, the eventual impact of which is still at this stage impossible to predict.

Following the broader historical discussion in Chapter 3, Chapters 4 and 5 consider a small selection of more detailed issues affecting the expenditure and income aspects of this history, focusing on those which emerged repeatedly in the interviews and financial analysis. Chapter 4 mainly covers the significance of opera houses in the cost structure and the operatic economy as a whole, given their historical and contemporary importance. Chapter 5 looks at earned income, or the ability of operatic organisations to self-fund their operations in the short and long terms. This is exemplified here by box office takings, and rough figures are presented illustrating whether box office takings have covered the costs of a range of opera companies historically. The second issue is contributed income, or the ability and willingness of communities to provide financial resources sufficient to sustain opera. I discuss here some particular instances of philanthropy and subsidy, including the emergence of state support in the UK in the 1930s and 1940s.

Chapters 6-9 consider more recent times by looking at financial aspects of the classical music industry in post-War years, with a particular emphasis on the last decade and including selected international comparisons. Chapter 6 focuses on the costs. Based mainly on an extensive review of the financial accounts of relevant organisations, the financial sizes of the UK's contemporary classical music industry and its individual components are calculated and the main sources of their financing identified, which are then compared with other areas of spending in the UK's economy as a whole. The findings of the interviews with industry participants are used to shed light on the main issues and causes of these costs. I believe that this particular combination using interview data and financial and business analysis, as well as historical research, in order to explore the issues from different angles, is unique in the study of opera and orchestral music.

Chapters 7 and 8 set this spending and financing in the context of recent trends. Chapter 7 reviews the figures for earned income, namely the revenues from both commercial sources such as sponsorship and non-core sales, and in particular from ticket sales. To understand more about tickets sales, I have also looked at the long-term trend in some seat prices – another area which appears to have been largely omitted from previous research.

Chapter 8 analyses income contributed from state subsidy and private donors. Given its importance, there is an extended consideration of the level of funding by the UK's Arts Councils over the last 70 years for both classical music and the other arts. This is based on primary data which I believe has not previously been collected and analysed. Data on income from philanthropists and other private donors is also presented and analysed. As in previous chapters, the interviews with industry participants are used to explore the issues from a practical perspective, and to understand possible implications. Selected international comparisons have been made, in particular with Germany, to highlight the distinctiveness of different international models and traditions.

Chapter 9 draws on similar data and interviews to consider some of the more business-oriented issues, including the development and investment in the classical music industry, and its socio-economic context. I examine some aspects of the efficiency of opera from a business perspective, including comparative unit costs and the barriers to achieving economies of scale, especially compared to musicals. Many interviewees showed awareness of these issues and other long-term problems such as the perceived decline in musical education, but there was only limited interest in entrepreneurial actions that might lead to more fundamental changes, including changing the 'core product' and transforming practices to achieve significant changes in audiences, access and working practices.

Chapter 10 concludes the thesis by highlighting the alternatives facing opera and orchestral music if the funding environment were to change. It contrasts the performing model of grand opera which dominates the industry with small-scale opera and musicals. It considers some limited ways in which the classical music industry has responded to modern business practices as well as areas of potential opportunity if real change were to become necessary and force a re-thinking of approach and practices. Finally, I identify some of the many relevant areas that would merit more research than has been possible here.

Chapter 2: Approach, methodology and distinctiveness

Prelude

Chapter 1 considered the main issues relating to the financial sustainability of classical music, and the relatively little discussion that it has attracted. This highlighted the need for a different approach to these important but under-researched questions, so the rest of this thesis encompasses history, economics/finance, and contemporary interviews to consider the issue of financial sustainability in more depth and from a different perspective. In this chapter I summarise the approach and methodology used. I also explain why it is distinctive in the way in which its inter-disciplinary approach combines musicology, history, anthropology and business by using data to look at the intersection of music, money and status.

2.1 Approach: Context and resources

My research started by looking primarily at the 'business model' of classical music, and in particular at the ways in which the financial flows to opera and orchestral music have changed over the 400 years during which these large-scale musical forms have developed. While the business model remains a recurring theme, further investigation showed the need to understand a wider range of subjects, necessitating a more interdisciplinary approach.

The underlying economics and the business aspects of music's development have been relatively unexplored areas of musicology. Some work was cited in Chapter 1, and key historical works of scholarship will be referenced in Chapters 3-5 as well as being listed in the bibliography, including, for example, the work of Bianconi & Pestelli and Rosselli on 18th-19th century Italian opera, and Ehrlich and Rodmell on Britain in the 19th century.

These historical works have typically been specific to particular times, places or composers. Whilst this thesis uses specific references, it is primarily about the broader picture including the overall coverage of, and the links between, the different areas. For example, a focus on particular historical periods has inevitably led researchers largely to avoid the question of whether the issues discussed either form part of a historical pattern or indicate wider lessons about the economics of the orchestral and operatic businesses that might be instructive about the business.

Furthermore, little of this historical or contemporary work has specifically addressed business aspects arising out of the work, such as the cost structure or break-even points. There have been some exceptions to this in recent years – including work already mentioned by Baumol & Bowen, Towse, Throsby, Cowen, and Agid & Tarondeau – as well as some semi-commercial consulting studies (Deloitte 2010). However, this corpus is small compared with the analyses of other industries where issues such as productivity and growth stimulate constant research, e.g. (Gordon 2016).

There has also been relatively little systematic long-term analysis of financial and statistical data covering issues such as expenditure, revenue sources, average costs, prices, and so on. This is largely the case whether one is considering absolute data, time-series, or comparative data, although some of the business analyses mentioned above deal with some of the types. Given the regular historical disruptions and the occasionally large differences in the organisations and their contexts, it is perhaps unsurprising that less emphasis has been given to longitudinal studies.

Finally, there has also been a relatively limited amount of ethnomusicological research, let alone extensive interviews with those involved in the industry, excluding of course celebrity-style interviews in popular media. This may be because ethnomusicology has not focused so much on Western classical music, although there have been some examples in both ethnomusicological and popular forms (Benzecry 2011; Cottrell 2004; Jampol 2010; Lebrecht 1991, 1996, 2000; Towse 1993).

My approach has therefore sought to combine historical and archival research with analysis of business and financial data and contemporary interviews in order to develop a comprehensive perspective on the issues, and to use relevant cross-references to further inform the argument. All these approaches and methods, however, raise, certain challenges and limitations. One of the main reasons why particular periods and locations have already been the subject of study is that sufficient records still exist to enable meaningful research and comment. Data is often lacking even for relatively recent periods. For example, before the Second World War the Covent Garden Theatre acted as a 'receiving house' where agents, impresarios or visiting companies staged performances. The Theatre's own archives therefore contain very little data, especially on business and financial issues relating to the opera seasons staged there. These data would have been held by the performing companies, and appear now to have been largely dissipated. Other companies, such as English National Opera or English Touring Opera, have very little space or other resources to maintain or service archival material, the former having removed its archives from public access and the latter retaining only minimal records.

I have used a few archives, such as Glyndebourne, English Touring Opera, the Richard Wagner Museum at *Haus Wahnfried* in Bayreuth, and the Royal Opera House Collections, which re-opened in late 2015 after a long period of closure. This last has supplied, for example, data on ticket prices as well as some of the business issues referred to in Chapter 5, even though their pre-war collections are not yet organised. In doing this it became clear that it would be instructive to look both more widely and deeply at very long-term trends in ticket prices to shed light on both financing and accessibility. However, this alone would be a major task since the potential sources would be widespread; for example, apart from the dispersion or loss of organisational archival data on prices, even the practice of libraries removing advertisements when filing magazines would remove the obvious possibility of using advertisements as a source for these data.

A further historical issue requiring care is that some of the 'primary' sources such as memoirs may be unreliable. For example, neither John Ebers nor Louis Véron, whose periods running the King's Theatre in the 1820s and the Paris Opéra in the 1830s respectively are discussed in Chapters 3-5 (Ebers 1828; Véron 1853), are disinterested witnesses; both would have had good reasons for advancing in their memoirs particular points of view about their financial and business affairs. This may well also be true of other personal accounts which I hardly mention in the chapters that follow, such as those of James Mapleson at Her Majesty's Theatre and Drury Lane in the 1870s and 1880s and in the US on tour (Mapleson 1888/1966), or even Rudolf Bing at the New York Metropolitan in the 1950s and 1960s (Bing 1972).

2.2 Approach: Financial data

Recent and contemporary financial data also present their own issues. Three of these are particularly relevant: availability, quality, and comparability. Availability of even contemporary financial data is variable. Fortunately, most classical music organisations are non-profit-making so that their recent financial accounts are more freely available, although that means that the selection of organisations reviewed is biased against the few private entities, such as the opera companies of Ellen Kent or the ballet companies of Matthew Bourne. Even for the non-profit-making organisations, however, there are still distinct limits, as also considered in several works (Frey, B. S. 2003; Laing 2003; Peacock 1993; Throsby 2010; Towse 2011). For example, management accounting data, such as costs or profitability per concert or by different types of music, are not published and organisations are generally unwilling to disclose these. In one instance, I had to invoke Freedom of Information legislation in order to obtain some relatively straightforward data from Arts Council England covering total grants for music organisations from the current century, and obtaining data for the 70-year history of the UK's various Arts Councils required year-by-year research.

As regards quality, financial data have typically been collected in a certain way, processed by different people, represented and reproduced according to particular conventions, and especially in the case of secondary data interpreted in different ways. However open this process might be and however rigorous the procedures set and policed by professional institutions and regulators, different sets of people and circumstances are likely to produce different outcomes. Furthermore, once data are available, they are also understood and deployed differently with different objectives, e.g. to support a particular argument (nowadays as regards, say, obtaining funding or encouraging participation) or a power relationship. Such financial and other data also pre-suppose a particular set of economic and accounting arrangements, such as a market economy and its associated competitive and reporting characteristics. This may in turn have had an impact on those data, especially given that the subject here sits somewhat uneasily between the market and non-market spheres.

Some of the financial data examined here are drawn from organisations in different legal and regulatory regimes, such as from opera houses in different countries. In fact, the accounting and presentation practices even differ between organisations in the same country, such as the varying extents to which a breakdown is disclosed between income from domestic concerts, overseas, recordings, other commercial sources and so forth, or the availability of data such as audience numbers or performances that would facilitate statistical calculations. Even an industry body such as the Association of British Orchestras (ABO) can only obtain such data by means of special surveys giving privileged access[12]. Although I have made several direct comparisons where possible, I am aware that these differences may exist and that they may affect the precision of the final result.

[12] Discussion with ABO representatives and consultants 09/01/2015, 20/02/2017

The deployment of mainstream business analytics is further challenged by the different objectives of business and artistic performance. Most business analysis is premised on the overriding objective of increasing short or long-term profitability by increasing revenues and curtailing unnecessary expenditure. Although certain individual musicians or other personnel can be extremely successful and gain considerable wealth (albeit not equivalent to those at the top of some other industries), few areas of classical music exist for the purpose of generating profits. Although I have used some business terminology, approaches, and analysis, I am also aware that there are other considerations which override those of business in evaluating classical music and its sustainability. Ultimately, however, costs have to be covered, even if financing comes from a range of sources and is not profit-driven.

2.3 Approach: Reflexivity

Throughout the research and analysis, it has been necessary to be aware of the issues surrounding my own data collection and interpretation, and my general positioning. This "reflexive research" is premised on the awareness that the researcher him/herself is part of the research process and that all collection and interpretation is already going through a process of reflection and unconscious analysis that may also affect the subject being studied. To cite the well-known work of Gregory Barz and Timothy J. Cooley's, the discipline "… is keenly aware of experience and of the personal context of experience. Though one objective of ethnography is to understand others, reflexive fieldworkers realize that 'we get to know other people by making *ourselves* known to *them*, and through them to know ourselves again in a continuous cycle', as [Michelle] Kisliuk describes the process" (Barz & Cooley 2008: 20).

Reflexivity is an inevitable and important aspect of undertaking primary interactions. As Mats Alvesson et al. state, it "means thinking through what one is doing to encourage insights about the nature of social science and, especially, the role that language, power/knowledge connections, social interests and ideologies, rhetorical moves and manoeuvring in the socio-political field play in producing particular accounts" (Alvesson et al. 2008: 497). This does not have to be seen as a negative characteristic, and, as Mats Alvesson and Kaj Sköldberg comment, "the study of suitable (well thought out) excerpts from this reality can provide an important basis for a generation of knowledge that opens up rather than closes, and furnishes opportunities for understanding rather than establishes 'truths'" (Alvesson & Sköldberg 2009: 11). As Kay Kaufman Shelemay puts it from an even more positive perspective, "Any card-carrying historical musicologist would readily acknowledge that she is implicated in the continuation of the tradition studied" (Shelemay 2008: 142). Among others, Christopher Small also discusses this in relation to 'musicking': "Knowledge is thus as much a product of the knower as of the thing known and can in fact be best thought of as a relationship between knower and known. There can therefore be no such thing as completely objective knowledge" (Small 1998: 55).

I recognise that another researcher might well have approached the areas mentioned above (historical, business, financial, and interviews) from a different perspective. Since "it is incumbent on the researcher to declare the authorial personality – to present the details of their particular experiences and interests" (Alvesson et al. 2008: 484), it is important to emphasise that my point of view is inevitably conditioned by my personal circumstances including: being middle-aged, white, male, middle class, and well educated; 30 years' business and consultancy experience with a wide range of global and local commercial and non-profit organisations; a lifetime of attendance at operas and concerts in many different environments; qualifications in art subjects, economics and accountancy; extended periods spent in very different geographies and cultures; and so forth. These characteristics have shaped the approach, conduct and analysis of my research. In some cases this will have been beneficial rather than conveying bias. For example, in certain cases it may well have provided the advantage of a "privileged access" to those running opera houses or orchestras (typically older, white, more bureaucratic males), whilst not enabling the same rapport with musicians from a different background. This is particularly the case as regards the interviews and the business analysis which are a key part of Chapters 6-9, as described further in the following section. In addition, it should also be noted that for most interviewees my status as a PhD student researcher at a recognised university also conveys certain privileges in terms of access and resources that are unlikely to be available to most people.

In my research and analysis, I also personally tend to focus more readily on economic matters. From my perspective, for example, I can immediately see the economic benefits that would result from a more "production-line" approach to opera performances such as shorter durations, cut-down orchestrations, some amplification, musical compromises, and so forth, in order to achieve greater economies of scale. In contrast, this point of view would be seen as heretical by some of the people I interviewed who would never want to see artistic priorities compromised, and our different points of view will have been a factor in discussions. Again, to some degree I also share the scepticism of an average taxpayer in relation to the use of public money to support niche interests which must inevitably have informed some of my discussion and analysis, whilst most people in the arts are well disposed to subsidies. Based on my past experience working with global organisations, I also tend to view musical organisations as very small commercial companies since – at least by the standards of most sectors – even the largest UK symphony orchestra (the London Symphony) is comparable to a relatively small family business. For most of those involved in the classical music business, however, these are substantial organisations. These are all examples of how my personal biases may have entered into the conduct and evaluation of my research, although simultaneously they are also characteristic of the factors that make this research unique.

2.4 Auditions: The Interviews

The approach taken here is based on a combination of recognised business/economic concepts and the results of primary research interviews, together with some secondary sources. In planning for the research, it quickly became apparent that the study of texts and financial data would not be sufficient to develop a rounded view of the sustainability of the classical music industry since this industry is very much a living business rather than just a historical research phenomenon. It would therefore be necessary to interview people active in the contemporary music industry to enable more in-depth understanding of those issues already identified from textual and financial sources, as well as to ascertain other issues requiring attention in a living tradition.

I considered carefully the nature of these discussions, and particularly the extent to which they should be formalised. In some fields of social sciences, a systematic approach to research would involve more structured or quantitative approaches using standardised questions addressed to statistically chosen samples. However, there are several reasons why I have not adopted such an approach, and have rather used a more organic and qualitative ethnographic approach, involving a different kind of rigour.

Firstly, the potential population of people appropriate for interview was in some cases (e.g. British opera company intendants) comparatively small in number, relatively senior, and difficult to access. This would make it difficult to plan with a high degree of certainty in view of the likely low "response rate" through normal channels; it would limit the potential for broad sampling let alone piloting of trial runs; and I would in fact be dependent on an unpredictable combination of perseverance and chance. Many of the relevant sub-populations are also very small, which thus further complicates the use of an over-structured approach.

Secondly, I knew from my experience in conducting many interviews in my previous working life that the senior positions and busy schedules of many of these interviewees would make them resistant to a simple questionnaire-based approach. It would also be more difficult to develop the necessary rapport during conversation if I were too constricted by the more formal and stilted barrier that can result from over-reliance on a questionnaire. This would again make it difficult to use a highly systematic and quantitative approach.

Thirdly, given the short amount of time I expected to be able to spend with many of the interviewees, using much of that time to cover pre-determined points could well limit or even prevent the free-flow discussion likely to raise as yet unknown issues and perspectives which could well turn out to be important for my research. Furthermore, this would also risk forcing their points of view into my pre-determined agenda, thus failing to take advantage of the fact that one of the prime purposes of interviewing such people would be to obtain their *insights* into the points of view and priorities of the industry, its institutions and its personnel - insights I would not have thought of myself. In short, the objective was to understand *their* agenda and not to impose *mine*.

Fourthly, to provide an adequately comprehensive view of the industry, different types of people would need to be interviewed, including musicians, administrators, donors, and decision-makers, both locally and internationally. Given both their different positions and the relatively wide range of issues within this chosen field – e.g. ranging from financial sustainability through handling philanthropists and governments to the future of the classical music business – some of the questions relevant to each of the interviewees would need to be rather different. This again complicated an approach based primarily on standardisation.

Finally, it should also be borne in mind that the aim of this thesis is to investigate the research questions identified in Section 1.1. It draws on both theoretical and empirical traditions to include historical, statistical and attitudinal data, seeking to synthesise the three sets of data to answer the research questions in a more comprehensive way. In view of the nature of the sample and the interviews, however, I decided that it would be neither possible nor appropriate to use statistical techniques that I have encountered in the business environment such as multivariate or conjoint analysis.

Having decided which positions/skills were most relevant to the topic, I targeted a selection of potential candidates in different situations via letters, emails, referrals, other contacts or personal approaches. In many cases this was sufficient, although there were also some people who proved impossible to contact or to arrange an interview with. Although I made extensive efforts to obtain interviews with particularly important or representative people, including making occasional international trips, it was not always possible to secure an interview, and in some cases I had to settle for a deputy or alternative candidate as a suitable proxy. In a few cases it also proved necessary to interview some people who would not otherwise have been priority candidates simply to maintain a necessary relationship with a referrer. It is also worth noting that in contrast to a programme of business-related interviews where the interviewees might overtly or covertly be seeking to promote their own companies compared to the competition, most of the interviewees were classical music enthusiasts committed to promoting the art form as much as their own organisations.

Chapters 6-9 incorporate the results and analysis drawn from this extensive range of interviews. The population of interviewees comprised 152 musicians, administrators, donors, and decision-makers involved in the contemporary music industry in the UK and internationally. These are listed in Appendix 2 with their main roles, locations and the dates of interview. The list includes: the boards and executive heads of opera houses, orchestras and venues; their finance, fundraising and administrative staff; financiers and other philanthropists; singers and other musicians; service providers; and commentators.

As a matter of note, I subsequently met many of these interviewees whilst attending and participating in musical events, often on many occasions. However, any subsequent discussions of this nature were not structured nor recorded, although they informed my general viewpoint since different angles or issues often emerged during these less formal encounters which on occasion gave reason to re-visit a previous opinion. During these types of music event I also encountered and talked to perhaps one hundred other people in the music industry, including composers, performers, administrators, donors, customers, and other supporters and stakeholders. Again, these are not recorded as interviews since they were also informal and unstructured, but they too have frequently informed my research. As with much of this thesis, there is a bias in the interviews, chance encounters, and topics covered towards opera because the size, complexity and expense of the operatic art form highlight the financial and business challenges most acutely.

The solution that I adopted to interviewing was therefore to use a semi-structured approach combining a list of areas to be covered with some degree of free-flow as the most effective. This experience is not uncommon: for example, Nicole Beaudry states, "The format of the recorded interviews has changed over the years, ranging from my first year's prepared-questionnaire approach (which I quickly rejected) to loosely prepared questions, to semi-structured conversations with attempts to initiate singing, to life-story telling, and to storytelling in general" (Beaudry 2008: 236). I still thought it important, however, to maintain a proper structure to interviews, even though not all ethnographic researchers necessarily endorse this for all situations; for example, Titon writes, "I also realized that structured interviews did not always result in my best understanding" (Titon 2008). One example illustrates the potential difficulty of over-reliance on structured questionnaires, particularly if this were to be at the expense of other insights from textual and financial sources. Even if all interviewees had stated that classical music could be financially sustainable, such a claim would require more detailed discussion and challenge since the historical and financial evidence would simply not support it.

Although most questions were open, as discussion proceeded I would sometimes use leading questions or indeed state an opinion where this would elicit a more useful response or enhance the relationship to obtain such a response. Thus, it was also necessary and perhaps appropriate for me to emphasise my personal interest in, and commitment to, classical music to establish the appropriate relationships with interviewees. I thanked all interviewees in writing afterwards, but they were not otherwise shown any notes or follow-up from interviews.

Similar questions were asked to interviewees in similar positions, but the breadth and variety of interviewees and their responsibilities made any complete standardisation inappropriate, as referred to above. For each interview carried out, I prepared lists of the questions and topics to be covered with the emphasis falling on those relevant to the position of the interviewee. The main headings covered were: the economics of opera, orchestral music and classical music in general; music and arts funding in the UK and other countries; the economics of the relevant organisation and its position in the wider musical 'ecosystem' including external relationships; historical, current and future funding sources – including trusts, donors, governments – together with their attitudes and conditions; future developments, including socio-economic and technological; the economics and characteristics of audiences, customers, and Members/Friends; pricing; fees; other relevant financial and operational issues, such as repertoire; and the personal experiences of the interviewee.

The (mean) average duration of interviews was 1 hour and 25 minutes, although many lasted either much shorter or much longer times. Each discussion also inevitably took its own course, but this was used as a way of identifying issues that were of prime concern to the interviewee rather than the interviewer, as well as a source of further areas of discussion with future interviewees. Nevertheless, as mentioned earlier, I recognise that the questions and responses will also have been conditioned by my position as an older white businessman rather than either, say, a musician or a younger researcher, although I believe that this has in fact facilitated and improved the gathering of data. As James Clifford quotes from Jeanne Favret-Saada's *Les mots, la mort, les sorts*, "the event of interlocution always assigns to the ethnographer a specific position in a web of intersubjective relations. There is no neutral standpoint in the power-laden field of discursive positionings, in a shifting matrix of relationships, of "I's" and "you's"" (Clifford 1983: 134).

Interviews were extensively noted rather than recorded at the time, and were written up shortly afterwards. The resulting interview notes comprised nearly 300 pages of typed A4. The reason for using this approach is that on the basis of my past experience in interviewing people for work-related projects and other research, I have found that open discussion of financial and business matters can be impeded if the interviewee feels that any comments may be verifiable "for the record" – with the result that the principal objective of obtaining useful and relevant information is compromised. Furthermore, the interviewees have been anonymised throughout (e.g. "an international opera house administrator" rather than "Mr. Smith") to avoid any issues relating to confidentiality or attribution, and have been allocated a random sequential number for identification purposes (e.g. Int01 or Int145), except when a point was mentioned by too many interviewees to cite them all concisely.

Several ways have been used to enrich the quality of the data collected during these interviews and to reduce some of the inevitable bias caused by the selection of an invalid sample or by the researcher's own perspective. These include, firstly, approaching a wider range of people and organisations than might otherwise be required in the expectation that at least some will not provide relevant material, while others may confirm particular points even though they occupy a different position in the institutional network, and yet others may raise points which only later assume significance. The equivalent in the case of historical data might mean casting a wider net in terms of sources accessed.

Secondly, where possible, different data sources (numerical data, multiple overlapping interviews, etc.) have been cross-referenced, and any relevant selections stated clearly. Thirdly, I have aimed to be constantly aware of conscious or unconscious biases involved in data collection, selection, analysis and reporting, bearing in mind my personal circumstances and experiences outlined above.

In addition to interviews, I also attended a large number of performances of opera and classical music at many different local, national and international venues and other relevant fora. Aside from simple observation, I usually engaged in discussion with other audience members about their attitudes and habits, some of whom became regular acquaintances; the results of this are also referred to occasionally in the discussion. I paid for every ticket for every performance I attended, and in some cases rejected complimentary tickets, as an ethical means of eliminating the possibility of any bias resulting from a favourable predisposition towards the provider of complimentary tickets.

To make use of the data resulting from interviews, I ordered and synthesised the results according to relevant themes. These were then used in determining, inputting to, and writing up the topics covered in Chapters 6-9. Although some of the themes (e.g. cost structure and income sources) had been determined in advance based on the previous textual and financial research, the identification and emergence of others (e.g. customer data, technological impact) only emerged during and as a result of discussion. As is clear from later chapters, a major consideration here was the different components of income and expenditure that would be directly relevant to the overriding theme of financial sustainability. By its nature this is still a problematic process, however. As James Clifford comments rhetorically in relation to ethnography, "How, precisely, is a garrulous, overdetermined, cross cultural encounter shot through with power relations and personal cross purposes circumscribed as an adequate version of a more-or-less discrete "other world," composed by an individual author?" (Clifford 1983: 120).

This problem is inherent in the nature of the subject being covered and is a common theme in relation to synthesising and analysing interview-type material. As one interviewee commented more eloquently in one of her earlier books, "Because the study was qualitative in design, it has been possible to explore the range and nature of factors and experiences that influence philanthropy [the subject]. However, it cannot provide any statistical data relating to views or behaviours nor determine discriminatory variables or the characteristics associated with them. Where any such conclusions are suggested by the data, they are presented only as hypotheses for further research." (Lloyd 2004: 33) "Objective" classification and analysis of results is thus an impossible ideal, and I therefore acknowledge that some element of personal bias will have been inevitable in this process. The alternative is no discussion, reporting, or analysis at all.

2.5 Counting the notes: Sourcing and calculating the numbers

I pointed out in Chapter 1 that a market economy allocates primacy to value measured in financial terms. The mechanism for doing this is the flow of funds as recorded in the financial accounts of the entities (companies, organisations, people) that are active in the economy. In the case of the UK classical music industry these are the financial statements of the various opera companies, orchestras, and other organisations, almost all of which are registered as non-profit making charities by the UK Charity Commission or its Scottish equivalent the Scottish Charity Regulator OSCR[13]. There are similar financial statements for organisations in other countries, although local practices vary thus leaving some scope for interpretation in making comparisons.

[13] Available at: https://www.gov.uk/government/organisations/charity-commission. Scottish charities are separately covered by OSCR The Scottish Charity Regulator, but fewer financial data are available for Scottish charities, http://www.oscr.org.uk. This gap was partly filled when in 2016 these and further historical data for the UK also became available from Companies House at https://beta.companieshouse.gov.uk/search/

Chapters 6-9 contain a wide-ranging analysis of a variety of issues in the contemporary classical music industry, including the size of the industry in the UK, the main sources of financing, unit cost appraisals, and selected international comparisons. The data used are drawn primarily from the financial statements available from public sources including both those specific to a single organisation and ones with wider coverage. In most cases these have to my knowledge never previously been collected or analysed in this way.

For the purposes of the collection and analysis of the accounting data, I have reviewed the accounting statements of some 230 UK organisations as well as those of some major organisations overseas, the overwhelming majority of which are publicly available because of their not-for-profit status. These accounts are prepared according to a range of conventions and statutes that have been built up over long periods. Conventions include the most fundamental practices such as double-entry and accruals accounting, while statutes may range from the Companies Acts (of which the latest in the UK dates from 2006) to Statements of Recommended Practice (SORP) such as Financial Reporting Standard (FRS) 102 *Accounting and Reporting by Charities* introduced in 2015. In other words, the accounts depend on a number of conditions and conventions and incorporate a series of practices operating in a particular socio-economic context.

Furthermore, whilst these conventions and statutes should (at least in the eyes of standard-setting and regulatory bodies) lead to minimal variation between the accounting treatments of different organisations, in practice there is considerable scope for discretion. For example, even a cursory review of a few sets of accounts show that this discretion allows organisations to choose to show or to "conceal" overseas income, different types of donations, and other sources, as well as to change these decisions from year to year. Such choices may be conscious or unconscious, and may be made to achieve a specific purpose that may be acknowledged or otherwise. This adds a further complication for the task of any researcher endeavouring to achieve standardisation.

The idea of the contingency of conventions should be of no surprise in the arena of musicology. Howard Becker notes that:

> Leonard Meyer's *Emotion and Meaning in Music* (1956) used the idea of "convention" – an artificial but agreed on (as we later learned to say, "socially constructed") way of doing something – to analyze the way composers and players used conventional patterns of melody, harmony, and rhythm to create emotional tension and release, and thus musical meaning (Becker 2008: xiv).

Becker mentions similar approaches to other arts, and paraphrases that:

> 'Convention', as these people used the idea, referred to things that the people who made art and the people who read or listened to it or looked at it shared – to ways of seeing and hearing that were known by everyone involved and thus formed the basis for their collective action (Ibid.: xv).

This is a good summary of what also lies behind accounting conventions, although a key distinction is that accounting conventions are usually legally binding.

Although the financial data and the accounts can be seen as the same for every user, in another sense the user determines the meaning. This notion applies also to the selection of the data used for this study, since I have had to make choices about: the categories to use, e.g. donations and commercial income; the treatment of an item, e.g. classifying a local government contribution as 'public' even when it might relate to a specific service or sponsorship, or classifying recording fees as commercial rather than box office; and the categorisation of data where it may have dual purposes, e.g. treating corporate contributions as sponsorship rather than donations since they are typically made primarily for marketing objectives.

2.6 Other choices: Non-monetised contributions and organisations

It is important also to mention two other elements of researcher's choice. The first is a consequence of using financial accounts which use market-value current-price figures. These clearly exclude non-monetised voluntary contributions made by musicians, administrators and other volunteers. My interviews and observational research indicate that these 'voluntary contributions' are enormous and thus reflect a value that these groups place on music over and above what can be measured in financial terms. This is analogous to the exclusion of non-monetised labour such as housework from Gross Domestic Product (GDP) figures, which has long been an unresolved matter of contention (Coyle 2014).

There is a wider point here. Few activities exist entirely in full conformity with market economics, but classical music conspicuously does not. Many of the opera companies, orchestras and other organisations enjoy 'subsidies' which enable them to reduce their prices below the price that would be required to achieve break-even. These subsidies include grants from central and local governments, sponsorship and donations from companies, gifts from individuals, tax relief on contributions and specific activities, the time contributed freely or non-commercially by performers and supporters, and so on.

Some individuals may pay above the 'market/cost price' if they contribute money or time as part of these subsidies, whilst others (probably the majority) pay below that price. In neither case is it reasonable to assert that the price paid by the customer which feeds through to box office revenue is the price that the customer would be able or even willing to pay in a 'free market', nor indeed that the total income or expenditure of the organisations are in that sense directly comparable to those in a commercial market. Any assertion of the 'value' represented by the figures that result from this analysis – not to even mention the artistic value – must therefore be hedged around with qualifications. Furthermore, I have also had to take any figures at face value without therefore the luxury of interrogating the preparers.

The second element is more discretionary, and that is the choice of organisations to include. The definition and components of the classical music industry have already been discussed in Chapter 1. This concluded that the industry comprised networks of people and organisations entering into commercial or other exchange-based relationships to undertake or support music-related activities. Within this industry one group of organisations can be termed "performing organisations", namely those that provide live opera and other classical music services to the customer, including opera companies, orchestras and other bands, and recording and broadcasting organisations. The other group comprises ancillary or support organisations that largely service these performing organisations and rarely themselves provide musical performances.

2.7 Classification of organisations

Opera companies are the largest category of performing organisation. There is no agreed classification of opera companies, but for the purposes of this thesis I distinguish six different types:

1. **International companies**. These have an international orientation and use international stars at international pay rates. Only the Royal Opera Covent Garden would fit into this category in the UK, but other examples would include La Scala in Milan, the New York Metropolitan Opera, and the Wiener Staatsoper
2. **Local companies**. These exist primarily to serve a regional or local audience. International examples would be the Komische Oper Berlin and the Helikon Opera Moscow, and the UK's English National Opera in London or Opera North in Leeds

3. **Touring companies**. These typically have a small or no home base, but tour productions around their chosen geographical areas. International examples are De Nederlandse Reisopera and Belgium's Muziektheater Transparant, and English Touring Opera in England
4. **Festival/seasonal companies**. These operate for only a part of the year under special seasonal but professional conditions. English examples are Glyndebourne Festival in Sussex and Opera Holland Park in London, and internationally the Salzburger Festpiele in Austria and the Glimmerglass Festival in the USA
5. **Small/independent companies**. These are opera companies whose activities are typically irregular and on a very small scale with correspondingly low revenues, usually relying on a combination of professional and unpaid labour. There is a plethora of these, especially in the UK in London
6. **Student, amateur/community companies**. These provide ad-hoc productions in particular local circumstances and mainly use unpaid labour, such as the music schools and conservatoires. Examples are the UK's Royal College of Music and the Juilliard School in New York.

Most opera companies fit into these classifications, although in some cases there may be a degree of fluidity or overlap. For example, Welsh National Opera serves a local audience in Wales but also tours in England.

The classification of orchestras is broadly similar, but the distinction is less clear; for example, a small orchestral band such as a string quartet can rapidly acquire an international reputation and schedule in a way that is not practical for most opera companies in view of the substantial resourcing required to sustain even a basic level of operatic activity. Touring is the norm for even the largest orchestras, but is a rarity for all but the specialist touring opera companies. Income relating to the very small bands such as string quartets has been included under venues, as explained further below.

The third category of performing organisation is ballet companies, of which the five major UK companies that define themselves as classical ballet companies[14] have been included here, as well as London's Sadler's Wells which is a major venue devoted almost exclusively to performances by domestic and international ballet companies. The main classical musical festivals constitute another category, although in several cases certain informed assumptions have been made to exclude their non-musical activities. Similarly, the major choral groups have been included as a separate category, although I believe that the overwhelming majority of choral work is likely to be carried out by unpaid resources, including large and small choirs and church groups.

The other major category of live performing organisation is the venues, such as London's Southbank and Barbican, Sage Gateshead, and Colston Hall Bristol. In contrast to countries such as the USA, in the UK these venues are usually not combined with their own musicians – the two main exceptions being the Royal Northern Sinfonia/ Sage Gateshead and the Royal Liverpool Philharmonic Orchestra/ Liverpool Philharmonic Hall and Events. The venues typically stage a combination of their own promotions and those by the orchestras and other organisations already mentioned above, so adjustments have to be made to avoid double counting. While these adjustments are informed, ultimately many represent my choices. Apart from Sadler's Wells, these venues also usually stage many different varieties of music, so in practice it was neither possible nor practical to divide their activities further.

The two other categories of classical music performing organisation are broadcasters and recording companies. In the UK the broadcasters are Classic FM and the BBC, which also funds and operates its own orchestras. There are several major and minor recording companies producing classical music

[14] It is arguable that some commercial ballet companies should be included, such as Matthew Bourne's New Adventures. In certain respects this has a more fragile presence, for example operating like a West End musical by setting up a new company for each production in addition to its own company status rather than handling all performing activities through one institutional presence. In any event little formal financial information is available, although some of their income would be included in venue-based data, such as for Sadler's Wells

recordings for CD or downloading, but the figures used here are the annual totals from the British Phonographic Industry (BPI) rather than those aggregated from individual companies since these are largely private with few data available. The BPI figures include crossover and popular semi-classical artists such as André Rieu and Ludovico Einaudi, but further separation of these figures is impossible.

The activities of these nine main categories of performing organisation are supported by two other types of organisation. These are organisations investing in the music industry for the longer term ("investment" organisations) and those providing immediate services ("ancillary service" organisations). The former, "investment" organisations, comprise those that 'invest' the resources to create the long-term 'raw materials' required for musical performances. These include in particular the schools, colleges and other educational institutions which are educating and training the musicians of the future, and also the instrument makers, set designers, costumiers and other skilled artisans to the extent that their outputs may have longer-term rather than seasonal durability. "Ancillary service" organisations, in contrast, provide equally essential but more immediate services, such as managers, agents and publishers, instrument repairers, in-house caterers, CD manufacturers, and so on. Included here are also a vast array of organisations, often of long standing, with diverse purposes but united by a commitment to classical music, such as the Royal Philharmonic Society, the Associated Board of the Royal Schools of Music (ABRSM), ABO, and many organisations with semi-formal educational purposes.

It should be noted that in the non-classical world there are other key roles which would need to be considered, in particular that of the composer since many of the most successful are composer-performers in a manner that has not been seen in the classical world since the days of Liszt (1811-86) or Rachmaninov (1873-1943). Most classical music now regularly performed was written by composers who are often long dead, and it is assumed in this discussion that the income of most living composers is already included via royalties, teaching, and so on.

2.8 Calculating industry size and funding

The measurement of the gross incomes and funding sources drawn from the financial accounts of the organisations set out above follows an approach analogous to that typically used to measure a country's GDP, but modified since it is based on the income of its main constituent institutions rather than all its economic aspects. The classical music economy is measured as the Gross Value Added (GVA) by classical music institutions, or the sum of their financial outputs less the cost of intermediate inputs, as measured by the income accruing to these institutions during a particular period of time. Thus any product or service that is provided by an intermediary person or organisation (such as a musician or designer), to an organisation at the end or the chain (such as an opera company), is excluded since adding the two together would result in counting the same product or service twice.

The total industry size in Chapter 6 was calculated by adding up the total of the incomes of all relevant organisations with the appropriate adjustments and, where necessary, informed assumptions. If the organisations were profit-making entities this might be more problematic, but in practice there are virtually no sustained or extracted surpluses in classical music organisations, which usually channel excesses of income over spending back into further music-related activities. Thus income and expenditure are usually almost the same, and income has been chosen here for sizing purposes so that the figures match those used in analysing the sources of income discussed in the next chapter. Although not all income is necessarily derived from strictly musical activities (e.g. sales of programmes or food & beverages), all income is included since it ultimately all supports classical music. All financial figures are in pounds sterling, and inflation is ignored in the instances where figures cover different years since it has been comparatively low in recent years.

Aside from the overall issues relating to the accounts themselves and my own interpretation described in the previous section, there are many issues of varying degrees of importance which arise in making these calculations for the UK's classical music industry. The main relevant decisions which have been made in compiling the figures, some of which have already been mentioned, are as follows:

- Amateur, voluntary or other unpaid activities have been excluded. As previously mentioned, these are very important for music in general but take place outside the commercial market place, are very difficult to measure, and are also excluded from most standard GDP calculations. Any economic value that individuals or institutions may place on opera and classical music over and above the financial payments they make is similarly ignored
- The amounts for music venues and festivals have been adjusted to exclude the estimated figures relating to music groups whose performances they host (in order to preserve the principle of GVA, i.e. to avoid double-counting), as have the total for other organisations which may use each other's services. The main exceptions are the Wigmore Hall and Sadler's Wells Theatre which largely present groups otherwise not included here
- The main music conservatoires are included in the central part of the analysis in view of their direct links to the performing organisations and their own extensive programmes of performances. Adjustments based on student numbers have been made to exclude drama for those conservatoires teaching more than just music, and it has been (somewhat generously) assumed that all music teaching relates to classical music
- Schools and other educational institutions are dealt with under non-performing categories since they represent a form of investment in the future of music rather than also being for immediate consumption. The

three main assumptions cover private music teaching, universities, and music hubs[15]

- Income/expenditure relating to other areas of the musical economy but involving groups such as orchestras, e.g. for film scores, has been included (since in any case *de facto* inseparable)
- Performing and other rights' organisations (e.g. the UK's PRS and PPL) have been excluded since their incomes should already have been included in the accounts of the paying performing organisations, although most pre-20th Century music is no longer in copyright
- Capital expenditure has been excluded, together with any identifiable income specifically related to capital projects, since the amounts may fluctuate significantly from year to year, for example depending on construction projects. No attempt has been made to calculate notional costs, for historically funded capital items, such as imputed rents for buildings
- Funds which can be used for any purpose have been combined with those which are earmarked by donors for specific uses (typically described as unrestricted and restricted funds), since both relate to the performance of music
- Some Members' or Friends' schemes are constituted as separate entities. Since their surpluses are typically transferred immediately as income to the organisations which they are set up to support, they are also excluded to avoid double counting
- In a few instances where no figures are available or are difficult to separate, educated estimates have been made. Examples include: accounts for organisations that don't separate income by different categories of classical music (such as the Royal Opera House whose totals I have split between opera and ballet *pro rata* with ticket sales); those covering artistic activities other than classical music, such as the Barbican or Cheltenham Festival; or commercial companies such as Raymond Gubbay and Ellen Kent

[15] Calculations are: Private music teaching (50% of Musicians' Union's 30,000 members each teaching 10 hours per week for 30 weeks at £30 per hour of which 30% classical = £40.5m); Universities (185 undergraduate and graduate students at 50 universities paying £4-9k each per year = £22.7m); and Music hubs (1/3 of total 2012-15 allocation of £171m for 2013, of which 30% classical = £17.1m)

- Some aggregations would involve too many assumptions to unravel meaningfully, such as the combination of all the BBC's orchestras and its other performing groups whose expenditures are not separately available and include allocated support costs. Rather than over-distort inappropriately, I have not even attempted disaggregation
- Broadcasting includes both Classic FM and Radio 3, whose figure includes content, distribution and support (but not the performing groups included separately). Classic FM is a private company forming part of This Is Global Ltd., so its figures are not publicly available; since it generates little of its own content, I have assumed its relevant income as 20% of Radio 3's
- Figures for classical music recordings are taken from the total classical music sales figures provided by the BPI since it would be impossible to obtain the detailed relevant figures
- The wider economic contributions of arts institutions to their local economies have been excluded since, however important they may be, they do not constitute a direct part of the opera and classical music economies[16]
- Some organisations may have ceased operating temporarily or permanently since these figures were prepared, and others may have been added, but this is not considered material to the overall figures.

[16] Many organisations and funders now calculate the economic contribution of arts institutions to their local economy, some of which may be considered as 'advocacy research'. There are many recent examples (BOP 2013; LSE 2012; WMC 2014). In contrast to services such as catering or consultancy which are provided to an opera company directly, these benefits (or costs) are indirect "spin-offs', such as the incremental local accommodation or transport services, which have little or no impact on a music company or festival but may well be important for their locality. Since these do not directly constitute part of the opera and classical music economies, they are not considered further in this section, although they may constitute an important national economic argument for investing in the arts

2.9 Applying business concepts and modern terminology

Throughout the interviews and research, I have recognised that the prime objective of most music and arts presentations has normally been to present a high-quality product rather than either to minimise costs or to maximise revenues, or in the words of one UK opera head to provide "really good singers in beautiful productions"[Int61]. If that were not so, there would never be operatic productions with 100-piece orchestras and 50-strong choruses, for example, since simple financial analysis would show that the marginal benefit of employing 100 rather than 50 players in the orchestra is negative let alone the 'inefficiency' of employing a harpist or percussionist who plays for only 5% of the time, or the questionable 'productivity' of the other musicians. Notwithstanding its focus on artistic objectives, classical music is still a business, and my interviews and research have therefore taken the components of its costs and revenues as a starting point for considering the living aspects of the business rather than starting from its artistic aspects.

Any review of both historical and contemporary data from a business point of view has to be aware of the issues relating to reflexivity and the artistic/business trade-off, and how these affect the understanding of both the researcher and the reader. The use of terminology or concepts that are in one sense anachronistic can be instructive in understanding a feature of the social and musical past. It is unlikely, for example, that a 17th or 18th century aristocratic patron would have understood the concept of 'subsidy', let alone enjoyed detailed analysis of its components and benefits (Peacock 2000). However, the provision by the state of funds to make up a revenue deficit is likely to be described as a 'subsidy' nowadays, although as noted in Chapter 1 this term has become so politically loaded that even in serious discourse it can often be laden with negative qualifiers such as 'perverse' (Myers & Kent 2001).

Few, if any, of the historical financial examples will be using practices that can be considered as full accounting by modern standards in either the financial or economic sense. For example, few of the financial records, including possibly some of the most recent, take into account all the very large costs (i.e. including construction/depreciation) of the opera houses where performances take place, whereas a standard industrial enterprise would need to consider industrial plant or office accommodation costs. Furthermore, it is impossible to control for categories of income or expenditure so 'ticket sales', say, let alone 'profit', would not necessarily have the same meaning or connotation in 1692 as in 2018 and in different geographies.

Another concept which has been important for the financing of classical music and other forms of art is patronage, examples of which will be mentioned later. At the start of her collection of essays on the causes and consequences of art patronage (in her analysis mainly of the "fine arts"), Judith Huggins Balfe defines art patronage as "the deliberate sponsorship of the creation, production, preservation, and dissemination" of art (Balfe 1993: 1). This would seem to imply a relatively constant use of the term similar to the way in which it might be understood nowadays as the financial or equivalent support provided by one individual to another, with perhaps some degree of reciprocal responsibility. It is clear, however, that the understanding of patronage in contemporary Europe (Mulcahy 2010) would differ from its meaning in Soviet Russia, where "the creation of music that was national in form, socialist in content could not be left to the ad hoc activities of individual composers" (Frolova-Walker 2007: 313) or even from the "reluctant patron" as the United States Government has been described in its support for the arts (Larson 1983). These would in turn differ from the relationship which prevailed for Haydn, as described by Christopher Small:

> among the aristocracy … musicking also played its part in the social rituals that maintained their conceptual universe. Music was as much for performing as for listening to, and when musicians were employed, they were there as much to help their employers perform as to perform *to* them. The musicians were customarily the patron's servants, and often doubled as gardeners, valets, footmen, and grooms – only the superrich had full-time orchestras – and the listeners were his family, his dependents, and his guests, a tight community (Small 1998: 40).

Haydn lived during a period when a *Kapellmeister*'s "compositions were not his own property but belonged to his master, and he had to seek permission to accept outside commissions" (Baumol & Baumol 1994: 175). This is incomprehensible in the context of a modern freelance musician earning money from commissions, royalties and other payments facilitated by the sophisticated computer systems of rights societies such as PPL and PRS (Connolly 2006). Thus one has to be sensitive to the historical contingency of these concepts. Indeed, understanding that very different historical context for the composition and performance of music in turn helps us to understand the historically contingent nature of our own understanding of our contemporary music and musical environment, and the socially defined meaning of terms such as 'patronage' or 'subsidy'.

Chapter 3 – Towards an economic history of opera: Change or no change?

Prelude

In the cases of most industries, we are accustomed to thinking of innovation, change and development as inevitable, and often as necessary and desirable characteristics. The classical music avant-garde has constantly pushed its artistic boundaries, and for that reason also we might expect to have seen substantial developments in the economic and business history of opera which should have benefited the industry.

This chapter and the next two explore the economic history of opera, providing an inevitably brief and selective picture of some of its critical features. They highlight how little has changed from the economic and business perspective in some key areas, especially in live performance. This first of the three contains an overview and sets the background. It touches on issues from the very beginnings of opera to the present-day impact of technology. I look at the historical economic context, the globalisation of opera, the management and entrepreneurial model that has always lain behind it, and three important areas relating to the development of the industry aside from live performance. Chapters 4 and 5 then analyse in more detail the historical development, or lack of it, in some important areas of expenditure and income which have had a material impact on the funding gap and financial sustainability.

3.1 Challenges in examining the economic history of opera

At the very beginning of his introductory overview of global economic history, Robert C. Allen cites as its subject "*The Nature and Causes of the Wealth of Nations*, the title of Adam Smith's great book". He comments that such a history has at its heart a "fundamental question – 'why are some countries rich and others poor?'" or, more recently "why economic growth took off in Europe rather than Asia or Africa" (Allen 2011: 1). Many books has been written about economic history since Smith's time, including not just those terming themselves as such, but specific works by both historians (Arrighi 2010; Braudel 1982; Pomeranz 2000) and economists (Clark 2007; Maddison 2007), all of whom will be referred to later.

The scope of an economic history of opera may not be as all-encompassing as a global economic history, or even as the history of an economic idea, such as the history of debt cited in Chapter 2 (Graeber 2011). At its heart there still lies a "fundamental question", however, which in this case centres on the sustainability paradox introduced in Chapter 1, or more specifically: "How has opera survived financially for 400 years?".

Many activities, especially in the area of culture, grapple with adverse economics. Although the non-performing arts (painting, architecture, etc.) share the financial problem, their economics are different and generally more favourable because they create tangible commodities in the form of artistic objects. For example, paintings which can be stored and continuously traded (Wu 2002), generate value which endures far beyond their time of creation. What is distinctive about opera in particular is the scale on which it is conducted, and the level of resourcing thus required to fund an essentially ephemeral experience.

The previous chapters have shown that the economics of opera and large-scale orchestral music are averse to achieving long-term financial self-sustainability within the context of a commercially-based or capitalist economy. Multiple examples are cited in this and the following chapters to show that the economic history of opera can be seen as a long series of attempts to find the resources to fund an activity which has been sustained largely through various forms of patronage by a social elite. Although opera has in the past often enjoyed a greater degree of popular appeal than it does now, especially in Italy during the 19th Century[17], this has never been sufficient to provide reliable funding. It has

[17] The true extent of opera's popular appeal, even in Italy in the 19th century, is disputed: "discerning historical scholarship … has left the myth of the 'popularity' of

usually been supported – or even appropriated – by the social elite as a major contributor to the cultural capital which helps to define their status, in addition to providing their own entertainment.

Chapter 7 will show how classical music continues to depend on substantial financial support from a range of internal and external sources, and that there is no sign of this changing. These three chapters do not aim to provide any more than a highly selective picture of the economic history of opera since it is a subject that would require several theses. Rather, they provide an overview with a focus on a selected number of issues in areas where relevant data are available that are also considered in other chapters, and they review certain aspects of the economic background and history relating to financial sustainability. These are either matters relevant to funding, such as the various ways in which entrepreneurs and others have sought to plug the funding gap, or areas of costs which have a material impact on that funding gap.

One important question arising out of this – to which I will return in the conclusion – is the implication for the future of classical music and its financing. The fact that the same funding problems have recurred throughout four centuries might be viewed as *prima facie* evidence that these art forms can never "pay for themselves". It is as much likely to be evidence that the particular configuration(s) that these art forms take as a result of specific historical circumstances may not be viable given the subsequent development of the societies that support them. That does not mean that they will cease to exist, nor does it preclude the possibility that the art forms themselves may develop in a more sustainable way matching a future globalised and digital culture.

Some specific historical examples are used to illustrate each issue. In the absence of a comprehensive enumeration and consideration of a large number of instances, for which the data would not in most cases even be available, these

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Italian composers at the level of the most facile propaganda" (Leydi 1988: 291). Cf. "the presumed 'popularity' of opera theatre in Italy" (Bianconi & Walker 1984: 35) examples are taken to be representative, although the limitations of this approach are also recognised. Most are drawn from a range of secondary literature, and concentrate on the UK but refer to other countries with significant operatic traditions, in particular Italy and Germany. Given the relatively unchanging nature of opera's performing tradition, the distinction between the historical and the modern is not as clear as it might be in other industries or in forms of entertainment such as cinema where the focus is very contemporary. In general I consider the period after the Second World War to be modern, although I have viewed some issues in the light of the full 400 years of history.

By way of emphasis, this is not a re-telling of the history of opera. It does not discuss *opera seria* or *opera buffa*, opera or operetta, *bel canto* or *leitmotiven*, or the rest of the "standard" narrative of operatic history. It focuses only on those aspects that are financial or have relevant financial implications. It starts with an overview looking at the wider context and then discusses a small selection of more detailed issues under the heading of three factors relevant to a sustainable business model which emerged repeatedly in the financial data and interviews discussed in Chapters 6-10: Expenditure, Earned income, and Contributed income.

The next section of this chapter starts by setting the historical context, providing a very brief overview of the historical narrative underlying the economic history of opera and some relevant aspects of that history, before focusing on core areas. The argument about the adverse economics of opera rests on both structural and empirical foundations. The structural aspects have already been considered in Chapters 1 and 2. The empirical foundations are more contingent: whilst there may be a very large number of historical examples of the adverse economics of opera, there are also some instances where operatic activities have been able to cover their costs from a range of income streams and occasionally been profitable without external support. Whilst these latter instances may suggest alternative ways of managing opera as a business, they do not in themselves disprove the hypothesis that in general opera is not sustainable in the sense of not being able to cover its costs.

The historical examples which are most commonly referenced in these chapters combine some drawn from the (relatively limited) academic literature and some from primary research. The main ones used are listed in Appendix 3A which also reproduces by way of illustration a few examples of the Income & Expenditure Accounts or other calculations covering a selection of these. There are many other operatic traditions which are not represented in the list, even though they might be relevant. The Soviet Union and its allied states, for example, provided substantial state funding to opera and other forms of classical music throughout its 72-year existence, with commensurately low entry prices for "the people", and its main successor state Russia continues to provide public support to enterprises such as the Mariinsky in St. Petersburg. It is not possible, however, to do justice to all those places, and most references here are drawn from the UK, Italy, Germany, France and the USA. This can hardly be seen as unrepresentative, however, since these five countries accounted for 53.7% of opera performances in 2015/16 recorded in the (admittedly mainstream) database of *Operabase.com*[18], and historically this proportion was much higher.

There are two main reasons for focusing on these countries: data are available in a reasonably accessible form, and they cover different times, locations and types of opera. The former point (accessibility) is important because in general extant and available financial records are far fewer than some other records, such as those covering performances and artists; the latter point (variety) is relevant because in this instance a wider variety of sources in terms of nature, time and location is important in order to avoid the selection bias that would result from insufficiently distinct examples.

Nevertheless, the selection is biased in the sense that inevitably other scholarship on these issues has been partly driven by the availability of records. For example, the records of the Paris Opéra in the 19th Century are said to be

[18] 11,854 of 22,067 performances in 69 countries in 2015/16, accessed 21/03/2017

extensive and centralised in only a few locations [I have not personally accessed them] and have therefore been the subject of several studies. The records of the King's Theatre Haymarket and related theatres at the end of the 18th Century are similarly well-endowed. In contrast, there are few known, accessible and researched records of companies like the Pyne & Harrison English Opera Company, Carl Rosa's Grand Opera Company, or Beecham's Imperial League of Opera. As mentioned in Chapter 2, the records of Covent Garden are sparse during the pre-War period when it was either a 'freelance' receiving theatre or leased by the various Covent Garden Opera Syndicates, only some of whose own records appear to have remained there.

When discussing financing, I am not arguing that opera *should* necessarily be self-sustaining in the sense of covering its costs from internal sources. Baumol & Bowen appear to make the same point when they explain why they used the term 'income gap' rather than 'operating deficit':

> To say there is a 'deficit' implies that something has gone wrong, that costs must be cut or earnings increased so that the (reprehensible) deficit may be eliminated. … The phrase 'income gap' seems to come closer to what we mean. It emphasizes that the corresponding magnitude represents a lacuna in the organization's finances which needs somehow to be filled (Baumol & Bowen 1966: 147).

Here I am reviewing what has actually happened on the basis that in a capitalist economy without infinite resources, ultimately every activity has to be able to access sufficient resources to cover its costs in the medium term or it ceases. There is no reason why external funding deriving from government, philanthropic, sponsorship or other sources cannot be seen as legitimate sources of funding, but the contention here is that these sources are external to the activity itself and thus more contingent on factors outside the control of those within the industry or its performing institutions.

In this and subsequent chapters there are occasional references and comparisons of costs or prices over time. The purpose of these is to identify trends, and in particular if they have increased or decreased. For example, is the cost of a singer or of an opera ticket more or less expensive in different time periods? Any historical comparisons of this nature are fraught with complications, as explained by economists such as Angus Maddison (Maddison 2001, 2003, 2007), F.M. Scherer (Scherer 2004), and E.H. Phelps Brown & Sheila Hopkins (Phelps Brown 1955, 1956), and most recently and at length by Robert Hume (Hume 2014). Some alternative ways of doing this are briefly discussed in Appendix 3B. The three ways which are used at various points in the rest of this chapter are: to compare **inflated prices**, to compare **wages**, and to compare items in terms of their **proportions of GDP**. **Comparing inflated prices** is the most straightforward method for looking at price changes within a single country since it can be done quite easily using a table such as the Bank of England's Inflation Calculator for the UK, referenced below and hereafter termed BoEIC. In view of its simplicity, this is the method used most commonly below, at least for English prices. I recognise that it is somewhat simplistic, however, in particular because it takes no account of changes in relative purchasing power over time, and can only easily be applied for countries with a relatively stable long-term monetary unit. For this reason, values are often calculated by **comparing wages** or incomes, either on average or for a particular group of people. The attraction of this method is that it compares costs in terms of a benchmark relating to a relatively unchanging unit such as an hour of labour and reflects changes in purchasing power. To get a sense of the economic importance of something historically, however, it can often be better to **compare items in terms of their proportions of GDP.** This is more complicated but, like the measure of wages, may give a better sense of the historical value of something.

3.2 Opera's financial concerns never seem to change

The broad outlines of the socio-economic history of opera have been set out in other works (Ertman 2011, 2012; Rosselli 1992b). Rosselli, for example, highlights the substantial resources required for opera's staging before summarising how the art form moved rapidly from court opera managed by officials to more commercial public theatres managed by impresarios whilst retaining the aura of prestige that was crucial for status and survival. The element of commercialism was generally qualified by a degree of state or civic intervention and subsidy to supplement revenues from both the box office and often-unrelated commercial activities as "cash rewards and short-term contracts gradually superseded relations of patronage and dependence" (Ibid.: 2iv). Changes in society brought in more middle-class audiences spreading opera to more locations as well as necessitating larger opera houses configured for less aristocratic audiences – for example with open balconies rather than boxes, although British audiences were never as enthusiastic as those of Italy, Germany and France. "In these [other] countries, the period between about 1860 and 1914 probably saw more and larger audiences for opera than at any time before or since, but far fewer new creations than in the 18th century or early 19th" (Ibid.: 2v). This model with more popular appeal, albeit still partly reliant on subvention, was disrupted in the 20th Century by "the coming of new technology in popular entertainment with which opera could not compete, and by a long-term rise in labour costs which an expensive art such as opera could not absorb" (Ibid.: 2vi) leading to the greater public and private subsidies.

A focus on the changing social context, however, can divert attention to what has changed rather than what has remained substantially the same. Lest it be supposed that the economic context of opera has changed so significantly since the early modern (post-Beethoven) musical era of 200 years ago that issues such as earned and contributed income were not relevant, one need only to study texts from this earlier age. Writings on opera have often included more financial and organisational references than might typically be expected from a comparable discussion of lieder or chamber music, presumably in view of the significantly larger financial resources required and its more complicated multi-disciplinary structure.

One example from this time during Georgian England is the memoirs of John Ebers, the bookseller who became an operatic manager in 1820s London. Ebers opens his book with an explanatory preface, much of which could be read as if he were talking about the London opera world nearly 200 years later. On the issue of commercial viability, “Why”, he asks, “when the price of admission to the Opera is higher than to any other of the theatres, and the gross receipts certainly of no mean amount, is it found that the expenditure almost always preponderates, and that ruin or immense loss is the fate of the enterprizer [sic]?” (Ebers 1828: xviii). Contemporary operatic impresarios such as Raymond Gubbay or companies such as the recently defunct New York City Opera would well recognise this sentiment.

Nor does the community seem to have been any more well-disposed towards supporting opera in Ebers’s day than in the 21st century, since “The interference of government with the amusements of the people would not fail to be encountered with objections, in a country where all the operations of power are regarded with so much jealousy as in England” (Ibid.: xxi). Present-day British commentators might well deplore the alleged persistence of European Union governments in lavishly doling out taxpayers’ money making it more difficult for plucky privately-sponsored British enterprises to compete. Likewise, Ebers deplores

> the comparative advantages enjoyed by the foreign theatres … the causes of the superiority of the exhibitions at these theatres have already been hinted at, and the moderate price of admission results from the assistance afforded by the governments; it being notorious that the receipts never come near the amount of the expenditure, the deficiency being supplied from the national funds (Ibid.: xxvi).

These problems persisted despite – or perhaps because of – a boardroom full of the great and the good. In Ebers’s day this included one duke, one count, two marquises, two earls and two viscounts (Ibid.: 39) – representatives of a wealthy aristocracy who would be the contemporary equivalents of today’s executives from finance, business and government who rank disproportionately on the boards of opera companies[19].

[19] For example, the Board of Trustees of the Royal Opera House in 2017 comprised 15 members including at least 8 whose careers are or were linked to finance and

Just as today's well-positioned board members may be appointed to attract funding, so the status of the wealthy patrons of the 19th Century was doubtless of assistance in attracting the attendance of the King at Ebers's successful staging of Rossini's *La Gazza Ladra* on 20th March 1821, even though "the entire cost of the preparations was upwards of three hundred pounds" (Ibid.: 87) [= £30,000 in 2015 prices per BoEIC].

Ebers also argues that "It is desirable that some additional stability should be given to the Opera, as the peculiar place of resort of classes whose residence it is an object to secure in their own country" (Ibid.: xxv). Similarly, some of my interviewees voiced the view that an opera house is a key element of any strategy to attract the financial and creative classes "if London wants to carry on being a world-class city with all its amenities centering on the City of London"[Int89].

As a direct contrast to the travails of Ebers in London from 1821 to 1826, one can cite the experience only a few years later of Dr. Louis Véron, Director of the Paris Opéra from 1831 to 1835. Like Ebers, Véron as a physician came from a different background and committed his recollections to paper, although one may suspect that the 18-year interval between events and publication (1853-57) allowed Véron even more opportunity for selective recollection and embellishment than the two years which passed between Ebers's experiences and his publication (1828). Véron doubtless saw himself in his comment that "The director of the Opéra should be an intelligent and affable businessman, genuinely enthusiastic about all the works he will have performed" (Véron 1853: 224).

Unlike Ebers, Véron did enjoy a degree of subsidy after the Opéra had moved from being part of the Royal Household into a private enterprise, although he

investment (Taylor, Heywood, Duffield, Cooper, Dorfman, Kingman, Metherell, Wyler), 3 from other areas of business (Morrell, Wade-Gery, Rudd), 2 from government (Mirza, Rabbatts), and 1 from the arts (Hytner) (http://www.roh.org.uk/about/boards-and-committees. Accessed 03/06/2017) also had to post a security of 250,000 francs for the Ministry of the Interior before being allowed to take up his post. His period of office is usually viewed as a financial and not just an artistic success since

> The Opera became a financially successful venture, showing a profit of 900,000 francs at the time of Véron's retirement in 1835. And if the director's motives were not entirely disinterested, his methods nonetheless helped to establish the Opéra as the chief theatre of Europe (Huckenpahler 1984-85)[20].

Since Véron himself mentions a "800,000-franc subsidy granted the Opéra during the first year of my term" (Véron 1853: 95), financial success may be viewed as a relative term and his experience therefore appears to contrast with that of Ebers in the particular (subsidy, rental costs, etc.) rather than the general (the financially challenging situation of opera). In today's terms these are quite substantial amounts of money. Using a very approximate conversion factor, in contemporary prices the security bond might be as much as £12m, the profit in 1835 £44m, and the subsidy in 1831 £39m[21].

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[20] John Drysdale in his detailed and informative study of Véron's period at the Académie Royale de Musique (the Opéra) (Drysdale 2003) shows that to talk of Véron's 'retirement' is at best a euphemism. Drysdale also provides more detailed figures for the subsidies, discussed further below

[21] The figures used in the main text are based on average wages. The average annual income of a worker in Paris in 1831 was 280 francs (Morrisson & Snyder 2000: 73, Table 7), while the minimum hourly wage in the UK in 2016 was £7.20 (http://www.minimum-wage.co.uk), which on the basis of a 40-hour week and 48-week year is about £13,824. The updated numbers are then calculating by recasting Véron's figures in terms of the numbers of average wage equivalents (i.e. (250K/280=) 893, 3214, 2857) updated to 2015, or a very approximate conversion factor of (13,824/280=) 50. Although this seems relatively high, another source (Monange 2001) claims that "Un franc 1830 vaut environ 2,20 € 2006" which if updated to 2015 (per http://www.iisg.nl/hpw/calculate.php) gives a conversion factor of 2.57, which seems very low. In contrast, comparing figures as proportions of GDP gives extremely high results. The subsidy in 1831, for example, is approximately 0.06128% of the Total Revenues of France (per Prof Richard Bonney on French public finance in 'Paying for the Liberal State: the rise of Public Finance in Nineteenth century Europe' (CUP, 2010) quoted in the European State Finance Database http://www.esfdb.org/table.aspx?resourceid=12243). The equivalent proportion of French GDP in 2015 would be €1,337m. These examples illustrate the problems of making simple comparisons without extensive bespoke research for each year and location

Notwithstanding this apparent success, however, Véron also enumerates his complaints whilst praising his own sagacity. He complains, for example of low daily takings during a cholera epidemic ("Throughout the duration of the epidemic my position was a sad and painful one. Daily receipts barely amounted to five hundred francs") offset by his "good sense not to look on my early profits as belonging to me and to shun a host of speculations" (Ibid.: 82). He also devotes several pages to deploring the black-market ticket industry which "despite all my efforts … was soon growing by leaps and bounds. More often than not this kind of traffic made for those who engaged in it enormous profit" and [presumably ironically] "the black-market salesman's office, located near the Opéra, is a true branch of the box office" (Ibid.: 354-55).

These examples from the opera world in two different countries nearly 200 years ago indicate how little appears to have changed in the financial and economic climate of opera in spite of the enormous changes in the economy, technology and business generally, as in the audiences. But perhaps a commentator writing at the time of Ebers or Véron might have similarly looked back a further 200 years to the very first performances of what we now call opera and identified the same themes of patronage, status, financial insecurity and public/private funding.

Indeed, opera has been associated with patronage and important public events from its earliest days. As Robert Donington records:

> The occasion for Peri's *Euridice*, for Caccini's *Euridice*, for Caccini's *Rapimento di Cefalo* and many other notable entertainments, was the wedding of Maria de' Medici to Henry IV, King of France, which was solemnized at Florence although Henry was not present in person, but represented by proxy. Some ten days of October 1600 were given over to the celebrations (Donington 1981: 136).

Opera's originators were hardly ordinary people, as exemplified in the earliest opera still regularly staged, Monteverdi's *Orfeo*, first performed seven years after this. Its libretto was written by Alessandro Striggio, who "was a Mantuan nobleman by birth and a court official of high rank (from 1628 he enjoyed the title of Grand Chancellor) by profession" (Ibid.: 143).

The financial problems associated with staging opera were evident even in these early years:

> Even though the ostensible model of the Venetian opera house was that of a profitable business, it was a business that did not usually make a profit and perhaps was not even expected to. The pattern of Venetian aristocracy subsidising its own entertainment emerges clearly from a description of opera at Venice by Chassebras de Cramailles [in a letter of 20 February 1683] (Bianconi & Walker 1984: 227)

There is ample evidence to support this generalisation. Paul Atkin, for example, examines in detail the financial aspects of *L'ingresso alia gioventu di Claudio Nerone,* composed by Antonio Giannettini to a libretto by Giambattista Neri. This was commissioned by Duke Francesco II d'Este for the formal entrance of his bride, Princess Margherita Farnese, into Modena on 9 November 1692. He comments that "this lavish gala production represented a statement of propagandist display and conspicuous 'court' celebration given in the somewhat contradictory context of the 'public' Teatro Fontanelli before honoured guests and an 'upper'-class ticket-buying public". He then concludes that *L'ingresso*'s "indulgent extravagance seemingly caused the huge loss on production. Opera under Francesco came to an abrupt end." (Atkin 2010: 3).

Although the discussion in this thesis focuses mainly on the period after the start of the nineteenth century, these earlier examples of the financial problems of opera are pertinent to supporting the argument that what is at stake here is a structural phenomenon. These and other sources suggest that there may be little new in the business of opera. This does not of course mean that the circumstances of its performance and of its participants have remained unchanged. Many writers have, for example, highlighted the move of musicians from employment by the church and noble courts to freelancers in the private market as being one of the key events in creating the modern musical world.

> This change … occurred largely because of economic and political developments that simultaneously strengthened the demand of middle-class citizens for music in all forms and weakened the feudal foundations of European noble courts and religious establishments (Scherer 2004: 2).

Similarly,

> the rising prosperity of the eighteenth century – the first stirring of the industrial revolution and associated developments such as the rise in the wealth and position of the small body of the bourgeoisie as consumers of culture – contributed to the demand that underlay the creation of a free market in musical composition. … [and a] changeover from the universal system of private patronage to the beginning of a market mechanism under which the product of the composer and the performer became a commodity that could be bought and sold (Baumol & Baumol 1994: 172, 75).

These kinds of transition affecting the economics of music are well signposted, although many sources see changes primarily from the perspectives of the individual composers when written as part of composers' biographies or when the focus is on particular localised or short-term situations[22]. This points to a distinction between an event (e.g. a loss-making season at the opera house), a trend (e.g. the long-term shift from regal patronage to paying audience), and a structural factor (e.g. the inherent lack of self-sufficiency of large-scale classical music).

Reverting to the works of economic history mentioned at the beginning of the chapter, one point that is distinct in respect of the economic history of opera is the *absence* rather than the *presence* of change. The economic histories mentioned at the start of this chapter are premised on a significant notion of change and development. Pomeranz, for example, is looking at issues such as labour-saving technologies and the mobilisation of capital and their importance in the relative differences in development between Europe and East Asia; Clark

[22] This tends also to be the case for composer-oriented works such as those on Britten (Kildea 2002) or Elgar (Drysdale 2013) as well as the detailed analysis of the King's Theatre Haymarket in the late eighteenth century (Price et al. 1995). However, there are others, such as recent work on Handel, which are more clearly linked to external economic events (Hunter 2015)

at the improvement of living conditions as a result of factors such as the demographic changes and the rate of technological advance; and Arrighi at the transition from one regime of capital accumulation to another. David Graeber uses his history of debt to "ask fundamental questions about what human beings and human society are or could be like" (Graeber 2011: 18).

In the case of live opera, however, the problem in similarly theorising its economic history is that its underlying model has developed so little. The multiple and radical changes that have shaped a very different social and economic world over the four hundred years since its emergence have not only left the form of opera (and large-scale orchestral concerts) substantially untouched, but also the supporting economics, financing and management. Notwithstanding the emergence of recording and amplified concerts, the form of live opera has changed only slightly, for instance in the types and numbers of instruments and other musical forces playing to audiences in larger venues. Its economics reflect mainly the extra resources required for this scaling-up without any changes in productivity ("by 1911 … Opera had become so expensive in terms of the number of people necessary to stage and perform it that anything short of a sell-out success threatened any commercial producer with ruin" (Stockdale 1998: 14)). Its finances remain a judicious combination of ticket revenues, other commercial income, and both public and private philanthropic subsidies. These have varied in their relative contributions rather than in their evolution or improvement, as indicated by this summary of the sources of income during the seasons 1732-34 at the King's Theatre Haymarket:

> Finally, we may ask what these reports tell us about the finances of Handel and Heidegger's opera house. Basically, they depended on five sources of income: (1) season ticket holders; (2) sale of tickets for particular performances; (3) Royal bounty – usually amounting to £1,000 [2016: c. £218,000 per BoEIC] from the King, plus whatever the Prince of Wales might contribute, which was £250 [c. £55,000] in 1732-33 and 1733-34; (4) rent of boxes; and (5) subsidy from supporters to make up the annual deficit (Milhous & Hume 1978: 262).

This is not significantly different from the situation nearly 300 years later.

3.3 Opera and globalisation

Some of the characteristics which are associated with the economics of the contemporary world were present in opera in some form or other from its early days, rather than reflecting fundamental changes during its history. Examples include a globalised market, sophisticated management and marketing, and comparable pay for men and women along with winner-takes-all outcomes. Its links to the economics of social prestige and to large-scale financial capital are also consistent features throughout its history.

There is a tendency to think of globalisation as being a modern phenomenon, with opera now encompassing a world stretching from Canada through the Middle East and China to New Zealand. From quite early in its history, however, the opera business was already thinking "globally" in terms of product, managers and workers, even if until the 20th Century the opera world largely meant Italy, France, Germany, England, Russia, and a few other European countries, together later with the United States and perhaps Argentina. Within 30 years of its emergence in 1627, Heinrich Schütz was already being credited with setting a libretto in German: a translation by the poet Martin Opitz of Peri's *Dafne* of 1598 composed to celebrate the marriage of Landgrave Georg II of Hessen-Darmstadt to Princess Sophia Eleonora of Saxony in Torgau (Heartz 2003: 298). The first recorded performances of operas in other European countries such as France and England followed shortly thereafter[23].

It is well known that Italian composers in particular were working internationally, such as Antonio Cesti (born in Arezzo but holding posts in

[23] France: probably Francesco Sacrati's *La finta pazza* in 1645, originally performed in Venice in 1641. England: probably William Davenant's libretto *The Siege of Rhodes* in 1656 with music by Cooke, Lawes, Locke, Coleman and Hudson (Parker 1994: 33, 39)

Innsbruck and Vienna), and Antonio Salieri (resident at the Viennese court of Joseph II and his successors in the Habsburg Empire from the 1760s for nearly half a century). Even more famous as cross-border composers were Handel (or rather Händel, who moved permanently to London in 1712 after periods in Hanover and Italy) and Dvořák (in the UK in the 1880s and the USA in the 1890s).

Similarly, singers were regularly in demand at courts and opera houses throughout Western Europe, such as Farinelli (Carlo Broschi, born in Italy in 1705 but also performing in Vienna and London and resident for 20 years from 1737 in Madrid) and Adelina Patti (born in 1843 to Italian parents working as singers in Spain, debuting in New York, singing everywhere from Russia to South America, and starring and dying in the UK). Conductors have also long been international in reach, such as Gustav Mahler (in the USA from 1908 till his death, as well as all over Central Europe), Hans Richter (in the UK from the 1880s onwards as well as his native Germany), and Arturo Toscanini (all over Europe, and for 20 years from 1937-57 in the USA), as well as many other examples too numerous to mention in the 20th and 21st Centuries.

Nor was it just the musicians of the opera world who had international reach. In the 1820s the Italian impresario Domenico Barbaja was simultaneously managing theatres in Vienna, Milan and Naples (Eisenbeiss 2013). The Venetian Lorenzo da Ponte, more famous as Mozart's librettist in Vienna, founded the short-lived New York Opera Company towards the end of his life in 1833 (Bolt 2006). The German conductor Carl Rosa founded the eponymous touring opera company in the UK in 1873, which continued long after his death and the name of which still lives on (http://www.carlrosaopera.co.uk/). The German-born Oscar Hammerstein I founded several opera theatres in the USA between 1889 and 1910 as well as the fleeting London Opera House in Kingsway in 1911. The Austrian Rudolf Bing managed theatres in Germany, the UK and finally in the USA at the New York Metropolitan Opera for 22 years until 1962. Now such international reach is common, as evidenced by more contemporary opera managers such as Anthony Freud (British in Cardiff, Houston, Chicago), Pierre Audi (French-Lebanese in London, Amsterdam, New York, Aix-en-Provence), Kasper Holten (Danish in Copenhagen, London), and the late Gerard Mortier (Belgian in Brussels, Paris, Madrid).

Although the art form itself may have been "globalised" for most of its existence, that does not imply that geography has been unimportant in its development. Given sufficient time and data, it might in theory be feasible to explore the possibility of a link between operatic performances and economic development. As a proxy, I have reviewed the data on operas performed during 2014/15 as recorded on *Operabase.com* to see if any conclusions can be drawn.

There was a total of 24,199 operatic performances in 71 countries during 2014/15 according to this website. Of these, 266 operas received more than 10 performances each, accounting for 71.9% of the total. The average first year of performance of the 266 operas was 1864 (and the average weighted by number of performances was similar at 1860) – a point which I will take up in Chapter 10. The overwhelming majority of these first performances took place in one of seven countries, as shown in the table below.

Table 3A: Country of First Performance of 266 most popular operas in 2014/15

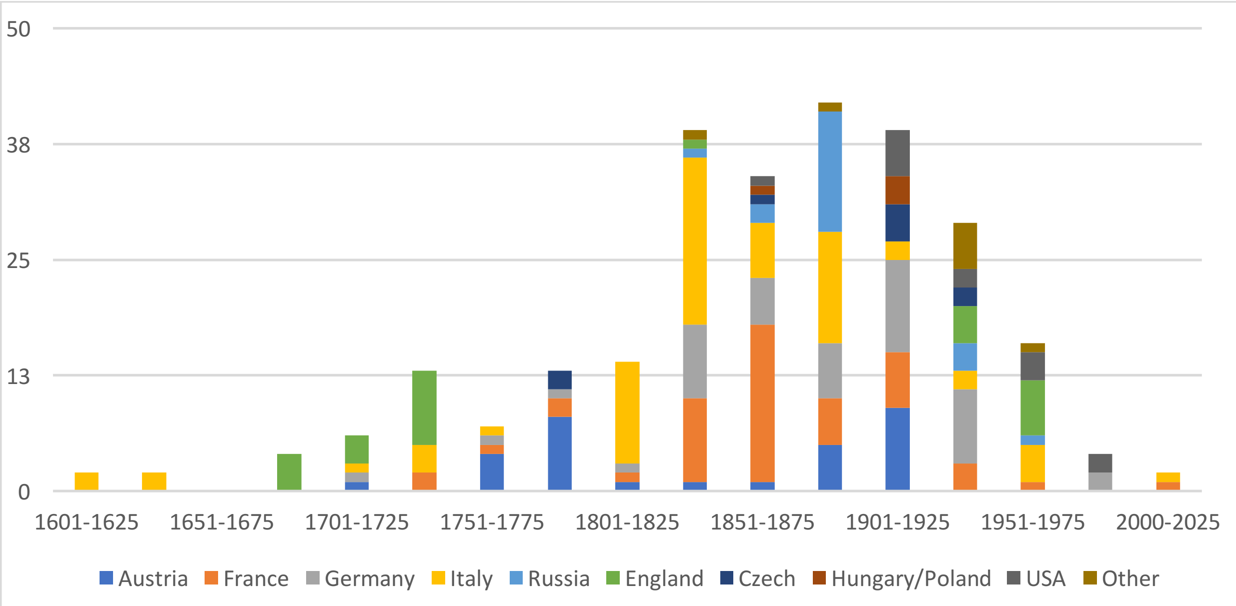
Country	Number	Percentage
Italy	65	24.4%
France	48	18.0%
Germany	43	16.2%
Austria	30	11.3%
England	26	9.8%
Russia	20	7.5%
USA	13	4.9%
Czech	9	3.4%
Other	12	4.5%
TOTAL	266	100.0%

Note: Country names use 21st century designations

Source: http://operabase.com/top.cgi?lang=en&season=2014, accessed 02/09/2015

There is little surprising about these figures given the importance in operatic history of Italy, France, Germany and the Austro-Hungarian Empire. What is more interesting is to look at these figures by year as well as by country. This has been done in Figure 3A below which divides the operatic premieres of the 266 operas by country and by quarter-century periods since the birth of opera in 1600.

Figure 3A: Top 266 Operas Performed in 2014/15 by Year and Country of Premiere



This chart shows that:

- Premieres in **Italy** were most frequent in the two periods from 1600-1650 (i.e. just after its "invention") and the 19th century (when *bel canto* and Verdi flourished)
- Most premieres in **France** were during the four quarter-centuries from the early part of the 19th to the early 20th century, i.e. during and in the wake of the prominence of Grand Opera
- There have been two periods when **England** was important, namely around the turn of the 18th century (Blow, Purcell, Handel) and after the Second World War (Britten)

- **Austria** has had two brief periods of importance, namely at the end of the 18th century (Mozart) and around the turn of the 20th century (Strauss, Lehár, and other operettas)
- **Germany** became important in the second quarter of the 19th century (Weber, Lortzing, Wagner), and has remained so except for just after the Second World War
- There was a brief period when **Russia** was important at the end of the 19th century (at the time of the "Might Handful" (Могучая кучка), including Mussorgsky, Rimsky-Korsakov, Borodin and subsequently Tchaikovsky)
- The **USA** has been important throughout the 20th century.

In the absence of the comprehensive data, it would be instructive to see the extent to which the choice of operas depends on ephemeral or changing tastes. For example, the importance of England might well have been considerably less before the recent Handel revival since his operas account for 13 of England's 29 in the list. More importantly in this context, however, is the extent to which economic importance may have played a role in attracting premieres and, by proxy, operatic resources. It is not obvious from these data that it is economic rather than cultural preferences that have been a prime driver of operatic premieres, particularly since the most economically powerful country from around 1750 to 1950 was England, where there were very few operatic premieres. In contrast, Italy was more economically backward than the UK during the period leading up to and after the Risorgimento, but was still operatically very important[24]. There are some contra-indicators, however. The rising economic presence of the USA, for example, is reflected in its importance from 1900 onwards, as was the case with the imperial strengths of Austria and Russia at the end of the 19th Century.

[24] GDP per capita in "1990 International Dollars" in 1820, 1870, 1913, 1950 (Maddison 2001: 185): Austria 1218, 1863, 3465, 3706; Germany 1058, 1821, 3648, 3881; Italy 1117, 1499, 2564, 3502; Russia 689, 943, 1488, 2834; UK 1707, 3191, 4921, 6907; USA 1257, 2445, 5301, 9561

There are many different aspects to the question of cost structure, but I will focus mainly on one area which has often been take for grand in the context of opera (and orchestral music) but which has always been at the heart of the status, business model, and economics of opera: the opera house. I would like first, however, to cover very briefly one other issue relating to cost structure, which has also received less attention and which has framed the context for opera and opera houses, namely the governing management and entrepreneurial model.

3.4 The management and entrepreneurial model of opera

Another issue which has received less attention than its importance would lead one to expect is the governing management and entrepreneurial model. Opera has benefited from a regular flow of patrons, entrepreneurs, and managers committed to bringing musical compositions to the stage. Various management models have been used, and their backers have often endeavoured to institutionalise their successes. However, there has been no single dominant structure or model employed for the management of opera, and this has probably been one of the more innovative aspects of the business since its inception.

Opera has been characterised by a combination of entrepreneurialism and straightforward management since its earliest days. Bianconi credits Francesco Cavalli (1602-1676) as the first 'producer' of operatic music on an impresarial basis. Since he had his own patron (whose name Cavalli took), Bianconi positions him as "the typical case of the artist 'created' by the institution". He is not citing Cavalli as the first instance of an opera composer as entrepreneur but rather as an early example of a composer participating

> in a venture of essentially capitalist structure [bringing] exposure to the risks of economic failure and artistic success … [despite] rarely having any direct financial involvement in the operatic initiative as such (Bianconi 1987: 82-3)

At this early stage, it might be expected that the small 17th century enterprise involved would deploy a relatively straightforward structure of ownership and management. From near the outset, however, the arrangements for operatic management appear to have been more sophisticated. Bianconi and Walker distinguish three different combinations of investment, ownership, management and risk-taking governing 17th century Italian opera, or as they term it "models of production" (Bianconi & Walker 1984: 215-43). These were:

(a) the Rome 1639 model of private patronage under which the patron appears to be responsible for most aspects including investment and risk, and the composer and musicians were largely salaried employees. This was used for Virgilio Mazzocchi & Marco Marazzoli's *Chi soffre, speri*, sometimes described as the first comic opera, funded by the Barberini family and performed at the Palazzo Barberini (owned by the ruling family)
(b) the Venice 1659 'impresarial' model where an impresario is employed and both organises the spectacle and takes the risk, employing professionals on contract. This was used for Cavalli's *Antioco* produced at Venice's Teatro S. Cassiano, owned by the Tron family (i.e. Venetian aristocracy and merchants) and credited with being the world's first public opera house
(c) the Reggio Emilia 1683 'mixed model' whereby "the impresario administers the risk of the city [municipal senate] (proprietor of the theatre) and advances his own or others' capital. But the risk is not his own - it is the prince who pays" (Ibid.: 239). This was used for Ziani's *Il talamo preservato dalla fedelta d'Eudossa*, and "is perhaps the model to have made the great contribution to the unification of the Italian operatic market" (Ibid.: 240).

Whilst highlighting the relative differences, Bianconi & Walker also point to the importance of the promoter who pays the deficit, which they identify in all cases as "the ruling class". They go on to discuss how these models were extended internationally, for example commenting that "The Austrian emperor takes over the heroic Venetian model *in toto* (but not the model of management), on his own terms, exempting Viennese opera from any economic or artistic law of the marketplace" (Ibid.: .251). Rosselli credits the "short-lived but influential troupes called Febiarmonici" with spreading the 'Venetian model' to other parts of Italy which in turn made possible Bianconi & Walker's

> third mode of production, whereby opera was put on under municipal patronage on the occasion of a trade fair, with an impresario or impresarios managing the season but with the ruler (or possibly a group of nobles) meeting the deficit (Rosselli 1992b: 2ii).

Thomas Ertman updated and added substantially to Bianconi & Walker's idea of the varied allocation of risk and return between impresario, patron and municipality, and "uncovered three paradigmatic systems of production and reception that one might call the impresarial, the statist and the impresarial-statist, each of which embodies a distinct pattern in the relationship between opera, the state and society" (Ertman 2012: 25). The key addition here is the statist model, contrasted with the "impresarial paradigm". This statist model was

> pioneered during the late 1600s and 1700s in the principalities of central Europe but [is] now prevalent across most of Europe. … In this model, government officials directly organize opera seasons underwritten by generous princely or later public subsidies in state-owned theatres using permanent artistic ensembles (Ibid.).

Ertman finds that this statist model has largely taken over in Europe, although he still sees the impresarial model as living on in the United States. This aspect of his argument is perhaps surprising, given the lack of entrepreneurialism of the relatively conservative business and artistic model of contemporary organisations such as the New York Metropolitan Opera or the Chicago Lyric Opera, particularly when contrasted with the impresarial risk-taking of 19th Century Italy. It is also an unnecessary refinement to the more understandable point that the bureaucratic statist model (with or without a significant role for the state itself) has largely taken over modern institutionalised Grand Opera.

I will return to the question of impresarios and impresarial models shortly, but one important feature of Ertman's argument is the link that he makes between the world of opera and its wider context. He asserts that

> The spread of bureaucratic methods and structures across the West over the course of the nineteenth and twentieth centuries in turn can help explain the almost universal triumph after 1945 of the statist model of opera production and reception pioneered in Germany (Ibid.: 47).

The trajectory from court through commercial to subsidised opera (Rosselli 1992b) broadly matches the rise of capitalism and its development through a private entrepreneurial phase to a more bureaucratic and regulated environment (Braudel 1982: 550) although a detailed analysis would be required to argue such a hypothesis thoroughly.

Ertman's exposition of impresarial, statist and mixed systems has advanced the argument in terms of institutions and the allocation of financial risk. However, it is notable that the essential elements of the operatic business world which were subsequently to become more widespread are already contained in Bianconi & Walker's three variations. Just as the core economics (i.e. based on high costs and low audiences) have experienced only limited variation, so the models of ownership and management have also not varied significantly. They are still largely based on limited configurations of the main elements and actors, depending substantially on the situation of their surrounding societies and economies.

As with any organisation, these elements can be viewed in ways more aligned with modern management thinking. More specifically, these models incorporate different combinations of policy-making, ownership, investment, financial risk, general management, artistic management, and ancillary services. These elements have been the responsibility of the various actors including noble or governmental patrons, individual patrons, investors, "third-sector" entities", impresarios, managerial employees, and contracted entities/individuals. Mapping the changing configuration of the specific role of each of these might confirm a general trend in ownership, management and risk-taking away from individuals towards governmental and institutionalised opera, which is in line with Ertman's hypothesis. This would also mirror developments beyond the world of opera, most particularly the steady increase in the economic share of both Government and large corporations in business (Arrighi 2010; Braudel 1982; Galbraith 1967; Hayek 1944).

Many creative endeavours in fact commence as activities in and for themselves, often pursued for reasons of curiosity and pleasure rather than because of any immediate possibility of monetisation. This was true of opera, at least in the popular accounts, e.g.

> In 1597, a group of these rich enthusiasts, calling themselves the *Camerata*, decided to put on an 'opera' in the private palazzo of their colleague Jacopo Corsi, a thirty-eight year old banker, silk merchant and amateur composer (Stockdale 1998: 6).

It remains true even in the several centuries following the development of more sophisticated capitalist economies. Indeed, contemporary anecdotal examples might include the apocryphal garage-based start-ups of Silicon Valley lore (Hewlett Packard, Microsoft, Google, etc.) or on a smaller scale the author JK Rowling writing Harry Potter novels in an Edinburgh coffee shop while living on benefits before the series became a global money-making phenomenon (Economist 2009).

As they grow larger, however, these start-up activities have found that they need to acquire structures and systems to enable them to survive, scale up, become commercial, and ultimately be sustainable in the longer term, as has been discussed in the business world (Goold & Campbell 2002; Greiner 1998), reflecting perhaps a general tendency for most activities, professions and other businesses to institutionalise as they become larger, more established and difficult to control. Classical music is no different in needing to act on this imperative: a string quartet may not require much structure or systems to continue playing, but a large band of musicians and technicians soon demands more complex forms of organisation.

The standard operatic or orchestral activity may therefore progress from being a pleasurable pastime to an institution with structures and staff which typically solidify into a physical venue such as a prestigious opera house. Historically this process can be seen in the way that a simple drama with music develops from a few people gathered in a private room in Venice in 1597 through dedicated court/national opera houses and touring companies to an organisation such as the New York Metropolitan Opera with a turnover of $310m, live broadcasts worldwide, and a payroll of 4,407 employees in 2014[25]. In the case of an individually-owned organisation, it can be seen in the way that Glyndebourne Festival Opera has progressed from staging a handful of performances in a 300-seat theatre in 1934 to a national enterprise giving more than 90 performances annually in a 1,200-seat theatre with an annual turnover of £28m[26] including regional touring.

Operatic history has shown that the venues which house opera are often more enduring than the companies or other organisations by or through which it is staged. This is different from orchestras since there are several orchestras with claims to longevity, such as the Royal Danish Orchestra (1448), the Gewandhausorchester Leipzig (1743), and the Royal Liverpool Philharmonic Orchestra (1840), the oldest symphony orchestra in the UK. This experience of opera is not particularly different from other commercial activities, since contemporary business includes both companies which can trace their roots back hundreds of years (Harley 2016) and those which have come and gone in the space of a few years.

Perhaps the feature that differentiates opera from either long- or short-enduring companies is that the products which the other businesses sell have mostly changed radically during the years of their operation, which is often why

[25] Metropolitan Association Form 990 for Financial Year 2015, Part V Line 2a
[26] Glyndebourne Productions Ltd. Annual Report 2016

those other businesses have fallen by the wayside. On the other hand, the core opera product/performance has remained essentially unchanged. Many new operatic start-ups are often marketing a very similar product to their predecessors and competitors for many generations[27]. In other art forms, such as drama and literature, the latest work co-exists with the classics, and formats have to some extent evolved. It may be that the (possibly unique) innate conservatism of opera and orchestral music is part of the selling point, well meriting the analogy with a "living museum" (Abbate & Parker 2015: 522).

As discussed in Chapter 2, the relative balance between development and preservation is an important part of sustaining the art form. One final aspect of its institutional arrangements therefore merit comment. The main driving force behind opera's development (if not its ownership or financing) has often been the operatic impresario – to the extent that opera is one of the few industries where the innovative entrepreneurial business person has acquired his (rarely her) own industry-specific title. It is a term which is sometimes used loosely, nor is the literature always precise. Stockdale in his book about three impresarios (Mapleson, Hammerstein and Christie) identifies three essential ingredients, namely "act[ing], for the most part alone, as principal in undertaking the financing and presentation of public performances of opera", risking "his or her own money in the process", and doing "both these things persistently, on a grand scale" (Stockdale 1998: 2). Others spell things out more specifically, if less conceptually. For example, one writer positions the impresario as someone involved in a short-term venture in the Italian tradition who

> organized companies, negotiated contracts, and oversaw operations … catalysing public entertainments by bringing together artists and backers … [They] did not necessarily own anything, and were accountable to others for their success or failure, yet they enjoyed some discretionary autonomy not strictly allowed to 'managers' (Davis 2000: 166).

[27] To pick a random example, in November 2015 Fulham Opera, which had been founded only two years previously, staged Wagner's *Der fliegende Holländer* which could have been seen earlier in the year at the Royal Opera House and in many other often similar productions in diverse locations with similar resources in nearly every year since its premiere in Dresden in 1843

Interestingly Rosselli does not accord quite the same degree of autonomy to this risk-taking entrepreneur who emerges more like a modern Executive Producer, although his definition is on similar lines:

> Rather than a venture capitalist, an opera impresario was an intermediary who stood to the controllers of an opera house in a relation somewhere between that of a partner and that of a dependant. The management was … a kind of executive acting on behalf of the ruler … or of the noble family or association who owned the theatre or the boxes (Rosselli 1992b: 2iii).

Regardless of the exact definition and scope, the role of impresario has never been easy. Aside from the entrepreneur's natural desire to profit from his situation, he has to face a range of challenges. These are usefully summarised by Drysdale:

> It is, nevertheless, very difficult, if not impossible, to manage any opera-house successfully over any length of time. Four separate interests have to be sustained and satisfied: artistic integrity, management necessity, sponsors' demands, and audience enthusiasm. These four interests rarely run in tandem and the constant juggling of priorities can eventually defeat even the most able of directors. Sponsors' demands can result in a loss of artistic integrity; too forward an artistic policy can cause a headache for management as audiences dwindle and losses mount; the management never has enough money and must constantly struggle with rising costs and insufficient receipts; it must also keep the artistic side vibrant, the sponsors happy and the audiences enthused (Drysdale 2003: 192).

These challenges have not discouraged budding operatic entrepreneurs, and the historical roll-call of impresarios has included many other illustrious names, such as: the composers Vivaldi and Handel; the 'golden age' Italians Lanari and Barbaja; the 19th-century British Ebers, Mapleson, D'Oyly Carte, Rosa, and Moody Manners; and in more recent memory, Christie, Beecham, Goldsmith, and Rudas. Even today there continue to be significant impresarios such as Raymond Gubbay and Cameron Mackintosh, as well as a plethora of small-scale entrepreneurs.

3.5 Beyond live performance

The emphasis in this thesis is on the live performance of opera and orchestral music, partly because the live experience has been the dominant medium of presentation for at least three quarters of its history and partly because without live performance the tradition would change significantly, or in the extreme might well die. Indeed, this is also the main reason why I refer throughout relatively interchangeably to the opera itself (manuscript, performance, recording, social construct, etc.) and to a live performance as being "the product".

It is nevertheless important at least to acknowledge some key factors which are not directly related to the live experience but which have had a significant impact on the economic history of opera, in the 19th, 20th and 21st Centuries. These are: copyright, publishing, and performance rights (19th); recording and subsequently broadcasting (20th); and digitisation (21st). All three are important because of the impact that they have had on the art form. The main economic impact, however, appears to have been the creation of new areas of business rather than a shift in benefits away from live performances and their practitioners in favour of people or organisations providing ancillary services. In modern management parlance, the effect has been the expansion of the market rather than the cannibalisation of revenues. The remaining sections of this chapter comment very briefly on these three areas, but each is a major subject in its own right meriting substantial discussion.

3.5.1 The 19th Century: Copyright, publishing and performance rights

The origins, purpose and history of copyright have been extensively covered in many other works (Deazley 2006; Deazley et al. 2010; Frith & Marshall 2004) and do not require elaborate repetition. In brief, the rights over creative works have evolved from their origins in the control asserted by the state (exemplified in the UK by the polyphonic music publishing monopoly granted by Queen

Elizabeth I to Thomas Tallis and William Byrd in 1575) to include the rights of individual creators enshrined in legislation such as the British Statute of Anne (1709) leading to the "contemporary intent … to promote the creation of new works by giving authors control of and profit from them." Copyright protects the form or work in which an idea is expressed rather than the idea itself, and in the case of musical works the most important economic rights are "the rights of public performance, broadcasting and diffusion, known as the 'performing right', and the right to reproduce musical works on sound carriers such as discs and tapes, which is the part of the reproduction right known as the 'mechanical right'" ('Copyright', Grove Music Section II).

Copyright eventually stretched internationally with the passing of the Berne Convention of 1886 which *inter alia* made copyright automatic and more systematic. The situation in individual countries varied before then, although subsequently there were still variations between different regimes in areas such as duration and implementation, and the way in which economic rights were collected through local performing rights groups and other means. The date of the introduction of copyright-style protection varied in the most historically important operatic nations of Italy, Germany and France (encompassing their predecessor constituent regimes), including Italy (1801/1826/1840), France (1791 and 1793 *droit d'auteur*), Germany (Prussia 1837, etc.) and the United States (1790/1909).

For at least the first two centuries of its existence, therefore, opera survived in most regimes without any meaningful copyright protection. The composer's position has been described as one of "subordination" (Bianconi 1987: 83) since, apart from Paris,

> the convention in Europe was for the impresario to pay a composer a flat fee for his opera, after which the original score became the property of the impresario, who … had full rights to stage repeat performances without further compensation to the composer (Scherer 2008: 7)

Thus the only way for composers and librettists (and others involved) to make money was through the continual creation and staging of live performances of new operas, which might have been a factor in composers' prolificacy compared to their modern counterparts[28] as well as their tendency to "recycle some of the music in another opera and another town" (Rosselli 1996: 74). Indeed Rossini is quoted as writing to his publisher Tito Ricordi on 14 December 1864 (after the implementation of more systematic publishing and copyright) that "the edition you have undertaken will give rise, justifiably, to much criticism, since the same pieces of music will be found in various operas: the time and money accorded to me to compose were so *homeopathic* that I barely had time to read the so-called poetry set to music" (Gossett 2004: 81). The only exception to this in earlier years had been Paris since "In 1791, France had been the first state to pass a copyright law in the modern sense, giving writers and composers not only material protection in respect of their works, but also, and more importantly, rights in respect of their content" (Gerhard 1998: 39).

If the absence of legal protection were so important, then one would expect a reduction in the output of opera composers when a more reliable system of copyright was introduced. One of the few studies of this phenomenon used differences in the timing of the adoption of copyright laws to investigate the causal effects of copyright on creativity in the 19th Century:

> An analysis of variation in the number of new operas that composers created across eight Italian states indicates a 150 percent increase in the number of new operas in Lombardy and Venetia, the two states that adopted copyrights in 1801. Importantly, the data also show that composers created better operas with copyrights, as measured by historical popularity and durability. … These results suggest that basic levels of intellectual property rights protection … can increase both the quantity and quality of creativity … [and that] more generally, … well-defined and limited intellectual property rights can encourage creativity (Giorcelli & Moser 2016: 32).

[28] Early opera composers were highly prolific: Monteverdi (1567-1643) >18, Cavalli (1602-76) 41, A. Scarlatti (1660–1725) 45, Vivaldi (1678–1741) 50-94, Handel (1685-1759) 42, Leo (1694-1744) 43, Vinci (1690-1730) 34, Hasse (1699-1783) 71, etc.

This study seems to provide *prima facie* data-based evidence, but there still appear to be problems in proving that copyright has either a favourable or adverse impact on creativity. One recent empirical study of historical copyright in the US contended that:

> even a basic economic model of human behavior does not support the proposition that increasing copyright protection will increase the number of new works produced. While increasing copyright protection provides authors with the opportunity to obtain greater rewards, these changes in the law do not create additional incentives to create new works (Ku et al. 2009: 1675, 720).

Furthermore, there has been debate in recent years about the positioning and purpose of copyright. It is argued, for example, "that copyright law constructs the artefacts it seeks to regulate as objects that can be bought and sold", and that "UK copyright law requires the backward invention of the category 'musical work' into a creative practice that is oriented around performers and producers" (Bently), whilst continuing changes will impact "artist-publisher relations" (Tschmuck) (Kretschmer & Pratt 2009: 4). However, these debates are beyond the scope of this discussion.

As mentioned above, the link between copyright and music publishing goes back as far as the time of Tallis and Byrd (in England), even before the staging of the first operas. They are said to have made more money from paper than printing, which in turn is distinct from publishing – "musical texts may be printed but not published … music may be published but not printed" (Sadie 1992: Music Publishing §II). If this indicates an early rupture between performing music and deriving economic benefit from music pre-dating even the first operas, the introduction of copyright in the early 19th Century enabled a publisher such as Ricordi to parlay "a *copisteria* into an archive, an archive into a publishing house, a publishing house into a quasi monopoly on the theatrical production of Italian composers" (Gossett 2006: 98) . "To a growing number of composers [Ricordi] stressed the advantages of his not only publishing vocal scores of their operas but also representing their interests in dealing with theaters" (Ibid.: 100) which ultimately led the role of the publisher to encompass a range of activities, including score rental, representation, etc. 200 years later many of these still form part of their role, including (in the case of opera) collecting revenues on their behalf[Int110,140]. In Ricordi's early years, however, the situation still varied from country to country since "no such restrictions prevented French or German publishers from making complete vocal scores of favorite operas … since the works had been first performed in Italy and hence were unprotected under French and German law" (Ibid.: 98-99).

There had long been a proliferation of music publishers – 400 in London in 1695, apparently (Ehrlich 1985: 5) – although the sale of music really took off much later with spreading economic growth, and "there was a huge increase in the supply of printed music during the nineteenth century … [when] the production and distribution of music became more competitive and efficient … [and] brought unalloyed benefits to consumers." "The main source of a composer's income shifted from lump sums of cash to royalty payments on sales … Gounod received £4,000 [c. £450,000 in 2016 per BoEIC] for his 'Sacred trilogy' *Redemption* [1882] … and he allegedly made a total of £168,000 [c. £18m?] from British copyrights" (Ibid.: 103). The key issue for sustainability, however, is that publishing, sheet music and copyright appeared to have expanded the market for the operatic and other musical products – although of course it is impossible to test the counterfactual that it might have expanded faster if the only source of music had been performance.

3.5.2 The 20th Century: Recording and broadcasting

A far greater impact on the direction and sustainability of opera and orchestral music might have been expected from the advent of sound recording and the associated phenomenon of broadcasting. These shifted the locus of opera and other classical music away from live performance (whether by oneself or someone else) towards the more passive consumption of a pre-recorded mass product. Although one study (undertaken "to determine the nature of the influence of recording and the recording industry upon musical activity") argued that “there has been limited research into the influence of recording and the changes that it has driven” (Patmore 2001: 1), this question seems to have generated more substantial research in recent years (Cook et al. 2009; Katz 2010; Milner 2009). Little of this has covered financial or business as against technological, social or musical issues, however, but addressing any such gaps would require substantial input so the comments here will be brief.

There were concerns during the early part of the twentieth century that the sustainability of live performance would be under threat from the advent of the new technologies, neatly summarised as follows:

> For the musical world, the advent of broadcasting presented a challenge greater even than that of the gramophone. At first, the establishment looked on it as a competitive rather than a complementary aspect, or even a potential ally, of its concerns. Indeed, for most of the interwar period, there was apprehension that radio would effectively destroy ‘live’ music; throw musicians out of work; create a nation of 40 million passive listeners rather than music-makers; and, in its wide use of recorded material, reinforce the deleterious effects of the gramophone (Hughes, M. & Stradling 2001: 101).

A century of experience has highlighted the irrelevance of these concerns, which should also be a warning to any contemporary pessimists predicting that digitisation and streaming is bound to kill opera or other live music (Gitelman 2006). Recording and broadcasting have raised a whole series of aesthetic practical or technical issues for classical musicians, such as the advantages and disadvantages of studio or live recording (Cook et al. 2009; Day 2000; Frost 2007; Milner 2009). More conceptually, Mark Katz identified seven “distinctive and defining traits of sound recording technology”(Katz 2010: 12), namely Tangibility, Portability, Invisibility, Repeatability, Temporality, Receptivity, and Manipulability. Of these it is perhaps Repeatability that in the past had the greatest impact on the business of opera and orchestral music, “rais[ing] listeners’ expectations … so that they come to think of an interpretation as the work itself” (Ibid.: 30) and thus demand to hear the quality (or characteristics) of an interpretation that might only have been possible under particular and expensive recording conditions in comparison with which all but the best (and most expensive) subsequent live performance may fall short.

A further relevant factor that would have been difficult to predict is the extent to which recording would facilitate the commoditisation of music, identified in particular by Adorno (Adorno 1991). Taylor has pointed out that in the 19th century music could still be commodified "through sales of tickets to concerts … or through publishing", and he traces the commodification of music as a published good … [to] the end of the fifteenth century with the invention of movable type for music" (Taylor 2016: 20-21). But "the commodification of music as sound" (Ibid.: 24) combined with the spread of mass culture to turn even opera into a much more ubiquitous and monetisable phenomenon than in the preceding era. Not only did this create new markets and customers for recorded music which stimulated greater revenues, but it did this without apparently causing a significant decline in the community music-making that might have been expected to suffer. Furthermore, this appears to have been independent of any particular technological stage of development.

3.5.3 The 21st Century: Digitisation

If recording was the biggest relevant development in the 20th Century, digitisation promises to fulfil the same role in the 21st Century. The full scope of digitisation has yet to be determined. It encompasses a range of ideas, technologies, practices, and attitudes which are still in the process of development, ranging from digital recording, mp3 and mash-up to file-sharing, streaming and other activities enabled by the Internet. Like recording it breaks the direct link between classical music as a product and attending a live performance, although to some extent it has the potential to reinstate this direct connection between performance and audience in the form of streaming, albeit via a remote connection.

The biggest distinction between simple recording and digitisation which is relevant to the economic history of opera concerns the disruption to the revenues from recordings. The development of recording may initially have seemed to threaten the audiences and revenues of live performance, but it eventually proved able to open up new sources of revenue that fed back into live performances. This was because it could be monetised by generating additional sales from the recordings produced. In contrast, digitisation threatens to destroy a significant portion of the revenues from recordings to which artists have become accustomed, and as outlined in Chapter 1 to force them to identify alternative income streams and other associated revenues. Ironically, this re-focuses attention back onto live performances which (absent virtual reality) cannot be copied or de-monetised, although both can look to advertising as a potential revenue stream.

Some believe that the music industry is itself in part responsible for the emergence of these problems. As one classical music industry executive said to me:

> The answer to the financial problems of the classical music world is to stop the streaming model nonsense and more importantly, try to persuade labels to block YouTube users from sharing their record collections in full, for free. We have blocked our content using Google's content management system and a few other labels are beginning to follow suit, but it still leaves a vast amount of recorded music available to 7 billion people, for free. The film studios and print publishers seem to have worked it out. Why music hasn't is beyond me![29]

These negative impacts of digitisation were summarised nearly a decade ago by one blogger with considerable foresight, who set out his "3 Laws of Classical Music in the 21st Century":

- Money will be made by performing, by donations, by sponsorships and, in some cases, by endorsements.

[29] Confidential discussion, 06/09/2017

- Recorded music will have no commercial value other than promotion. It is not a tool for revenue generation – it is a tool for brand building and audience development.
- Every download and every stream of recorded music increases the promotional value of that music and increases the brand equity of the performer and presenter. It does not cannibalize recording revenue because there is no recording revenue! It does not cannibalize ticket sales – it enhances ticket sales by enhancing brand equity and building audience demand! (Stensrud 2008)

A decade after it was written, this hypothesis still seems perspicacious. If it proves correct in the longer term, it indicates that, following a century when the financial sustainability of opera was closely linked to recordings, sustainability is reverting to dependence on a combination of live performance and the ancillary revenues characteristic of the operatic world of 200 years ago. However, there is a key distinction between the two eras. Whereas the performance of opera 200 years ago necessitated a cost structure involving potentially substantial fixed and variable costs, digitisation has made possible performances of new and traditional works with potentially very low costs if the different elements are shared or even virtual. This does not resolve the problem of the adverse cost structure of grand opera, but it could make possible the sustainability of opera in a different form. This point will be further addressed in the Chapter 10.

3.6 Not all encores are welcome

The brief summary in this chapter of its historical economic and financial situation has demonstrated that opera has shown a greater ability to survive than to develop. Impresarios and other entrepreneurs like Ebers and Véron have come and gone over the centuries, but the funding issues have remained as have the particular ways they have manifested themselves in different local contexts. Although it has been a relatively global art form for most of its existence and continues to expand its artistic and geographic ambitions, it is still mainly focused on the few countries which have been important in its history. So far this has largely meant common financial problems rather than common solutions, and the relatively unchanged management model seems to have hindered rather than facilitated, despite the regular turnover of institutions and managers.

The arrival of copyright, recording, and digitisation in successive centuries may have helped opera to expand beyond the opera house and opened up new areas of activity revenue, but they have not created a more financially self-sufficient live art form. The latest of the three, digitisation, may end up having a negative impact, but there is as yet insufficient evidence. In the next two chapters selected aspects of opera's costs and revenues are reviewed in more detail to see if these have helped or hindered the search for a more sustainable cost and revenue structure.

Chapter 4 – Towards an economic history of opera: Opera houses and the problematic cost structure

Prelude

Chapter 3 has opened up far more issues in the economic history of opera than can be satisfactorily covered in a small space. This chapter and the next therefore consider a small selection of the more critical of these, using the three factors important to a sustainable business model. These are also the focus of the financial analysis and interviews discussed in Chapters 6-9.

Chapter 5 looks at the importance of earned and contributed income, while this chapter concentrates on expenditure and the cost structure that needs to be financed on a recurring basis. Ideally the data used here should cover a representative or longitudinal sample. This would enable the formulation of a more general hypothesis and a clear conclusion. Although relevant data have gradually become available for major opera companies covering the most recent years, historically they are only available selectively and intermittently, mainly because of the erratic nature of the surviving records. Coupled with the problems of translating such data into meaningful time-based comparisons, this makes it impossible to construct representative samples. The analysis here is therefore more discursive, and concentrates on selected aspects within the context of the longer historical narrative.

Establishing and maintaining a viable cost structure would be a priority in most businesses, but escalating costs have been a constant problem in the history of classical music. The issue that has probably attracted the most comment and criticism is the remuneration of singers and other musical celebrities, about which impresarios and others have been complaining for centuries. This is another area that merits significant research beyond what is possible in this type of thesis. It has generally been mentioned only in passing during histories of composers or singers, or as early examples of the impact of celebrity culture, or occasionally examined in the modern context (Towse 1993). However, I focus here on one area which has too often been taken for granted in the context of opera (and orchestral music) but which has always been at the heart of the status, business model, and economics of opera: the opera house.

4.1 The importance of opera houses

In their book about the management of opera, Agid & Tarondeau name their chapter on the opera house "Architecture: Constraints or Opportunities?". Contrasting the "glory and magnificence" of Paris's Palais Garnier which "served the emperor's ambitions" with the functionality of Wagner's Bayreuther Festspielhaus "erected to enhance a new vision of opera", they comment that "these two examples, which remain emblematic, provide a perfect illustration of the relationships between architecture and opera, and no doubt all forms of art for which architecture supplies the setting" (Agid & Tarondeau 2010: 130).

But why should opera houses be worthy of consideration in a discussion of the economics of opera? There are two main reasons: firstly, because they are an integral part of the business model of opera; and, secondly, because of their association with the non-financial aspects of the operatic business that lie at the heart of their economic model. As one discussion of the sustainability of a range of diverse international musical cultures observes, "Western opera is perhaps the only one of our nine case study genres where the needs for infrastructure and physical resources are so extensive that their absence would become a major liability" (Grant 2016: 338). Similarly, "In many cases "opera" is synonymous with a place or a company, and the great opera houses … have become the epitome of what opera has been and continues to be" (Drummond 2016: 191).

This acknowledged prominence and importance of opera houses makes it all the more curious that they have not been subject to more systematic research. Part of the reason for this may be that few established opera companies have had formally to pay for their buildings, and therefore their hefty capital costs may not be systematically built into the companies' cost structure or financial statements in the manner of other industries.

4.2 The historical business model of opera houses

For many industries, the venues in which they take place are not critical to the activity itself. An office for insurance or marketing can be of any shape or description or, in a networked world, in any country or even none. Traditional power stations may disappear as renewables take over the market, and even football does not require a grand football stadium, or religion a large cathedral. For only a select few industries, such as hospitals, is a particular type of venue integral to the business. Large-scale grand opera has traditionally been one of these, partly as a result of its specific technical requirements (in terms of orchestra pit, stage chariots, lighting, acoustics, and so forth), partly because it depends on regularly accessing a local audience, and partly because of its status. Indeed there are very few other businesses where the workplace itself has generated a publishing mini-genre, mostly of a fawning nature[30].

A succession of musicians and impresarios – stretching from John Gay's *The Beggar's Opera* (1728) to contemporary alternative companies – have tried to move opera away from ancient opera houses with their traditional associations and practices, not to mention their high costs. Mainstream grand opera has stubbornly stuck to opera houses ("perceived by some to be more important than the operatic event itself" (Leacroft & Leacroft 1984)), and has struggled to find viable alternatives. Ebers attributed some of his financial difficulties in the 1820s to the high level of rents at the King's Theatre which his takings simply could not cover (Ebers 1828: xix), but at no time does he mention considering any alternative type of venue for opera, presumably knowing that his audience

[30] There have been countless books written about opera houses in general, in particular covering their architecture and decoration (Beranek 2002; Breckman 2008; Hammond 2006; Hardin 1999; Hughes, S. 1956; Pecqueur & Laubier 2013; Sachs 1896-98), in addition to a plethora of volumes about individual opera houses such as the Wiener Staatsoper, Milan's La Scala, Venice's Teatro La Fenice, the New York Metropolitan, and the Royal Opera House Covent Garden

would not move with him because the setting was as important as the opera itself. It is this latter consideration that lies at the heart of the second reason why opera houses are worthy of consideration, namely their association with the non-financial aspects of the operatic business, which will be considered shortly.

In his discussion of the political, religious and musical contexts of Italy in 1700 already referenced, Carlo Vitali usefully summarises the background from which one can infer the enduring impact of its social origins:

> In *Settecento* Italy an evening at the opera was not an exotic entertainment enjoyed exclusively by closed court circles. The very design of Italian-style theatres, which spread only gradually north of the Alps, is recognisable as an embodiment of the social system of the *ancien régime* … the boxes are for the *rentier* class and the wielders of state power; the stalls are for the Third Estate; the upper circle is for the Plebs (Vitali 1997: 35).

Perhaps little has changed, and it is in part as a result of this 400-year tradition of opera houses as the centre of operatic activity that it has become difficult now to imagine opera without expensive dedicated opera houses.

There are three main ways that opera houses are relevant to the economics: Firstly, architecture: the existence and characteristics of the buildings where opera is performed, in particular their advantages and constraints. Secondly, location: the socio-geographical location of those buildings and their catchment areas which provide the audience for operas and concerts. Thirdly, status: dedicated opera houses are a critical component of the economics of patronage funding since they provide a forum for the gathering of particular social groups through leveraging their own prestige.

Even though a large number of amateur and professional opera performances also take place in smaller or even ad-hoc venues, common perceptions and portrayals of opera in countries like the UK are inextricably linked to a particular type of institution or setting. As mentioned in Chapter 1, this usually comprises a grand and dedicated building occupied by an elaborately dressed upper class audience and has been enshrined in a succession of popular media[31].

Dedicated opera houses were a comparatively early development in the history of opera. Donington informs us that "There was a recently [pre-1608] completed wooden theatre outside the walls [of Mantua] of which the capacity was estimated by contemporaries variously between 4,000 and 6,000 spectators" (Donington 1981: 143). It is generally recognised, however, that "the first public performance of an opera for a paying public, anywhere, took place during the carnival of 1636" in the Teatro San Cassiano (Johnson, E. J. 2002: 957).

Opera houses proliferated in Italy in subsequent decades, and by the early part of the 18th Century there were at least five significant opera houses just in Venice, mostly owned by leading families (the Grimani's San Giovanni Crisostomo and San Samuele theatres, the Tron's San Cassiano, the Giustiniani's San Moise, and Sant'Angelo), as well as other theatres occasionally used for opera (Talbot 2002: 20). It appears that their numbers continued to grow since "a census of theatres, drawn up in 1871 for tax purposes, showed 940 theatres in 699 towns" and "by 1907 a handbook for theatre people listed over 3,000 theatres; not all of them gave opera, but a surprising number did, even if only for part of the year." (Rosselli 1991: 139-40).

The definition of a theatre had changed significantly over the centuries, however, reflecting the socio-economic situation of their respective times. Earlier theatres were in general larger and more opulent:

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[31] See for example films such as *Citizen Kane* (1941), *Pretty Woman* (1990), *Marie Antoinette* (2006), or the James Bond *Quantum of Solace* (2008). The use of operatic music is a different matter, as evidenced by films as diverse as *Apocalypse Now* (1979), *The Killing Fields* (1984), *The Shawshank Redemption* (1994), *The Fifth Element* (1997), or *La Vita è bella* (1997)

> People who have been inside an Italian opera house of the eighteenth or early nineteenth century will have noticed the vast spaces allotted to foyers, stairs and refreshment rooms" not just because "many Italian opera houses were subsidized by the municipality or the state" but also because "even from a commercial point of view it paid the builders of early Italian theatres to give the audience lots of room since until 1814 (in Naples until 1820) the foyers were used for gambling (Rosselli 1991: 56).

In contrast, many of the new theatres built in mid-19th century Italy

> did not, as a rule, have the vast foyers and staircases of the old monarchical and noble houses; space, in a commercial theatre, had to pay its way. Some of these new buildings burned down or were short-lived for other reasons, generally financial. But the upshot was a vast expansion in the number of theatres and of seats within them." (Ibid.: 139).

A concern with the grandeur of opera houses perhaps reflects a focus on the leading operatic capitals. Whilst the scale of provincial theatres may have been much smaller, the major houses have showed little sign of austerity in their approach to construction even at that time, as testified by the Vienna State Opera (1869) or Paris's Palais Garnier (1875), not to mention in the modern era the Paris Bastille (1989), the Mariinsky's Second Stage (2013) or the Guangzhou Opera House (2010). In some cases, the music appears to be only a part of additional functionality, such as the latest trends in ancillary banqueting/ conference facilities or the sheer display required for either social or economic reasons. Nevertheless, it may still be surprising that, with the outstanding exception of Bayreuth, there have not been more opera houses built where ensuring the provision of musical excellence to the whole audience is the main focus.

It is clear why the activity of opera and to some extent orchestral concerts would have become associated with this particular type of venue or building. Whilst some auditoria (halls, churches, etc.) might be adequate for the simple hosting of large numbers of people attending a standard musical activity, large-scale music-making required particular characteristics such as sufficient space for groups of musicians as well as theatrical performers, special acoustics, technical machinery, and from a social perspective the ability to display and to see others display their wealth and importance. When united with the opportunity for a select group to encounter their peers on neutral territory, one can see how the opera house "represented the main venue, save the Houses of Parliament, where members of Britain's elite met most often and in the greatest numbers" (Weber, W. 2004: 45), as well as being "a place where polite discourse would supplant faction and disorder, a place more aristocratic than the coffee-house but still sharing its civic virtues" (Weber, W. 1997: 50).

The opera house (and by extension the dedicated concert hall) thus serves multiple purposes: a technical function, a symbolic function, and a social or ritualistic function (Small 1998). The rationale of the technical function of providing an appropriate acoustic forum to enable the audience to hear a performance has been subject to professional examination for more than a century by architects and acousticians (Beranek 2002; Sachs 1896-98). Their discussion appears to have been mostly about the characteristics of the buildings that have been constructed rather than whether there might be alternative types of architecture or construction which could achieve the same technical and acoustic objectives but with a different financial emphasis, such as provision for a larger paying audience.

Some consideration has been given to increasing capacity in the commercial environment of the USA where opera houses tend as a result to be much larger[32], but again the emphasis has been on the dominant 'horseshoe' style with its good acoustics but inherent capacity constraints. Non-traditional venues such as the Arena di Verona (15,000-20,000 people) or Bregenz's floating *Seebühne* (7,000) are not taken seriously because of their acoustics or need for amplification, and perhaps also for some commentators their mass appeal.

[32] For example, the USA: New York's Metropolitan c. 3,800, Chicago's Civic c. 3,600, San Francisco's War Memorial c. 3,200, Cincinnati Music Hall 3,500. Europe: Paris's Opera Bastille c. 2,800, London's Royal Opera House c. 2,300, Vienna's *Staatsoper* 2,200, Berlin's *Staatsoper unter den Linden* c. 1,300

4.3 The social and symbolic function of opera houses

The social and symbolic functions of opera houses have often been alluded to, e.g. "an important social focus for urban cultures" (Till 2012: 72), and have been discussed and analysed (Bereson 2002; Small 1998). Small focuses on concert halls, describing how a concert hall (as well as sports venues and other theatres) reflects wider social experiences and relationships. Audiences are separated from the performers, a custom that "seems to stem from a desire to protect the mysterious power of the performers [whose uniform mode of dress] … diminishes the individuality of those who wear it, subordinating individuals to the collective identity" (Small 1998: 65). So, in summary,

> Before a note of music has been played, the building and its mode of organization have created among those present a set of relationships, which are a microcosm of those of the larger industrial society outside its walls. As we have already noted, all the relationships of the concert hall are mediated by the passing of money (Ibid.: 36).

This binary view of the distinction between audience and performer may be challenged by those who have further explored the importance of the uniting or communal aspect of the whole musical experience. This has come to be called 'relational musicology', the function of music in creating relationships among those who participate in it, or in Nicholas Cook's terminology "finding the people in the music" and "showing how the social is inscribed within the musical"[33]. What is more, it is now acknowledged that a musical performance requires the more or less active participation of both performers and audience, and in any case *contra*-Small the mode of dress of both has been evolving. In an age of virtual as well as physical communication where audience, performers, administrators, financiers and others often "meet' in a virtual dialogue, this wider view of the relationship between stage and auditorium has increasing validity.

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[33] IMR Lectures on 'Musical Encounters', London 05-06/2016. Videos at https://vimeo.com/173467067, last accessed 23/08/2017

Musicians are hardly unique in donning uniforms. Football players, for example, wear a particular uniform, although this has an associated functional purpose which is not really the case for orchestral players in concert halls or opera houses. The orchestral uniform, still largely maintained, represents the fossilization of a tradition from a particular historical era (the end of the 19th Century) which can be seen as symptomatic of a cultural practice that refuses to modernise because of the risk of losing the social status and associated money so important to its continuity.

While this tradition was still being formed, however, the elevated status associated with describing a building as an 'opera house' led to the term being more widely used, which makes their classification more problematic. For example, the building which is now called the "Theatre Royal Wakefield" in Yorkshire was called "The Theatre Royal and Opera House" when it was originally built in 1894 and even in its early years was used mainly for Gilbert & Sullivan and popular musicals[34]. Similarly, the "Grand Opera House, York" was a 1902 conversion of a warehouse and a corn exchange, opened with pantomime, and has had a colourful life ever since which has allegedly included bingo. Even the Royal Opera House Covent Garden (the third theatre on this site) was used as a dance hall during the Second World War (Rosenthal 1958). In contrast, the London Coliseum opened as a variety theatre in 1904, but for the last 40 years has been one of the only very few near-full-time opera theatres in the UK.

Some have a cynical view of this whole question of opera houses and their status. Bruce McConachie argues that the New York elite "wrapped operagoing in a mantle of mystery" to maintain its social distinctiveness, and that "keeping out 'the people' was one motivating factor in establishing separate rituals for grand opera" (McConachie 1988: 182). The same sense of hierarchy was reproduced even within the opera theatre itself. In his (frequently updated) history of the New York Metropolitan Opera, Irving Kolodin describes the class

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[34] *Wakefield Express* 22/08/2007

distinctions inside the opera house ranging from the box holders whose family built the house at the top to the "socially nonexistent". The latter merely rented boxes and "swallowed their unhappiness with this caste system, but extended it a bit farther by looking down on those who neither owned nor rented, but merely bought tickets" (Kolodin 1967/96: 50).

If there did exist a desire for separate elites within and without the opera house in previous centuries, modern attitudes have tried to improve the situation, although this has not resulted in significant changes to the institution at the heart of McConachie's arguments. In this context of changing opera houses, it is appropriate to reference Pierre Boulez's infamous comment about blowing up opera houses. In contrast to the discussion here, however, Boulez was talking about artistic and not financial or social considerations:

> That brings us to another reason why there is no modern opera today. The new German opera houses certainly look very modern – from outside; inside they have remained extremely old-fashioned. Only with the greatest difficulty can one present modern operas in a theatre in which, predominantly, repertory pieces are played. It is really unthinkable. The most expensive solution would be to blow the opera houses up. But don't you think that would also be the most elegant? (Boulez 1968).

Starting as early as the 1960s in America (Martorella 1982: 51), there has been a modern trend towards mixed-use venues, such as arts complexes incorporating theatres, concert halls, opera houses, conference halls and retail centres, along with opening up these premises to wider uses and access. Recent examples include Symphony Hall at the International Convention Centre in Birmingham 1991, or the National Centre for the Performing Arts in Beijing 2007, although mixed-use complexes have long been a feature of some German towns. Dedicated opera houses are still being built, however, albeit incorporating additional ancillary functions which also raise money.

The emphasis on the status of opera houses implied by these dedicated building projects indicates that, not only has opera acquired an association of prestige within the field of music and wider artistic culture, but also that this association extends into the wider social community. Bereson devotes the entirety of her book to demonstrating the pre-eminent social and symbolic role of the opera house with numerous examples. For instance, in discussing the proposed new Palais Garnier in 19th Century Paris, she comments that

> The Palais Garnier was the culmination of the various elements which made opera so important to the French state. Not only was it to physically reflect the need to display the grandeur so intrinsic to Napoleon III's regime, but it was also to emphasise by its very configuration the size of the élite of that society by providing 2,000 seats and giving them a variety of public spaces in which to mingle. Never before had an opera house emphasised social interaction to such a degree. The performance space was arguably the least important element of the house. Even the auditorium was designed to provide maximum visibility from box to box and tier to tier (Bereson 2002: 50-51).

As this and other examples attest, opera houses and opera itself undoubtedly did occupy a very special status for those in high society and for the state itself. A single-minded focus on the grandest opera houses does, however, ignore both the many operas staged in less palatial locations, and the more popular/ populist areas of operatic activity, including operettas, such as Offenbach and the *Bouffes-Parisiens* or Gilbert & Sullivan and the Savoy Theatre in London.

4.4 The changing status of opera houses

The status of opera has shown some change. As Daniel Snowman says towards the end of his social history of opera, after mentioning the shift of entertainment away from opera houses to cinemas and sports arenas,

> Opera was no longer the prince of urban entertainments, as it had once been, but merely one small player having to jostle for recognition in a cultural world increasingly crowded with alternatives, a minority interesting *comme les autres* (Snowman 2009: 416-17).

A very concrete example can be seen in the state events that no longer take place in their former comfortable opera house setting. Whereas the Royal Opera House in the 1950s and 1960s was accustomed to entertaining a succession of international Heads of State, including those from Sweden (1954), Portugal (1955), Russia (1956), Iran (1959), Nepal (1960), France (1960), and Belgium (1963), two generations later in 2013 the President of China was taken to Manchester City Football Club. This reflects a cultural transition which poses a very real threat to the economics of opera, at least in the UK. Whereas in the past the art could be assured of state support (e.g. The British Labour Chancellor of the Exchequer in August 1946 promising that opera would not be 'let down') (Bereson 2002: 13), in environments like the UK which are more hostile to public financing – and arguably to opera generally – that assurance has disappeared.

This change in attitude increases the pressure on other already-stretched sources of financing, and raises the question of whether the era where opera benefited from a particular social cachet is drawing to a close. It has long survived on what Thorstein Veblen – writing as it happens around the time of the zenith of opera – termed 'conspicuous consumption' leading to resource-consuming "waste of time and effort" (Veblen 1899: 40). Indeed Rosselli commented that "the opera house was one of the last Italian institutions to surrender to the liberal-individualist tenet that men should have equal access to the good things of life on payment of an undifferentiated cash sum" (Rosselli 1984: 46).

The historical importance of this association between a particular cultural form and social status has been well documented. Pierre Bourdieu in *Distinction* (Bourdieu 1984) set out the close relationship between social origin and musical knowledge and the value of the associated cultural capital, although in the case of opera the accumulated capital extends beyond its own field into wider society. James English specifically develops this aspect of Bourdieu in his examination of the long-standing practice of awarding prizes in literature and arts. He looks at how cultural and other forms of capital "exist not only in relation to one particular field, but in varying relations to all other fields and all other types of capital" (English 2005: 10). He points out how prize-bearing competitions, such as the Van Cliburn International Piano Competition in Fort Worth, Texas, attract prestigious support, but also rely on the substantial non- or semi-monetised labour which their status can mobilise:

> In 1993 the competition was supported by fifty-seven corporations, thirty-one foundations, numerous individual donors, and arts councils or agencies at every level of government … [but] we find the awards industry staffed to an extraordinary degree with voluntary or very low-paid workers, and highly dependent on networks of professional association and obligation, on friendship and the exchange of favors: on 'social capital' in lieu of money (Ibid.: 119).

A quick scan of any opera programme shows that opera is still attracting many sponsors, albeit increasingly individuals rather than corporations. There remain a few examples of classical music's elevated socio-political status, such as the Swedish royal family and German Chancellor Merkel visiting Bayreuth in July 2017 or the Austrian Chancellor entertaining the newly-elected French President in August 2017 at a classical piano recital at the Salzburg Festival supported by Nestlé, Audi, Siemens and Rolex. But the big money is now following Xi Jinping in the direction of football. This growing threat to classical music philanthropy was highlighted by some of the interviewees reported in Chapter 8, but is more evident from the money flows, such as the figures reported for the television rights of just the UK Premier League: "Premier League clubs were toasting their outrageous fortune last night after being told they would share in a windfall of more than £8.3 billion from their set of new broadcast contracts" (Rumsby 2016).

As regards opera houses, however, whilst the opera house may have been and remains an important social phenomenon, in the modern era it is also a major constraint on the sustainability of the business. Absent any relaxation of the performance conditions (enclosed space, no amplification, etc.), historical experience has so far shown that there is a practical limit on size. The largest enclosed opera houses in the world now are those already mentioned in the US, but none can seat more than 4,000. The operating expenses of the New York Metropolitan in 2014/15 were US$310m. If we were to assume that it staged an opera every night of the year (i.e. 365 performances – a practical impossibility) and achieved full capacity, the average (mean) price of each of the 1.5 million tickets would have to be around $212 in order to cover its expenses. Given that the average hourly pre-tax wage in the US in 2015 was about $21[35], the 'average' person would have had to work for at least 10 hours to buy just one full-priced opera ticket. This would put opera tickets in the luxury class and illustrates why large-scale grand opera as currently conceived is unsustainable without philanthropic or other community support.

4.5 The financing of opera houses

Revenues and ticket prices are considered in Chapter 7. On the cost side, opera houses impose two major costs, namely the one-off cost of construction and the recurring cost of repairs and maintenance. The latter is related to the former, of course, and in general it is to be expected that the cost of an expensively ornamented opera house in a central location is likely subsequently to lead to significant maintenance costs.

The financing of opera houses seems to have been as problematic in the past as it nowadays, even if the issues and actors have been different. There have been three basic ways to finance the capital cost of opera houses: state funding, mixed/shareholder funding, and private funding. The tradition of court opera in German-speaking countries meant that many of their opera houses were financed through the first of these, such as the *Cuvilliés-Theater* in Munich (commissioned in 1753 by the Elector of Bavaria Maximilian III Joseph) and the two theatres in Bayreuth (the *Markgräfliches Opernhaus* funded by the Hohenzollern Margrave Frederick of Brandenburg inaugurated for their daughter's wedding in 1748 and the *Richard-Wagner-Festspielhaus* funded by King Ludwig II of Bavaria for the first performance of *Der Ring des Nibelungen* in

[35] https://tradingeconomics.com/united-states/wages, last accessed 24/08/2017

1876). There are some exceptions, however, such as the *Oper am Gänsemarkt* established by the Hamburg community in 1678. In general, the modern approach has been state funding since the nation state has now largely replaced individual monarchs in the role of principal funder. For example, the local or national governments of China, Dubai, Russia and Norway have funded their respective national opera houses.

The situation in Anglo-Saxon countries has been more complicated. It is no great surprise that private finance should have paid for the building of the first Metropolitan Opera in New York. This opened in October 1883 in opposition to the existing Academy of Music after the City's emerging wealthy classes could not access the boxes of that theatre. According to Martin Mayer its promoters hoped that "the new theatre would be self-supporting from rentals of the auditorium and the shops … so that the boxholders would have no expenses other than their initial investment [100 shares at $100 each], although "some thought that they would pay an admission charge ... [whilst] others expected that by purchasing a box they would be entitled to free entertainment … at all times" (Mayer & Fitzgerald 1983: 13).

The building suffered the cost overruns that have come to be expected from large infrastructural projects. According to Mayer (Ibid.: 16, 23) a reported building estimate of $430,000 turned into a total project cost of $1,732,979 funded by 70 boxholders each contributing $17,500 [= $1,225,000 in total] and a 5% loan of $600,000. Although in simple inflationary terms this is a project cost of "only" some $43m in current prices, it is $250m in terms of a comparison with unskilled wages, $412m using nominal GDP per capita, or $2,420m using the relative share of GDP[36].

Mayer also relates that when a new opera house was mooted in the 1950s, "the problems of 1880-83 paled beside those of 1955-66" (Ibid.: 271). The original estimate of $55m for the entire Lincoln Center (where the new building was housed along with the New York City Opera and Avery Fisher concert hall)

[36] Figures calculated using the calculators at www.measuringworth.com

became an outturn cost of nearly $190m[37]. Using the same basis as for the above comparisons this figure for the three halls of the Lincoln Center would be $1,390m in current prices, $1,460m in terms of unskilled wages, $2,490m in terms of GDP per capita, or a massive $4,040m in terms of the relative share of GDP.

The impresario Oscar Hammerstein I constructed a remarkable ten theatres and opera houses, including the Harlem Opera House (1889), two Manhattan Opera Houses (1893, 1906), the Philadelphia Opera House (1908), and one in the UK, the short-lived London Opera House in Kingsway (1911). The last of these continued the British tradition of mixed financing for the construction and ownership of theatres and opera houses. After the old Covent Garden Theatre burnt down in 1808, for example, the two main owners Thomas Harris (whose 50% ownership was valued in 1802 at £138,000) and the actor John Philip Kemble built a new theatre for £187,888 (currently £12.2m BoEIC or £779m as share of GDP), the financing of which included £45,000 from insurance and £50,000 raised via 100 shares at £500 each (Saint 1982: 20, 28). Its successor, the current Royal Opera House, allegedly cost less than half of this when it was built in 1858 at £80,000 (currently £7.2m RPI to £198m as share of GDP), its redevelopment in the 1990s £214m, and the latest (2016-18) refurbishment £37m[38] (Christiansen 2014).

As regards the subsequent (post-construction) ownership of the opera house, Rosselli documents how different types of ownership were common even in the heyday of opera more than 200 years ago:

> Some Italian theatres belonged to monarchs, some to municipalities, some to individuals – in the eighteenth century these were generally noble – some to associations of boxholders. Often there was mixed ownership: the building might belong to the government or to a noble family while most of the boxes

[37] This cost escalation of 245% is much less than the reported 329% by which the Elbphilharmonie in Hamburg exceeded its original budget (€186m to €798m) (Fonseca-Wollheim 2017)

[38] ROH Project Update http://www.roh.org.uk/news/open-up-project-update-may-2015, last accessed 24/08/2017

> were the property of boxholders who, in many theatres, could sell, mortgage, or let them (Rosselli 1984: 41).

He gives examples of involvement at the highest level, including monarchs ("In both Turin and Naples the king could reallocate boxes if tenants fell into arrears"), governors (Trieste), and the Holy See (Ibid.: 41, 42).

In her review of the economics of the British stage in the 19th Century, Tracy Davis maps how theatre ownership matched the ownership of wider business entities in Victorian England. She summarises the situation:

> Given that virtually the entire entertainment industry was in the category of for-profit … Perhaps the most pivotal consideration is the type of ownership – family firm, partnership, or limited liability – that governed a business's structure. Family firms and partnerships are especially prevalent in the first half of the nineteenth century … from the 1860s, limited liability was widely utilized (Davis 2000: 241)

Davis also mentions one of the recurring issues of opera house financing and ownership which is not further discussed here, namely the continuing rights of shareholders and similar subscribers to free seating. By and large British opera has been free of this problem, although it has affected opera houses in countries such as Italy. According to Davis, in the nineteenth century, because Drury Lane's ownership was "the most complicated of any nineteenth-century British theatre" (Ibid.: 256), the rights of subscribers resulted in "up to 475 people admitted free every night. The privilege of boxes was, in particular, a great drain on the treasury of subscribed theatres". In the UK this problem has persisted into contemporary times only at the Royal Albert Hall, although anecdotally the former landowner the Duke of Bedford still has rights over one box at the Royal Opera House[Int152].

4.6 The location of opera houses and urbanisation

The location of opera houses has always been an important aspect of their social reach. Bereson cites many examples of how they have been placed near palaces and city centres in an almost competitive way:

> Thus opera houses were built in a sense to upstage each other … This is reinforced by the position they hold within urban configurations or morphology. The eighteenth century San Carlo Theatre in Naples was placed next to Charles III's palace and connected to it by private corridors, and the Regio opera in Turin was attached to the royal palace so that the king could be found 'munching breadsticks, thoroughly at home'. (Bereson 2002: 20).

The rise of opera in urban areas of Italy such as Venice and Mantua in the 17th Century has been well documented (Glixon & Glixon 2006; Rosand 1991), and commented on in these and other locations:

> That opera is an affair of capital cities is clearest in the case of Naples: there is no theatre active outside the capital of the Kingdom of Naples, the largest state of seventeenth-century Italy (Bianconi & Walker 1984: 264).

Rosselli makes the same point about its reach in Italy 200 year later when he records that in the mid-19th Century "all this musical activity went on in towns – and perhaps only in the 'better' parts of town; the countryside was as yet scarcely affected." (Rosselli 1991: 69). This is supported by Anselm Gerhard, who links the development of French grand opera very specifically to the urbanisation of Paris (Gerhard 1998).

As power and economics broadened, however, the geographical issue that became increasingly important was the access that a central urban location provided to a sufficient critical mass in the surrounding catchment area of an audience which was willing and able to pay for a box and opera ticket. For this reason alone, it is not surprising that opera is, and almost always has been, largely an urban phenomenon, and its rise coincides with the sustained growth of large urban centres in modern times. As David Harvey points out, this has been a gradual process developing in tandem with economic transitions: “Urbanisation and regional development become autonomous spheres of capitalist activity, requiring large investments (usually debt-financed) that take many years to mature” (Harvey 2014: 151). Veblen also identified the importance of cities to his propositions, arguing that the notion of conspicuous consumption “becomes a larger element in the standard of living in the city than in the country” (Veblen 1899: 42).

This urbanisation has also been linked to the extension of the role of the state “into the regulation and provision of certain habits of heart and mind” (Harvey 2014: 189). This was eventually to become important in the growing role of the state in financing opera, although there are also other very practical reasons for a close link between opera and urbanisation. It is not just a question of sufficient demand, but also of the supply of resources. Although opera may at times have enjoyed subsidy or other forms of community support (discussed in Chapter 5), ultimately it has required not just an audience but an audience of sufficient size to justify the expenditure of substantial resources to pay for it. Even in modern times where transport is faster and more widespread, people’s tolerance of the cost, time, and inconvenience of travel may be low (Morris et al. 2007) making rural opera impractical except as a very occasional and niche entertainment, as with contemporary country house opera (Feeny 2017).

From the point of view of resource availability, even a small-scale opera requires a relatively large number of people to stage (including typically orchestra, singers, chorus, technicians, production team, sales staff, etc.). Many of these are also quite skilled so the type and numbers of people would not be resident even in the typical small town, let alone in a rural area. Although a requirement for significant staffing is not necessarily unique to opera, only ballet would approach it in terms of the sheer number of people required for a performance, and not even ballet has usually required the same size of orchestra or chorus.

The relationship between opera houses and urbanisation is in fact a two-way process since an opera house can be very important for a city just as a city is important for opera. The new Wiener Staatsoper which opened in 1869 in the presence of Emperor Franz Josef and Empress Elisabeth was an integral part of the development of the Vienna Ringstraße and the centre of Viennese cultural life at the turn of the 20th Century. Its importance to life in Vienna can be seen in the comment in a recent biography about Mahler's appointment as its director in 1888: "the new conductor [Mahler] was exercising Viennese minds in a way normally reserved for the appointment of a new prime minister. (This, at least, is a tradition that Vienna has upheld to the present day.)"(Fischer 2011: 296).

A more recent example of this reverse relationship is the Sydney Opera House which was opened by Queen Elizabeth II just over a century later in 1973, and played a key role in turning Sydney into a world-class city. A recent consulting report concluded that "We estimate the Sydney Opera House has a total social asset value to Australia of $4.6 billion" (Deloitte 2013: 1). In a slightly different area of the cultural sector, the impact of the 1997 Guggenheim Museum on the economy and perception of the Spanish city of Bilbao is now also well documented.[39]

Whilst the Wiener Staatsoper was a stand-alone opera house (like the Staatsoper Berlin, the Bayerische Staatsoper Munich, etc.), the Sydney Opera House – despite its name – was built as a multi-performance venue. Although dedicated opera houses are still being built (e.g. Oslo, St. Petersburg), it is increasingly common to fit opera within an arts complex with wider public reach (e.g. New York's Lincoln Center 1966, Beijing's National Centre for the Performing Arts 2007, Reykjavik's Harpa Concert Hall and Conference Centre 2011, the Dubai Opera District 2016). Furthermore, in large cities with a vibrant theatre life, such as New York, London and Paris, opera fits within a

[39] There is even a website listing all the academic articles written about or referencing 'the Bilbao effect' http://www.scholars-on-bilbao.info/list.php?var=list, last accessed 24/08/2017

larger theatrical eco-system (Broadway, the West End, etc.), and the two thrive off each other.

This link between urbanisation and the arts is frequently drawn. It has multiple strands. Firstly, there is the belief that cities stimulate innovation, or as Richard Florida points out "The notion that cities spur human creativity is an old one" (Florida 2005: 7). Secondly, culture is seen as a vehicle for change, or, as a recent report says: "Cities remain committed to using culture as a catalyst for regeneration. For some, culture is "an engine for skill enhancement"; for others, it will create a "sense of place" and can encourage companies to relocate" (BOP 2015: 5). Thirdly, there is the advantage that critical mass gives, or as the urban economist Edward Glaeser puts it: "Part of the magic of cities is that they enable us to specialise" (Jenkins 2015). Finally, there is also a belief that cities enable a people to 'punch above their weight', or as Saskia Sassen puts it "Urban centrality enables the making of … *urban* knowledge capital: a collective production that is more than the sum of the knowledge of the professionals and the firms present in a city" (Sassen 2009: 53).

4.7 The continuing power of statues and status

As I have set out in this chapter, the history of opera has been intertwined with the history of its performing venues. They have taken on a significance that goes beyond their prime artistic function, and the grandness of the statues gracing their corridors has been matched only by the status of the dignitaries walking them. As the proliferation of opera houses continued in major cities, as often as not the technical and economic rationale seemed to be subservient to status considerations with spiraling capital costs and prime urban sites.

Although opera no longer occupies such a central place in modern societies, this does not yet seem yet to have had a material change on the importance of opera houses. It is possible that the re-emerging importance of philanthropic funding could reinforce rather than undermine the significance of opera houses if donors wish also to display their beneficence.

There are many areas here that would merit much more detailed consideration. For example, it would be instructive to compare opera houses, their capacities and construction dates with income, GDP and urbanisation. So also, the role of opera that has *not* been produced or initiated at opera houses should be explored as a test of the robustness of the assumed link between opera houses and status. It is sufficient to summarise here that opera houses have been and continue to be of major importance in the capital and operating cost structure of the art form, the large size of which has usually been justified in terms of the resulting prestige and latterly the claimed economic impact rather than any financial rate of return.

Chapter 5 – Towards an economic history of opera: Who's been paying?

Prelude

Someone has to pay for opera – and those 'someones' have to pay even more for the grand opera which constitutes such a major part of the operatic tradition. Now, as for most of the last 400 years, the two main sources of funds have been earned income from box office and commercial sources, and contributed income deriving from various types of community support comprising principally state subsidy and private philanthropy. The labelling and understanding of these classifications may have changed over time, however, and this chapter looks at some historical instances to confirm the generic viewpoint.

The fact that this basic income model has been in place since the very early days of opera, and has worked successfully accordingly its own particular logic, may have reduced the incentive for the industry to change to a more commercial basis. Artistically it may also have enabled the operatic product to scale up to a size that might not otherwise have been achievable, let alone sustainable.

The figures presented in this chapter suggest that the importance of non-commercial funding may even have increased over time. This appears to be the case in the UK, which had long accepted aristocratic subsidy but was resistant to official state subsidy until the 1930s, as I explain later in this chapter. Since then, the pluralist funding model appears to have become entrenched, although the more contemporary figures presented in Chapters 6-9 offer a more nuanced perspective.

5.1 (Hard?)-earned income

Since at least the establishment of the first commercial opera house in Venice in 1637, the sale of tickets (box office revenues) has been an important component of the financing of entertainment, and in the case of market-based entertainment, probably *the* most important. Although the relative significance of ticket sales has fluctuated over the course of operatic history, they remain a key part of the revenue stream, even in those arts cultures where subsidy is very strong. This section therefore focuses mainly on the historical aspects of box office revenues, whilst their role in the contemporary classical music world is considered more fully in Chapter 7.

Notwithstanding the importance of box office revenues, the sale of products and services which are "spin-offs" from live performance has long been an important source of finance for those live performances. Examples range from the gambling common in Italy during the first part of the 19th century (Rosselli 1984: 28-32) and other directly related revenues (programmes, food and beverages, parking and cloakroom), to the merchandising which is especially common nowadays (Grant 2016; Lieberman & Esgate 2013). Entrepreneurs have constantly sought opportunities to supplement unpredictable box office revenues with other revenue streams, ranging from the impresario Alessandro Lanari's costume workshop in 1820-30s Italy (Rosselli 1984: 120-21) to the contemporary Cardiff Theatrical Services (Power 2017) in Wales. The plans for the Grand National Opera House which Mapleson proposed to construct in 1875 on the Victoria Embankment in London even included a proposal for "cellars [that] would be rented at a £3,000 [c. £318,000 in 2016 per BoEIC] annual profit, though they could eventually revert to storage for the opera" (Davis 2000: 265)

It may seem self-evident to someone attending a musical (or other entertainment) performance in the 21st century that a payment is generally required and that such a payment is evidenced by a purchased entry ticket. Although paying for the theatre dates back at least to the time of the Greeks (Baumol 1971: 370; Green 1994), and has of course generally been the case in modern theatrical history, there have been other models, or at least mixed models. These have been primarily based around resourcing by the community or by a rich individual – another practice which dates back to the Greeks and still occurs nowadays very occasionally[40].

The first opera tickets are said to date from the Teatro San Cassiano in Venice in 1637, as documented by Richard Macnutt (Grove 1980). Before the arrival of paper tickets, "brass tokens were in use at Covent Garden from as early as 1755, only 23 years after the first theatre opened" (Creed 2016). Entry revenues have typically been either via seasonal subscriptions or for individual performances – practices which continue to the present day. Associated benefits have differed in the sense that payments have variously given access to the theatre, the auditorium, a seat or a box, although these distinctions can open up different revenue streams. The Glixons even named one of the chapters in their book on opera in 17th Century Venice "The Boxes: A major source of income" (Glixon & Glixon 2006: Chap 2. 17-33).

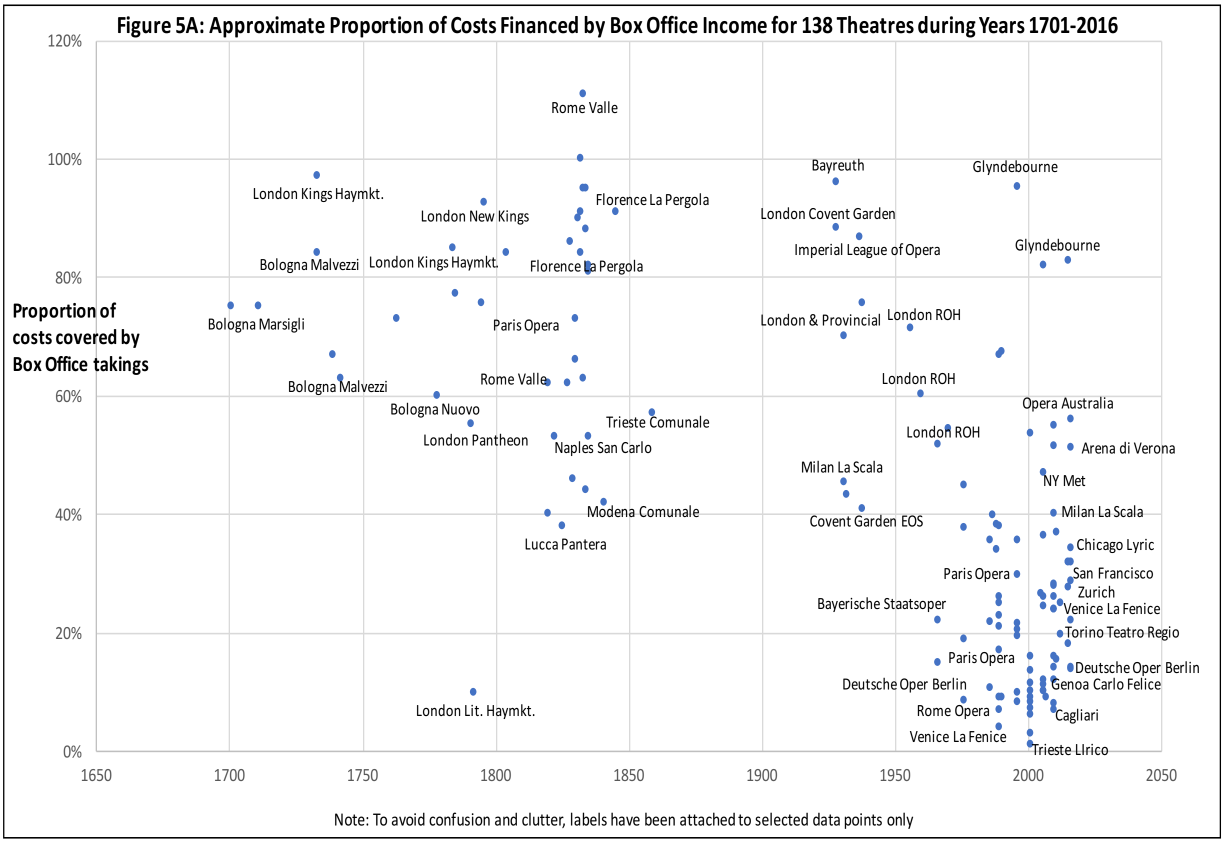
The main question considered in this section is the money raised historically by charges levied on customers for entry to performances, whether as subscriptions or for individual performances, and the relative importance of this money in funding performance expenses. Given the problems with updating absolute monetary figures which I have already mentioned in Chapter 3, it is more straightforward to consider the proportion of costs covered by box office revenues rather than to attempt to adjust multiple historical data for differences in the values of money. This is the approach used by Rosselli more than 30 years ago in his analysis of Italian theatres in the early 19th Century (Rosselli 1984: 51-56). I have followed his practice.

This method collates a selection of mainly secondary data on revenues from different periods of operatic history. It has some shortcomings. Firstly, it relies on information that happens to be available rather than being selected because it is statistically valid. This is either because the data have survived or have

[40] For example, a performance for students of Turnage's *Anna Nicole* at the Royal Opera House Covent Garden on 11/09/2014 was substantially funded by its then-Chairman Simon Robey (http://www.roh.org.uk/news/opera-essentials-anna-nicole, accessed 19/06/2017)

been re-discovered. Secondly, these data are filtered through a combination of collation by the originator (using different skills and often with particular motives) and - in the case of earlier data – by the bias of subsequent screening. Thirdly, my choices may be considered arbitrary in the sense that they reflect what I have found or has been brought to my attention, since there is no possibility of choosing a statistically representative or random sample in terms of cities, dates, etc. Fourthly, the figures may include revenues from sources other than the box office which have been misallocated, in which case they would be more in line with other types of income discussed in the next section.

Notwithstanding these qualifications, Appendix 5 contains a list showing the proportion of costs of a selection of opera companies which were covered by box office takings. These cover different cities at different dates, and have been drawn from a range of sources. They are mapped in Figure 5A where the 'X' (horizontal) axis shows dates and the 'Y' (vertical) axis the proportion of costs covered by the box office. The names of some of the opera companies have been added in the Figure, but it is impossible to label them all without making it illegible.



As previously explained, these figures must inevitably be a rough approximation since they draw on several sources and the underlying data are not necessarily very reliable. However, they would appear to bear out a comment written by Carlo Vitali about the opera of 300 years ago. In his discussion of the political, religious and musical contexts of Italy before and during the time of Handel's residence there from 1706-10, he summarises the adverse financial situation of Italian opera of that time:

> In the final analysis the nature of opera, as a complex 'total work of art', ensured that deficit and bankruptcy were endemic. From an examination of the many operatic balance-sheets that have come down to us, we may estimate that in any opera-house, whatever its degree of prestige, the fee paid to the singers constituted 40-50 per cent of the expenditure, and that the income from the sale of tickets and lease of boxes seldom amounted to more than 75 per cent of the outgoings. The deficit was covered by patrons; the profit, if any, earned by the impresario was derived mainly from his customary collateral activities: selling refreshments and running a casino (Vitali 1997: 37).

The experience of one contemporary opera company would appear to support this last comment, since its approximate gross profit margins on programmes are 51%, on catering 72%, and on ice creams 84%[41]. This company does not earn any gross profit margin on opera performances.

These data on proportionate box office takings do not enable any easy conclusions about trends or locations. As a broad generalisation, most of the opera companies in England even to the present day, and Italian opera companies in the 19th Century, recovered a higher proportion of their costs from the box office, but this would need more careful analysis. Figure 5A also shows a cluster of lower-margin performances in recent years, but this may reflect the range and quantity of data available rather than proving that opera in general used formerly to cover more of its costs.

The differences are likely to reflect different attitudes in the various countries and at varying times towards the market, state subsidy and private philanthropy. This makes it difficult to draw any conclusions specifically relating to opera, as against the wider socio-economic environment. This same point will also apply to an updating of these figures in Chapter 7 which looks at the box office revenues as a proportion of costs for selected contemporary opera companies.

5.2 Community support, or contributed income

The second main area of historical income is contributed income, reflecting the extent to which a community is willing to provide resources to sustain classical music above and beyond what is derived from commercial sources. Some of the problems about distinguishing clearly between earned and contributed income have already been noted, such as the effort required to "earn" contributions. This section considers selected historical experience concerning patronage, subsidy and philanthropy.

[41] Data supplied in confidence 15/05/2017

The nature and sophistication of the financing of any activity depend on the complexity of both the activity itself and its surrounding socio-economic environment. To pick an obvious example, whilst the horse-and-carriage driver of the past could convey a passenger with minimal resources, building an inter-continental railway required the development and deployment of joint stock companies lasting for years and tapping international finance (Micklethwait & Wooldridge 2003)[42]. Broadly speaking one might therefore expect a similar trajectory for classical music with the sophistication of the organisation and financing of opera growing to match the vast changes in the nature and scale of the musical activity itself and its global context.

In one sense this *has* happened since the highest-cost operatic institution in the world at the start of the 21st Century, the New York Metropolitan Opera (US$310m turnover in 2014/15), has a balance sheet that is far more complicated than the scarce accounts of the first operas 400 years ago and includes collateralized long-term debt, interest rate swaps, and 'The Metropolitan Opera Taxable Bonds'[43]. In this respect, however, large US opera companies are the exception rather than the norm. Opera houses in some European countries continue to operate like extensions of the central or local governments (Last & Wetzel 2009; Neligan 2006; Ranan 2003; Schulze & Rose 1998; Tepe & Vahhuysse 2014), and the finances and financing of even the two largest opera houses in the relatively commercialised sector in the UK is fairly straightforward. The third, seventh and eighth largest opera organisations in the UK (Glyndebourne, Garsington, Grange Park) started off as country-house operations (or 'vanity projects' as one interviewee described them) and remain small enterprises. Others have completely defied commercial logic, such as the

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[42] Interestingly the two *Economist* authors cited here begin their history of the company with a discussion of the first night of Gilbert & Sullivan's operetta *Utopia Limited* on 7 October 1893 which they say both satirises and celebrates the company (Micklethwait & Wooldridge 2003: 1)

[43] See for the Metropolitan Opera Association, Inc. *inter alia* the following documents for the year ending 31 July 2013: Consolidated Financial Statements (27 pages), Form 990 Return of Organization Exempt from Income Tax (53 pages), Form 8453-EO Exempt Organization Declaration and Signature for Electronic Filing (55 pages)

Musica nel chiostro Festival which operated in Batignano in Italy from 1974 to 2004 attracting international creators and audiences without ever paying fees to any of its many famous musicians and technicians[Int106].

Furthermore, although the logistics of opera have become more international in certain respects, the scope is limited. For example, management agencies such as CAMI or Askonas Holt operate internationally, the musical and technical staff (conductors, soloists, directors) work globally, and there is some limited sharing of opera productions between two or more opera houses and some limited agreement about pay rates, as described in Chapter 6. Compared just with other entertainment industries such as film (Economist 2011), however, not to mention industrial or retail enterprises, the internationalisation is minimal, and barely includes the income side. There are a few instances of revenues being sourced and managed globally, for example inter-continental sponsors such as (the now disgraced) Alberto Vilar or international Friends' groups (the Friends of Bayreuth, the American Friends of English National Opera, etc.). However, these are neither systematic nor extensive, and the operatic community remains as local as it was two or three hundred years ago, at least in this dimension.

Although each era has found its own specific ways of financing opera, these have been drawn from a relatively limited palette of options. This is not so much because alternatives have not been tried, but more because they have been found to be unreliable in the longer term. There are two main reasons for this. Firstly, since opera companies have rarely been able to earn profits in anything but the short-term, there has been little if any commercial reward for deploying sophisticated financing mechanisms, many of which are in any case modern creations. Secondly, as has been discussed, they have been more or less continuously able to rely on goodwill, philanthropy and subsidy as substitutes for commercial income.

Historical information about long-term opera financing is sporadic, and there is also an element of subjectivity in how it is classified. There is a clear modern distinction between financing deriving from governments, (corporate) sponsors, philanthropists and patrons, which is based upon four criteria:

- The various bodies involved (government, company, individual, charity, etc.) are **distinct legal entities**, each with their own common identities, precedents and customs
- Subsidy is governed by clear **rules**, which are either statutory in the case of government or in accordance with internal policies in the case of private companies, while patronage and philanthropy are at the discretion (or whim) of an individual or group
- Sponsors and patrons expect **reciprocal benefits** in return for providing money. This is also partially true of the subsidy from governments, which want broad or specific benefits for their peoples
- A difference in **intention**. Government subsidy is usually designed to support the relevant national arts, social or educational policy, while sponsorship aligns with the company's commercial agenda. Patronage can also be specifically distinguished from philanthropy in that "Patronage emphasizes a specific act of purchase or acquisition of an object of art (broadly defined) without any reference to a larger public good (akin to the German *Stifter*). Philanthropy, by contrast, connotes duty and responsibility to a greater cause; that is to say, it bears the characteristics of a social practice" (Menninger 2004: 120-21).

This is summarised below:

	Govt. Subsidy	**Sponsorship**	**Patronage**	**Philanthropy**
Legal entity	Government	Public/ private company	Individual	Individual
Rules	Statutory	Internal policy	None	None
Reciprocal benefits	Possibly	Yes	Possibly	No
Intention	Partial	Commercial	Personal	Philanthropic

Whilst we understand these distinctions nowadays because they have been forged over time, for decades or centuries after the start of the operatic era government funds and ducal patronage were often indistinguishable and discretionary. Even towards the end of the 19th Century King Ludwig II of Bavaria notoriously was still able to combine the roles of both government and patron in relation to Richard Wagner. Or, to take another example, modern ticket revenue by and large reflects the amount that an audience wishes to pay in order to see an opera or concert, and is collected by sophisticated systems that even distinguish between different types of revenues, such as separating one-off ticket purchases from subscriptions. Two hundred years ago some of the audience might not even be attending the opera to see the performance and a subscription might be in the form of renting or owning a box for a whole season as a philanthropic form of support and as the major feature of the social calendar (Rosselli 1991: Chapter 4).

This is not to imply that historical funders of opera were unable to differentiate appropriate from inappropriate deployment of funds. Karl Eugen, Duke of Württemberg (1728-1793), is said to have taken "personal control of music and theater" so that "opera emerged as the main focus of his ambition, the true index that would prove him to be on an equal footing with even the grandest of European potentates", albeit in a city state of only some 400,000 people. Since "the costs of an opera as grand as the duke wanted exceeded his revenues … he sought funds elsewhere" (Heartz 2003: 445):

> Unbeknownst to his advisors and against the constitution … he signed a six-year agreement in 1752 to provide France with six thousand infantrymen, to be trained and quartered in Württemberg and used in case of war. Louis XV paid 290,000 florins[44] for this service directly into the Duke's account, and an even larger amount for every year the treaty was in effect. Carl Eugen spent the money on his opera and other extravagances, with no intention of fulfilling his end of the bargain unless a war broke out (Ibid.: 448).

Since a war did break out and large numbers of citizens pressed into service died in the subsequent conflict, "the operatic triumphs in Stuttgart [were] paid for in blood" (Ibid.: 449).

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[44] Probably around £8.5m in present-day prices, as translated using: https://jamesboldin.com/2010/08/19/how-much-did-haydn-earn/; http://www.pierre-marteau.com/currency/converter/wie-eng.html; and the BoEIC

This might be seen as fundamentally a problem of a long-past era, but 261 years later it was claimed that "how the HSO [Hungarian State Opera] managed to pay Jonas Kaufmann's reported €100,000 fee for Eva Martón's 70th-birthday gala in July 2013 has also been a matter of intense speculation, with some even suggesting that the Ministry of Culture, Health and Education lifted the amount from the budget of a major hospital" (Turnbull 2013: 1111-12).

Although many writers including those referred to earlier (Baumol & Baumol 1994; Scherer 2004) pinpoint the eighteenth century as being the key time of change in funding relationships, this relates more to the status of composers. Bianconi & Walker talk of the "mixed model" of funding as early as the 1680s (Bianconi & Walker 1984), and Atkin in his analysis of opera in Modena in the 1690s similarly comments that:

> in contracting out opera, [Duke] Francesco [II d'Este] seems to have turned away from the traditional system of the ducal patronage of opera established at the end of the sixteenth century and to have looked to the kind of public-private partnership that developed in the city for *commedie*" … [and although] … the theatre [Teatro Valentini] was inextricably tied and reliant upon its successive dukes … it appears that the theatre itself was at least to some extent self-sustaining (Atkin 2010: 67-69).

As the above implies, private patronage has always been and remains a critical component of the funding of all types of classical music, but especially opera. A detailed history of patronage is beyond the scope of this chapter, but a few examples drawn from different times and environments can serve to illustrate the continuity of the importance of patronage.

To begin with, royalty and aristocracy were the main patrons, such as Venetian and Mantuan aristocrats in the 17th Century (Atkin 2010; Glixon & Glixon 2006), the supporters of Handel during his seasons at the King's Theatre Haymarket in the early part of the 18th Century (Milhous & Hume 1978, 1984), and Nikolaus I employing Haydn as liveried employee and Kapellmeister at Esterházy from 1761 until his death (Wyn Jones 2009). Merchants as well as the upper classes assisted in the development of the Leipzig Gewandhausorchester in the late 18th Century (Menninger 2004), and by the 20th Century the patronage tradition appeared well established in several countries.

The second production of *Tannhäuser* at the Bayreuth Festival,

> the first since the 1891 original [which had been] postponed year after year for lack of money, … was eventually financed by a public appeal managed by Winifred [Wagner] as a gift for Siegfried [Wagner]'s sixtieth birthday in 1930. Some 1,000 people, including the exiled Wilhelm II and the ever-faithful ex-Czar Ferdinand, contributed, and the fund eventually reached 127,000 marks, a handsome sum in those days (Spotts 1994: 150).

Around the same time in the late 1920s British patrons were funding Thomas Beecham's Imperial League of Opera (Register 1931).

There has been a long-standing US tradition of philanthropic endowments. The funding of the original New York Metropolitan Opera was mentioned in Chapter 4, and the largest endowment in the case of US classical music is still that of the Metropolitan Opera Association which in 2015 had a fund of US$265m built up from historical public contributions[45]. The UK's patronage is characterised more by specific donations than by contributions, as exemplified by the current "Open Up" project at the Royal Opera House in London mentioned in Chapter 4 which is being funded privately (by unspecified sources), and by the new Grange Park Opera house in Surrey (Gutman 2017). There are also many privately funded opera and concert organisations and performances thriving outside the mainstream musical organisations. In the UK these range from small to large, such as in the case of opera Independent Opera (2015 turnover £125,000) or Glyndebourne (2015 turnover £26.7m), or for concert series St. Peter's Eaton Square (£74,000) to the City of London-funded Barbican (2015 turnover £37.7m).

[45] The Metropolitan Opera, Annual Report 2014-15, Note 8 p. 42

In the earliest period of opera, subsidy could be seen as a more formal system of philanthropy. The figures compiled by Atkin confirm the importance of ducal subsidy, or *regalo* [gift]. He looked at two performances, namely of *Flavio Cuniberto* (1688) and *L'ingresso alla gioventu di Claudio Nerone* (1692), and found that the ducal *regalo* accounted for 39.4% of the revenue of the former and 42.8% of the revenue of the latter (Atkin 2010: 98, Table 2.5). However, Rosselli downgrades the wider importance of this *regalo* in a wider if slightly later context:

> Regular government or municipal subsidy in cash seems, in eighteenth-century Italy, to have been uncommon away from the Turin and Naples royal theatres. Elsewhere a municipality like that of Senigallia on the east coast would contribute a small sum to encourage an *opera seria* season during the important summer trade fair; or a duke of Modena would give a 'present' to make up part of the loss on an opera season in a private owned theatre (Rosselli 1984: 49).

Rosselli does, however, conclude, that "opera had probably been subsidised at most times since its birth in the early seventeenth century, though in ways not always obvious" (Ibid.: 71). He mentions compulsory taxes on other theatres in Trieste and Turin[46] (which was also the case in Paris in the 1820s), but identifies the gambling monopoly as "the main form of subsidy, in force through much of the eighteenth century". Although ancillary income from gambling might not be a subsidy comparable to direct cash payments, the fact that it was both compulsory and monopolistic would put it closer to that category in modern terms.

The situation in Italy had changed by the 1820s, however, when, as Rosselli goes on to detail,

> eventually governments brought themselves (or compelled municipalities) to pay subsidies at a rate that would attract impresarii … leading to a general

[46] A similar situation existed in Paris where "By an imperial decree on 13 August 1811, the Opera became entitled to received [sic] a *redevance*, levy, on performances at other places of public entertainment in Paris" until 1830 (Drysdale 2003: 36).

> rise in subsidies in the 1820s, sustained in some theatres up to 1848; then, after the 1848-53 slump, a standstill or a further rise until unification (Ibid.: 74).

To some extent this resembled the situation in Paris:

> Throughout the nineteenth century, French opera was organized around institutions governed by a complex system of subsidies, privileges, and *cahiers des charges*, or contracts between the state and the director of a theater specifying the composition of the company, subsidies, the kinds of works that could be performed, scenery, and so forth (Lacombe 2001: 14).

In his appendices, Drysdale reproduces the accounts of the Académie Royale de Musique (Paris Opéra) from 1827 to 1830 (under director Emile-Timothée Lubbert) and from 1831 to 1835 (under director Louis Véron)[47]. In each year there is a large *subvention* (initially *royale*, subsequently *ministérielle*) of between FF670,000 and 850,000[48]. Although Véron had managed to reduce the proportion of subsidy as a result of improved management of both revenues and costs, it was still 37.6% of total receipts by the time that he left his position in 1835, having ranged from 34.3% to 49.8% and averaged 43.4% over the previous 8 years (Drysdale 2003).

5.3 The start of opera subsidy in the UK

These experiences in Italy and France in the middle of the 19th Century exemplify the situation about which John Ebers was complaining, as quoted in Chapter 4, since English opera did not enjoy this level of state or municipal largesse. It was therefore no surprise that its financial problems should have continued, not just at Ebers's King's Theatre, but also at the Covent Garden and Drury Lane Theatres where opera was also performed. For example, in his history of Covent Garden, Rosenthal talks of: "The 1830-31 season, during which Kemble was once again faced with a financial crisis and the [Covent

[47] One example is shown in Appendix 3A
[48] Possibly £33.5m-42.5m in 2015/16 prices

Garden] theatre was involved in no fewer than six lawsuits" (Rosenthal 1958: 40). He describes how "although Malibran was a great box-office success [at Drury Lane], she did not save [Alfred] Bunn from financial disaster" (Ibid.: 50), and says that the "joint management of Covent Garden [by Mme Vestris and Charles Matthews], which lasted until 1842, was artistically successful, but financially disastrous" (Ibid.: 53).

These problems seem to have continued fairly relentlessly year after year until the Covent Garden Theatre burned down for the second time in 1856: "In the autumn of 1848 Bunn took Covent Garden for a three months' season of opera. … Needless to say the season was disastrous financially for Bunn" (Ibid.: 80). Likewise, "the season which ended on 30 August [1851], was the first, since the opening of the Royal Italian Opera five years earlier, to be financially prosperous" (Ibid.: 97) but "the 1853 season was as unsuccessful from the financial point of view as had been its predecessor" (Ibid:.101).

The following half-century maintained this pattern as figures such as Frederick Gye, Henry Mapleson, [Louisa] Pyne-[Willliam]Harrison and Augustus Harris continued the struggle to stage opera without losing too much money in seasons of greater or lesser length, and companies such as the Royal Italian Opera, the Grand Opera Syndicate, and the Covent Garden Opera Syndicate came and went. The funding to supplement box office takings came almost entirely from patronage, however, and the notion of a government subsidy as had often been the case in other European countries took a long time to become entrenched in British consciousness.

Some have suggested that there are elements of government subsidy to opera before the twentieth century, as I suggested in the Italian context relation to the 17th Century ducal *regalo*. Brewer, for example, identifies a possible early instance of royal subsidy in England, albeit in a particularly British form:

> In continental Europe most operas were financed by courts and princes ... But this was not true in Britain, at least until the establishment in 1719 of the

> Royal Academy of Music, the closest that Britain came to direct royal subsidy. The Academy was not a school or a society of performers but a joint-stock company under royal charter created to promote opera, to which George I gave £1,000 [c. £207,000 in 2016 per BoEIC] and the company raised £15,000 [£3.1m]. Masquerading as a business, it was also a courtly institution (Brewer 1997: 364).

In practice, however, the first subsidy for opera in Britain in the sense of an approved appropriation of taxpayers' funds was not for another 200 years, in 1930. As the first instance of opera subsidy by Central Government in the UK, it is worth dwelling on this in more detail.

The background is slightly murky, but like much else in British classical musical life in the first part of the 20th Century appears to have originated with Thomas Beecham. In November 1927 Beecham had established the Imperial League of Opera, initially as a nationwide funding scheme. According to John Lucas in his biography, Beecham

> calculated that in London, Manchester, Liverpool, Birmingham, Leeds, Glasgow and Edinburgh there existed a pool of at least 150,000 people who were interested in opera. If, for a minimum of 5 years, each one of them subscribed ten shillings (£17) [actually £28 in 2015 prices per BoEIC] a year … there would be an annual sum exceeding £60,000 (£2 million) [£3.4m], enough to mount five or six months of opera in English in London and shorter seasons in the other cities (Lucas 2008: 175).

In a statement[49] issued on 16th December 1930, Beecham claims that he had been asked to meet the Prime Minister Ramsay MacDonald in the summer of 1929 just before the General Election to discuss national opera. MacDonald had in effect promised to provide an annual subsidy of £30,000 [£1.7m], and according to the relevant Cabinet Minister the supporting documentation was all but ready in early 1930. This

[49] The references in the following paragraphs to Memoranda, letters and statements draw on material held in the Royal Opera Collections viewed in 2016. These have not yet been systematically catalogued so reference is by date only since in general the documents are sorted only by year. My thanks are due to the Royal Opera Collections for allowing access to these documents

> contained the recommendation that the Government … should deal with the League of Opera and that no other operatic organisation was therein mentioned. … I [Beecham] heard nothing further until the following June [1930], when I was told that the Government intended to proceed no further with the scheme of national opera. I considered the matter closed, and continued to think so until the middle of November last when, through the public press, I received the first intimation that the Government proposed to grant a subsidy of smaller amount and different character, to the Covent Garden Syndicate.

Just prior to this there had been discussions between Beecham's Imperial League of Opera and the Covent Garden Opera Syndicate (1930) Limited, which held the lease and was running seasons at Covent Garden led by the director Colonel Eustace Blois under the Chairmanship of Hungarian-born British financier F.A. Szarvasy, concerning some type of collaboration or combination, to which the Syndicate's contribution would include £30,000. This was the background to the Government's decision in November 1930 to provide a subsidy and to the "skulduggery" implied in Beecham's statement. Beecham's pique had been even clearer in a letter to Szarvasy dated 29th November 1930 in which he says that Szarvasy had not been fully open about his proposals.

In an editorial in its edition dated 29th November 1930 entitled "The Opera Dole", *The Week-end Review* – a weekly covering "Politics, Book, The Theatre, Art and Music" which had commenced publication in March 1930 and ran until 1934 – welcomed the principle of subsidy but deplored the way in which it had been done. It claimed that this had led to substantial "bad press" for the Chancellor Philip Snowden:

> The Government's consent to depart from the long-established tradition that the Arts, and especially Music, should be practised without official recognition or subvention is very welcome in principle …[but] … Mr. Snowden's announcement forms the climax and the *dénouement* of a series of obscure manoeuvres which have for two months puzzled such of the public as take an interest in opera (p. 780).

The form of subsidy proposed comprised three elements: an annual Treasury grant of £17,500 [c. £1m] over a period of five years "towards the expenses of presenting Grand Opera at Covent Garden and in the provinces. A further £7,500 is to come from the funds of the B.B.C. and £5,000 from other sources, represented mainly by a gramophone company." Objections covered the principle of subsidy, the recipient, and the way in which it had been done. Dennis Arundell (the writer, director and composer) in a letter to *The Week-end Review* of 13th December 1930 endorsed the criticism that "the conduct of opera by the Syndicate in the past has not been such as to inspire confidence … to justify its support out of public funds". He concluded that "If Mr. Snowden, with his private and public supporters succeeds in launching this scheme, he will at the same time set back opera in this country for fifty years" (p. 880).

Among the more sweeping in his criticisms was Sir Alfred Butt, Baronet, Conservative MP and racehorse owner, who wrote to the *The Times* of 26th November 1930 to object, although as a theatrical impresario he would have had an axe to grind. Butt argued that a subsidy was undesirable because it was unaffordable at this time, had been put forward in a non-transparent way, and:

> Finally, I hold that at no time would the subsidy of grand opera in England be justifiable. For the English people as a whole do not like grand opera. I do not mean that no English people like it; those that do can surely afford to pay for it. But opera is not a national pastime, much less a national passion, like football, crossword puzzles, racing, and musical comedy.

What few if any seemed to have pointed out in print, but which must have been known to most, was that one of the directors of the Syndicate at the time was Ethel Snowden, the wife of the Chancellor of the Exchequer. In any event, the subsidy only lasted for two years, although there were further rumblings from Beecham. In a letter to Colonel Blois dated 22 December 1932 concerning the resignation of Mr. Szarvasy from the chairmanship, he wrote that:

> Mr. Szarvasy approved the issue to the members of the League in October 1930 of a circular in which we committed ourselves to the statement that the Covent Garden Syndicate was in possession of resources amounting to

> £30,000 per annum for five years. This statement was inaccurate, and Mr. Szarvasy knew at the time that it was inaccurate, for the subsidy he had obtained without disclosing the fact to us was definitely assured for two years only, as was revealed in the following month by the Chancellor of the Exchequer.

It is also interesting to note the stirring of the economic argument in favour of providing public subsidy. In an internal letter dated 22nd November 1930 to Colonel Blois, the Publicity Director of the Syndicate predictably defends the subsidy against the "the 'scare' leading article and paragraphs in *The Daily Express* (to mention but one of the newspapers)" on the grounds of the direct benefits received, namely that the B.B.C. "subscribers are to get no less than sixty performances broadcast per annum, which is what many of the working-class and the new poor greatly desire, as they are not the class who are terribly [?] [sic] by jazz and variety programmes [although] our best supporters are those who patronise the unreserved seats." However, he goes on to say that

> As regards the nonsense written about supporting an art (opera) which is also an industry, it should be said that the entertainment industry in this country employs, directly or indirectly, somewhere around 700,000 people. If the Government cares to assist this important industry, it seems to be all to their credit.

This point about the wider benefits of subsidy was made two years later in a Memorandum from Colonel Blois dated 24th June 1932 which claims that the total of the taxes paid by the Syndicate in the form of Entertainment Tax and income tax on local and foreign employees and artists exceeded the amount of the Government grant concluding that

> In subsidizing the opera, the Government, inter alia, assist in maintain[ing] the artistic prestige of this country and in providing employment for many British subjects; if, in so doing, the amount of the Subsidy is more than repaid by the resulting payments to the Revenue, surely the Taxpayer has little of which to complain.

In the late 1930s the question of subsidy to opera was overtaken by events, but re-emerged vigorously ten years later. Indeed, the notion of subsidy to classical music and other arts forms became entrenched in the UK after the War. The Council for the Encouragement of Music and the Arts (CEMA) had been set up in 1940 to promote British arts and culture during the War, and this had perhaps led to heightened expectations of artistic bounty from the State as well as the mechanism for delivering it.

The legacy of CEMA was maintained by the establishment of the Arts Council of Great Britain (ACGB) with its first grant-in-aid of £235,000 [about £9m in constant 2016 prices]. The ACGB's first Annual Report states that:

> The objects of the Council, as set out in its Charter, are to develop 'a greater knowledge, understanding and practice of the fine arts … and in particular to increase the accessibility of the fine arts to the public … to improve the standard of execution of the fine arts and to advise and co-operate with … Government Departments, local authorities and other bodies on any matters concerned directly or indirectly with those objects …'"[50]

Since its eventual formation under its 1946 charter, the Arts Council has undergone various reorganisations, not least its restructuring in the 1990s into separate bodies for the constituent British nations, and the devolution of other functions. Initially ACGB was still quite involved itself in organising activities, which in the case of music included concerts and other events in factories, hostels and halls, but the direct provision of arts declined and was increasingly "outsourced" (as we might say now), although ACGB maintained involvement for decades in some institutions such as the Wigmore Hall and Hayward Gallery. The activities and financing aspects of the Arts Council since its inception are discussed more fully in Chapter 8.

[50] Arts Council of Great Britain, Annual Report No. 1, 1946/47, p. 8

5.4 Where is this leading?

Official state subsidy has become such a major component of the financing of classical music in Europe that it is easy to forget that it is a relatively recent phenomenon. Its commencement in the UK put an end to a long antipathy to (more or less) direct government involvement in regular support to music and owed much to the post-War settlement affecting other areas of the economy and society. In one sense, however, it continued a tradition of funding by the aristocracy and other social elites. This is how it can also be seen in Germany, Italy and other parts of continental Europe where it seemed more natural as their political settlements evolved. In those countries, the practice of philanthropic funding manifests itself more through this type of collective community support than the individual philanthropy most clearly evident in the US as well as in the UK.

Box office income has always been and remains prominent in the US and the UK. The available data indicate that its importance has declined in continental Europe, at least until recently. Whilst growing proportionately in some places, countries like Germany are still inclined to see it as an unwelcome addition to the money that they already pay in taxes rather than as the major source of revenue valued by more neoliberally-inclined countries.

This evolving balance between major sources of funding leads us to the present day and the situation in the contemporary classical music world. As the head of opera at a major opera house[Int86] said to me about his industry:

> Opera is thriving from an artistic point of view with more companies staging works and more people visiting than possibly ever before. The problem is that the business model of opera is in crisis. So much of that model has been based on society's willingness to provide funds, and that willingness is diminishing. Funds are shrinking and they're unlikely to grow again. … Opera is having to find different sources of funding, and the transition is happening quickly and brutally.

To explore the background to this, especially in the UK, the following chapters shift the focus to more contemporary times. I calculate, possibly as never previously done, the size of the industry, its expenditure and the sources of funding, and examine the implications of these trends.

Chapter 6: The contemporary classical music business: What we spend, and how we spend it

Prelude

If the purpose of a business is to create a customer, as Peter Drucker originally propounded more than 60 years ago (Drucker 1977: 89), then classical music has been highly successful: it has created tens of millions of customers over several centuries. If it is viewed from a more conventional business perspective as a group of activities and organisations that need to generate profits sufficient to ensure survival and to provide a return to investors (e.g. “Profit: The main reason firms exist” (Bishop 2004: 208)), then classical music, its institutions and its practitioners have failed consistently and spectacularly.

In Chapters 3 to 5 I mentioned how a few operatic and other music entrepreneurs have succeeded financially in the past. This was usually for short periods of time only, however, as with James Mapleson, Bartolemeo Merelli and Oscar Hammerstein I in the 19th Century, albeit when competing ‘popular’ music and other attractions were less prevalent. There are a few recent examples, such as the UK’s Raymond Gubbay on a small scale over several decades, Harvey Goldsmith’s short-lived Arena Opera in the early 1990s, and currently André Rieu, but these financial successes are few and far between. In general, apart from assorted service providers such as instrument makers or publishers, few investors have profited from classical music. In contrast to some companies in other industries which have survived for decades or even centuries (Micklethwait & Wooldridge 2003), opera companies have typically appeared and disappeared with great rapidity – at least until the more recent arrival of state-funded organisations brought some degree of stability to most of the main institutions.

This indicates the value of a more systematic examination from a business and financial perspective, since sounder business fundamentals should constitute a more secure footing for long-term survival. Chapters 6-9 therefore examine how financial sustainability has been realised in recent and contemporary practice by combining the views obtained from extensive interviews with people in the classical music industry with the quantification and evaluation of the funding of classical music in the UK in recent history, and a review of selected international comparisons.

I estimate the financial size of the contemporary UK classical music industry for probably the first time, and by making comparisons with selected other areas of the British economy as well as internationally, I show how relatively small it is, even though its prominence appears to far outweigh its size. I look at four main determinants of cost – namely the nature of the musical work, performing practices, the numbers of performers and their pay rates, and audience size and performance space – and how these both enable and constrain the current business model.

In Chapters 7-9 I build on this by analysing the main sources of its funding, including the trends in state financing over the past 70 years, ticket pricing and philanthropy. This shows how the sources and proportions of funding are changing, although they remain a combination of subsidy, philanthropy and box office. I look briefly at the alternative funding models used in selected other countries, in particular the USA and Germany, where the histories and funding traditions have developed very differently. Finally, I analyse issues of development and efficiency which are key to the question of financial sustainability, and show that increased sustainability would require changes in the operating model.

6.1 The size of the UK classical music industry

In an age where statistics have never been quoted more frequently, one might expect the presence of substantial financial data about the classical music industry. During desk research and in interviews, it became apparent that, whilst there exists data about individual organisations, there are remarkably few cross-industry data. In contrast to managers in other non-artistic industries who I know from personal experience are well-informed about the size of their industries, the segmentation, competition and funding, most managers in the classical music industry have little notion or even interest in these aspects of their own industry.

Before presenting and discussing the results of interviews with industry participants, I analyse the underlying financial figures. As far as I can establish this analysis has never previously been carried out for the classical music industry, and as explained in Chapter 2 involved detailed review of the accounts of many organisations. Here the main focus is the size of spending of the classical music industry in the UK, as well as brief comparisons with other areas of the economy, and the perspectives of individual participants on the areas of that spending. In Chapter 9 I also briefly compare the size of the UK's classical music industry to those of other countries.

The financial size of the UK's classical music industry for the year ending in 2013[51] was estimated by gathering and analysing the financial statements of the main 235 relevant organisations for that year, as explained in Chapter 2. The incomes of organisations in each category are summarised in the tables below, with fuller data for all organisations shown in Appendix 6. Table 6A covers the six types of organisation whose main purpose is the staging of live classical music (Opera, Orchestral, Ballet, Festivals, Choral, and Venues), as well as three further types directly involved in commissioning or enabling live performance (Broadcasting, Recording, and Music Schools).

[51] Almost all musical organisations are charities operating on a shoe-string, and presenting up-to-date accounts is not typically a priority. I originally chose 2013 as the year for calculation as most organisations had accounts covering at least that period. Although there will have been changes by the year 2017 (organisations both growing and diminishing in size, some exiting and other entering the industry, etc.), I do not think the differences will be material.

Table 6A: Income of UK Classical Music Performing Organisations (2013)

Category	No. of orgs.	Total Income (£m)	% of Perf. Orgs.
Opera	74	208.963	25.5%
Orchestral	59	155.460	18.9%
Ballet	6	106.333	13.0%
Festivals	14	12.413	1.5%
Choral	10	0.881	0.1%
Venues	12	89.878	11.0%
Sub-total (Live)	***175***	***573.929***	***70.0%***
Recording	(1)	23.376	2.9%
Broadcasting	2	65.187	7.9%
Music Schools	15	157.474	19.2%
Sub-total (Other)	***18***	***246.037***	***30.0%***
Total	**193**	**819.965**	**100.0%**

Note: I published an earlier version of some of these figures in *Classical Music* (Feeny 2015)

Table 6B covers all other music-related organisations, including those whose primary purpose is support rather than musical *performance* itself (even if their activities ultimately benefit performance).

Table 6B: Income of Other UK Classical Music Non-Performing Organisations (2013)

Category	No. of orgs.	Total Income (£m)	% of Perf. Orgs.
Other Educational	6	143.459	80.5%
Museums	4	1.029	0.6%
Publish./ Instrum.	4	21.582	12.1%
Other	28	11.907	6.7%
Total	**42**	**177.978**	**100.0%**

Note: Some categories include a range of organisations and assumptions bundled here into a single category for simplicity

The total income for these two categories of UK Performing and Other Organisations tabulated above amounts to £998.122m meaning that the total turnover for the classical music industry in the UK in 2013 was approximately

£1 billion. Aside from the total figures for performing and non-performing organisations, the other main features of the data are:

- The largest single category was opera, whose 74 companies accounted for £209m or just over 26% of the total for all performing organisations, followed by music schools (19%) and orchestras (also 19%)
- The top 5 individual organisations by income (excluding the BBC at £84m) were the Royal Opera (£74m or 9% of performing organisations), the Southbank Centre (£46m or 6%), the Royal Ballet and English National Opera (ENO) (each £40m or 5%), and Glyndebourne (Festival and Touring, £25m or 3%). Including the BBC (radio and performing groups), these six organisations accounted for £310m or 38% of the total for performing organisations
- Even the largest orchestra by income (the London Symphony at £16m or 2%) barely scrapes into the “Top 10”, and the second largest (Philharmonia at £12m or 1%) is considerably smaller
- Venues (after excluding concerts by UK orchestras included elsewhere) are also important at £100m or 12%, although the Southbank Centre accounts for nearly half of this and the Royal Albert Hall and the Barbican together a further third
- Excluding Glyndebourne and the Proms, the other classical music festivals only account for £12m or 1%
- Choral groups account for only a very small portion of the *formal* income for the sector.

The dominance of opera in these figures is not surprising in both practical and social terms: its performance requires far more resources than the other categories, and its patronage has maintained a prestige exceeding that of the other categories. Most opera companies also have their own venues which open up opportunities for additional revenue streams, as can be seen from the relative importance of the venue category as well as the fact that the Liverpool Philharmonic (which owns its own venue) has uniquely among regional orchestras succeeded in increasing its revenues in recent years. Indeed, the three categories with a physical presence (opera, music schools, and venues) may enjoy financial prominence not just because of the higher cost of those venues, but also because in the case of performance it can often be easier to market and sell a brand with a designated location for its supporters to gather and for ancillary services (such as food & beverage) to be sold.

Finally, it should be noted that although many people's main contact with music is through choruses and choral societies, many if not most of these activities take place outside the monetised commercial marketplace so appear small in this analysis.

6.2 The size of the UK opera industry

Since opera constitutes a major focus of this thesis because of its size and business complexity, the estimated breakdown of the element of total income relating to opera (i.e. in addition to the direct category of opera companies) is shown in Table 6C at summary level for each of the nine categories of performing organisation. This is based on assumptions for each organisation, as also shown in Appendix 6. In the case of opera itself, the income is split between the six different types of opera company referred to in Chapter 2. It is difficult to make an accurate split between opera-related and other musical activities for organisations other than opera companies, so this incorporates a number of assumptions about the categorisation of opera-related income.

Table 6C: Opera-related Income of UK Classical Music Performing Organisations (2013)

Category	No. of orgs.	Total Income (£m.)	Opera %	Opera Income (£m.)
Opera: International	1	71.804	100.0%	71.804
Opera: Local	2.5	64.795	100.0%	64.795
Opera: Touring	11.5	30.680	100.0%	30.680
Opera: Festival	11	36.053	100.0%	36.053
Opera: Small/ Independ.	15	4.367	100.0%	4.367
Opera: Student/Amateur	33	1.264	100.0%	1.264
Opera	74	**208.963**	**100.0%**	**208.963**
Orchestral	59	155.460	7.8%	12.127
Ballet	6	106.333	0.0%	0.000
Festivals	14	12.413	18.2%	2.259
Choral	10	0.881	0.0%	0.000
Venues	12	89.878	8.6%	7.743
Sub-total (Live)	***175***	***573.929***	**40.0%**	***231.093***
Broadcasting	2	65.187	20.0%	13.037
Recording	(1)	23.376	20.0%	4.675
Music Schools	15	157.474	18.7%	29.439
Sub-total (Other)	***18***	***246.037***	***19.2%***	***47.151***
Total	**193**	**819.965**	**33.9%**	**278.245**

Thus I estimate that the annual income relating to opera totals approximately £278m, or around 34% of the income of all classical music performing organisations, or about 30% of the total for all classical music organisations.

Although these figures relate to the year 2013, I recently updated the figures for opera companies only for a contribution to a non-academic publication (Feeny 2017). These latest figures show that the aggregate financial size of all UK opera companies only in 2016 was approximately £240m, as against £209m in 2013, which means that the total was growing at a *real* annual rate of 2.9% over the three years from 2013 to 2016. If this were also true of other areas of the classical music industry, then the total industry size would now be around £1,150m as against the £998m calculated above. This is a nominal increase of just over 15% compared to the increase in nominal GDP over the same period of approximately 11.5%.

6.3 Cross-checking the data with other sources

These figures have been built up from the raw data available in the financial accounts of individual organisations, as modified using a range of assumptions summarised earlier. So how do these results compare with any other estimates that may be available? To the best of my knowledge, there are no sources that provide the same types of calculation and seek to present a comprehensive overview of the financial size of opera and classical music. However, there are several other documents which contain relevant figures that could provide a different perspective on these figures.

The nearest comparable study which covers only a part of the scope here is a report published by the Association of British Orchestras (ABO 2014). Using survey data from its members, this estimated that the total income of UK orchestras in 2012-13 was around £140m. Since the basis for this figure is slightly different (for example, by excluding the BBC orchestras and including the orchestras of the opera houses which are included here under the heading of opera), my figure of some £155m for UK orchestras would appear to be broadly consistent with this report. In contrast to opera, however, the total value of orchestral music would appear to have fallen by approximately 9% per year in real terms over the last three years since the equivalent report for 2016 (ABO 2017) assessed total income for its orchestral members in 2016 at only £117.5m, even though it included slightly more orchestras. This suggested that the increased size since 2013 may not be as pronounced as suggested in the previous section.

Other documents which contain relevant data include the (now annual) report *Measuring Music* (UKMusic 2014) and the UK Government's estimates for the creative industries (DCMS 2015), as well as from commercial researchers such as Mintel and Key Note. The first of these found that "the British music industry generated £3.8bn in GVA[52] in 2013 creating £2.2bn in exports and 110,000 jobs" (UKMusic 2014: 10). The domestic component of this figure is therefore about £1.7bn. It is difficult to make a direct comparison with these figures since UK Music's analysis is compiled on a rather different basis. For example, it covers the whole music industry and not just classical; it builds up its (very thorough) picture from a wider range of sources including hundreds of surveys of different types of industry actors; and it is based around analysing four different types of commercial music activity (composition, recording, live performance, and brand) rather than collecting data on income that flows through musical organisations as used here. However, at only twice the amount of the figures obtained for this report covering classical music alone, this total calculated by UK Music for all types of music seems rather low. UK Music's latest report (UKMusic 2016) updated these figures to £4.1bn in total GVA (representing a real increase of 5% over three years) and 119,000 jobs.

The report by the UK's Department for Culture, Media and Sport (DCMS) with the Office for National Statistics (ONS) contained detailed estimates for the creative industries for 2013. They were reported on this basis for the first time following criticism of the perceived inadequacies of the previous less detailed data. This estimated that the GVA of the Creative Industries was £76.909bn in 2013 accounting for 5.0% of the UK Economy. 'Music, performing and visual arts' was estimated as being £5.453bn, or 7.1% of the total. After deducting the export portion (£574mn in 2012), the resulting figure for domestic GVA was around £4.9bn. There was no breakdown of this figure between music and other performing and visual arts, but the DCMS's figure for 'Music, performing and visual arts' including the export portion is 43% higher than UK Music's figure for music alone. The DCMS-ONS figure for 2015 was £87.4bn or an 8.5% real increase in two years.

[52] Explained in Section. 2.8

Although most of these other figures are collected on a different basis from the ones I have calculated, they do not appear necessarily to contradict my figures – although it is not clear whether they fully support them either. In terms of the size of the opera and classical music industries, the only major adjustments which have been made to the figures collected here from the organisations' accounting records are reductions to remove either double-counting or non-classical music. The figure of some £820m in income to opera and classical music performing organisations is therefore clearly verifiable, whilst in the absence of further information it is not possible to check the details of the other reports[53].

6.4 Comparison with non-musical activities

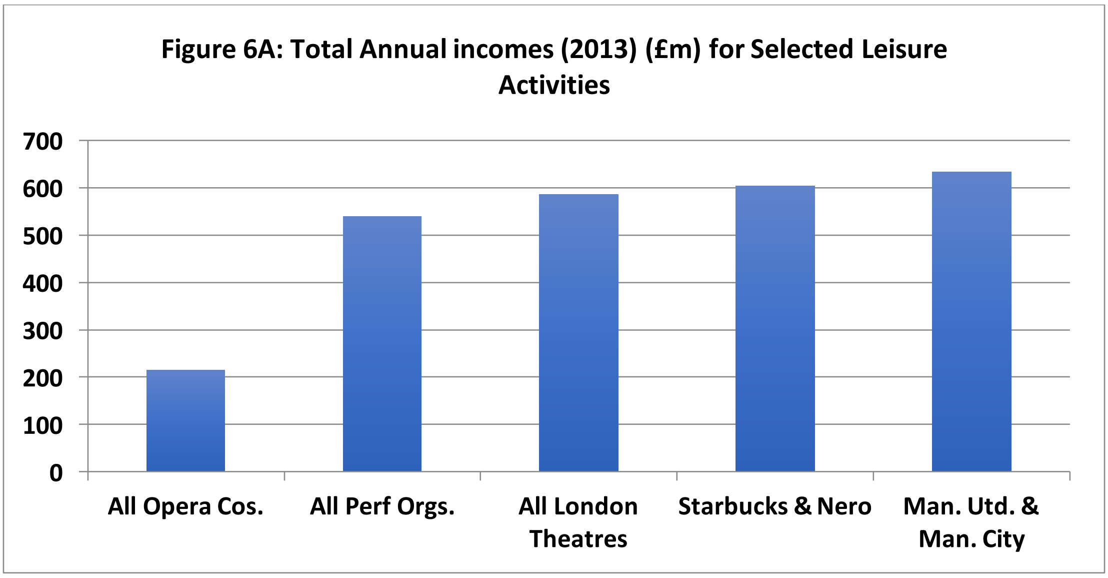
The significance of these figures can really only be appreciated by making comparisons with other areas of the economy, bearing in mind that classical music operates only partially in a commercial market. In this section I therefore compare them with the size of the total UK economy and with alternative entertainment activities. These more detailed comparisons have involved looking at the annual turnovers in 2012-13 of a selection of other organisations or activities competing for the same leisure time and money. It looks at both the total expenditures and the per capita spending (based on the total UK mid-year 2013 population of 64,105,700).

Firstly, at the macro level, UK GDP in 2013 was approximately £1,576.94bn in current prices. The entire classical music economy including both performing and other activities therefore accounted for about 0.063% of GDP, the six main types of performing organisation 0.034%, and opera companies alone 0.014%. By way of comparison, the National Health Service, which is the largest areas of UK government expenditure, accounted for 8.1% of GDP, and the DCMS-ONS

[53] Clarificatory meetings were sought, unsuccessfully in the case of one organisation in 01/2015 and leading to an instructive discussion in 02/2017 in the case of another

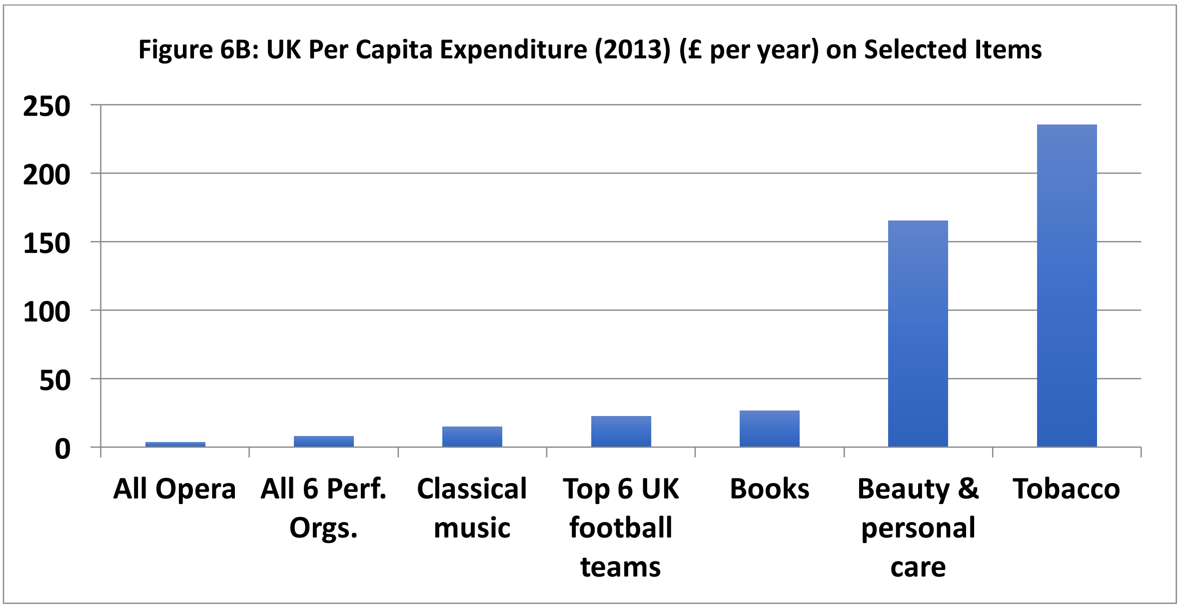
report referenced above estimated that the creative industries as a whole accounted for around 5.0% of the total economy (but calculated on a GVA basis). This indicates that classical music is barely a rounding error in the UK's economic statistics.

The paragraphs that follow contain more detailed comparisons of income and expenditure in 2013 for a number of leisure activities. Figure 6A compares classical music with all London theatres, two prominent coffee shop chains, and two football teams. This shows that the entire annual income of all classical music performing organisations is around the same as that of Starbucks and Café Nero combined, or of Manchester United and Manchester City combined.



Sources: SOLT, Company Accounts, Key Note, Mintel, Deloitte, AF research

Figure 6B compares annual per capita expenditures for different types of leisure products. Per capita expenditures on opera (£3.97 p.a.), all 6 types of performing organisation (£8.45), and all forms of classical music (£14.94), are very small compared with just the top 6 UK football clubs (£23.26), books (£26.77), beauty and personal products (£165.35), and tobacco (£235.55).



Sources: Company Accounts, Key Note, Mintel, Deloitte, AF research

It would also be instructive to analyse the amount of income per audience member in total and by source. Unfortunately data on UK audience numbers are mostly either not available or not reliable: the published reports of some music organisations contain detailed figures for the numbers of performances and attendees for each area of activity, some provide grouped totals, and some say nothing at all. In addition, they often mix different types of activity, such as opera performances, recitals and education & outreach, with the last of these typically being very prominent in view of its links to government and donor funding. Each of these activities, as well as their associated venues, have different income dynamics: for example, a downscaled daytime outreach performance in a school clearly has different cost and income implications to a main-stage evening performance in a major venue, and a simple aggregate income or cost per capita can capture none of this subtlety.

Although it has therefore not been possible to obtain and analyse detailed data relating to audience numbers, an indication of the range among major companies alone can be seen from the figures given by two of the most transparent organisations. The income/ expenditure per audience member for the Glyndebourne Festival was £239 in 2013 (Box Office: £164), for Glyndebourne Touring it was £87 (Box Office: £38), and for Welsh National

Opera £153 (Box Office: £26). If the average ticket price were, say, £25, the number of tickets needing to be sold to generate the total classical music Box Office revenue of £173.2m (analysed in Chapter 7) would be about 7 million. By way of comparison, the total attendance in 2012-13 for UK Premier League football was 13.654m[54], and the number of people attending performances by the Royal Opera during the entire year is about the same as the weekly numbers attending A&E in NHS England (377,036 for the example week ending 18 January 2015)[55].

In summary, spending on classical music is very small compared to the rest of the UK's economy as well as some other leisure activities. Those concerned about artistic culture might regret this, although it may be expected in a consumer culture. Commercial or market value is, however, only one aspect of understanding the business of classical music and the different values which its stakeholders (musicians, audience, administrators, donors, etc.) derive from it.

6.5 Costs of contemporary opera: Overview

Although the financial accounts used to establish the size of the industry and its segments are not detailed management accounts, it is clear which are the main areas of costs for classical music organisations. The relative importance of these costs and their determinants was confirmed during my interviews. Broadly speaking these costs are: (1) musicians, including conductors, orchestra, chorus, and soloists; (2) venues, including buildings, their maintenance, ushers, etc.; (3) development, fund-raising, marketing, sales, and ticketing; (4) administration and other overheads. In addition to these four items, opera has three other main cost areas: (5) sets, props, and costumes; (6) the production team, including director, designers, costumiers, and other

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54 http://www.espnfc.com/barclays-premier-league/23/statistics/performance?season=2012, last accessed 09/08/2017

55 Figures for NHS England from http://www.england.nhs.uk/statistics/statistical-work-areas/ae-waiting-times-and-activity/weekly-ae-sitreps-2014-15/, last accessed 09/082017. Disaggregated figures for the Royal Opera are not available for 2012/13, but opera attendance in 2008/09 was 371,647

performers, such as dancers and actors; and (7) the technical team covering lighting, construction, etc.

It was noticeable that most interviewees with whom cost and cost structure were discussed tended spontaneously to focus on the same few items of soloists and sets. The reason for this is likely to be that these were the ones on which they are/were in a position to have an immediate effect, whilst the other costs were largely beyond their control, at least in the short-term that dominated their working time-horizon. In effect this is the distinction between fixed and variable costs, although few termed it as such, and the precise scope of this classification will depend on the specific organisation. Furthermore, it is instructive to note that this list of costs has not changed significantly from what would have been applicable decades or even centuries ago, even if the underlying technologies have changed substantially. This is one of the factors that distinguishes live classical musical performance from most other industries: a mythical operatic spectator from the 18th Century entering a contemporary opera house might well feel quite at home, apart from the electric lighting and toilets; the same could not be said of a customer entering a modern office, factory farm or school where the technology and behavioural practices have changed dramatically (Brynjolfsson & McAfee 2014; Frey, C. B. & Osborne 2013).

Whilst the simple enumeration of costs set out above may be of some interest and will be covered further in the paragraphs that follow, what is more important is how these costs are determined – and whether they can be controlled. In the case of an operatic production, four main determinants of costs were identified during interviews, namely: (1) The nature of the musical work; (2) Performing practices; (3) Number of performers and their pay rates; and (4) Audience size and performance space. The following sections will therefore look at the issue of costs by discussing how the costs are determined based on characteristics identified from both business practice and interviews.

6.6 Costs of contemporary opera: The musical work

The first determinant of cost is the nature of the musical work, or what in business terminology might be called the "product"[56]. One head of an opera company[Int86] summed up the overall problem in telling me that "by its nature opera is large and complex, and it was always intended to be an expensive art form to increase the prestige of the people who initiated and staged it." This highlights one of its basic contradictions since it is difficult for any activity to cover its costs, let alone to make a profit, when one of its fundamental features is to display conspicuous consumption (Veblen 1899). It also illustrates the ambiguity surrounding opera's perceived elevated status since the very prestige which positions opera negatively for mass appeal "can open avenues to financial sustainability, for example via increased recording sales, concert attendance, and activities like teaching or merchandising." (Grant 2016: 339)

The inherently high cost structure of opera (and to some extent orchestral music) is compounded by the fact that there is no standard operatic performing product. The number and variety of singers and players required for a work have grown dramatically during opera's 400-year life, and can now vary from a handful to several hundred. In part this reflects differences that have developed during the life of the art form for social, artistic and even nationalistic reasons; it has been argued, for example, that when opera was less than half way into its lifespan the [Parisian] "Opéra as a national institution … performed works representative of a style or an aesthetic identified with its own country and was thus the home of "French" opera (as opposed, for instance, to Italian), an idea explicitly problematized in the various musical quarrels that took place throughout the eighteenth century in France" (Darlow 2012: 23). This contrasts with, say, musicals, where a contemporary French (e.g. by Schönberg & Bloubil), American (e.g. Sondheim), or British (e.g. Lloyd Webber & Rice) work have to some extent adopted a similar international style and resourcing.

[56] The precise definition of 'the product' is a matter of judgement. I have usually treated it here as being the live performance of a musical work, or as the generic work, but in an age of streaming and mash-up this has become more complicated

Even if the 'target market' for opera's different products is largely the same (thus reducing marketing costs) the 'product variation' between, say, 17th Century and contemporary opera makes it difficult for an opera company to employ the appropriate number and mix of staff unless it relies largely on a freelance workforce – with the resulting potentially (allegedly?) adverse impact on quality. More specifically, if an opera company were to employ full-time all the staff required to perform a major opera by Wagner or Strauss which might involve up to 200 musicians, these musicians could then be idle when the company next performs early operas by Monteverdi or Gluck, or even a small-scale Britten opera which might involve a total complement of fewer than 30 musicians. As at least two managers at large opera houses[Int72, 98] related to me, it can be a nightmare trying to schedule and roster a season just to make sure that, for example, male and female choruses rehearse and perform more or less full-time but are neither too busy to perform effectively nor too idle to be a cost burden despite differences in repertoire requirements – and that is just one element of the logistics. It is also a factor from the point of view of opera's management in the move towards outsourcing many artistic staff, as discussed below.

The contemporary opera house administrators interviewed confirmed that this problem is an important feature of their planning in terms of the numbers of staff required and their detailed deployment, together with the scheduling of particular programmes. As one communications manager[Int71] commented, a major opera house is like a "factory churning out its shows day after day" and has to try and operate as much as possible in that mode otherwise it will rapidly go out of business. As he sees the situation, "artistic types often have only limited grasp of the realities of running and marketing a show" and focus far too much on artistic quality. This was a point mentioned several times when discussing the difference between artistic and business/ marketing considerations, but the gap between financial/ marketing and development/ production staff is a feature common to many businesses as well as a trope long discussed in business literature (Shapiro 1977; Tett 2016).

The industrial analogy is appropriate in terms of the high level of organisation and strict processes that an opera house requires, although arguably it underestimates the complexity required to handle the variety of "raw material" and "product" in a volatile artistic and labour market. One Northern European opera house manager[Int98] deplored the inefficiency both of having to employ too many full-time expensive singers without the performance output to justify it, as well as the fact that they were often not even the appropriate singers for the parts required at any one time. Set against this is the advantages that may result from a team accustomed to working together, although one former administrator[Int96] pointed out that the trait of an opera house being "a very close family of people … [was] … both an advantage for organisational commitment and a problem if, for example, you wanted to get rid of anyone".

This is linked to the awkward trade-off between costs and quality. Several interviewees[e.g. Int23] pointed out that there was no direct relationship between money and artistic quality, citing examples of productions (with at least some of which I was personally familiar) that were on the one hand expensive and bad, and on the other hand cheap and good. There was also a feeling expressed by several, but definitely not shared by all, that employing a permanent ensemble – comprising orchestra, chorus and some singers – was more likely to result in higher quality because the ensemble would be familiar with the works, the house style, and so forth. These people did admit, however, that temporary or project ensembles can still achieve high quality, especially under festival conditions. This supposed distinction between permanent and temporary groups, or an 'in crowd' and an 'out crowd', is of course a common feature in many areas of business and society and has both positive and negative aspects (Cottrell 2004: 92-94; Whitbourne 2010).

Traditions of both freelance and full-time employment have existed throughout opera's 400 years, as was mentioned in Chapter 4: the fully-employed court musicians of the 17th Century have their modern counterparts in full-time salaried orchestras of the 21st Century, although in a country like the UK there are only a few of these such as the largest opera house orchestras and those funded by the BBC. Similarly, the freelance musicians employed for a *stagione* season or a one-off opera performance by a typical 19th Century entrepreneur are matched by modern "scratch-band" musicians or by the employment by an opera company of an orchestra or other musicians for a limited series of performances, as is the case most obviously for Festivals such as Glyndebourne and Bayreuth.

This question of whether to employ musicians (orchestral players, chorus and ensemble singers) on a full-time basis as part of a permanent ensemble or to contract in only for particular operas or concerts came up repeatedly in interviews, and as was shown in Chapters 3-5 has long been a recurring motif in the opera business. There is still quite a diversity of opinion on the issue nowadays. One musician[Int33] declared unreservedly that its demise in the UK had led to a significant decline in quality and threatened long-term artistic goals. A German opera administrator[Int78] described the ensemble tradition there as "very important" and "a key part of the German system" because it provides the opera companies with access to more cost-effective resources. In contrast, one former head of several international opera companies[Int88] commented that it had "fallen apart of its own accord" as in general singers and managers preferred to have their freedom since it gave greater and often more lucrative opportunities to the former and avoided the latter having to miscast singers in roles to which they were not suited. A player/administrator[Int90] described it simply as a fact of modern orchestral life in the UK where many players are on an orchestra's playlist but are self-employed, work for several ensembles and are drawn down as required. It is also a feature of much of business life in the 21st Century, although few interviewees themselves volunteered the parallel even if most (but not all) recognised it when prompted.

At the top level this move away from regular local ensembles has encouraged a group of highly mobile celebrity names, or at least has extended their numbers and their reach since

> Winner-take-all markets are hardly a new phenomenon. The renowned British soprano Elizabeth Billington, for example, earned between £10,000 and £15,000 in the 1801 London season .... And yet the technology of Billington's era imposed sharp limits on her ability to reach broader audiences. What is new is the rapid erosion of the barriers that once prevented the top performers from serving broader markets. In the music industry, the driving force was the arrival of breathtakingly lifelike recorded music (Frank & Cook 2010: 45).

Outside major metropolises this can be seen in the gradual disappearance of local ensemble theatre in the UK and more prominently in the internationalisation of football teams and the enormous disparities in income levels between star performers and the rest (Christiansen 2015; Ellis-Petersen 2015; Lebrecht 1996; Szymanski 2015). At the institutional level, it parallels the accumulation of capital and influence by a few companies with the resources to pay higher salaries to a few administrators and others (Autor et al. 2017), as evidenced in opera by the fact that the top six UK opera companies account for 87% of expenditure, and the top ten 93%.

Another UK opera administrator$_{[Int72]}$ of a medium-size house who had been responsible for “downsizing” the chorus, orchestra and ensemble, was similarly emphatic that not only did this lead to a significant cost-saving with no adverse impact on quality, but most musicians preferred the freedom of freelance arrangements. Between these two extremes of opinion about the disappearance of ensembles in the UK, a singer$_{[Int80]}$ described it as “not necessarily a bad thing or bad for singers’ careers”, although this may depend on whether one’s perspective is that of a standard or a star singer. Along similar lines, an executive from a regional orchestra$_{[Int18]}$ saw these kinds of changed practices as realistic, criticising purely artistic considerations such as an “obsessive focus on quality” that obstructed more efficient and realistic working practices.

All major opera houses and orchestras employ most of their players on a full-time basis, as well as many chorus and solo singers, although some (e.g. the Royal Opera Covent Garden, the New York Metropolitan, the Bayerische Staatsoper) have substituted young singers employed on short-term “young artists" schemes for the older and more experienced full-time employees who used to sing minor parts. This was a feature which some interviewees saw as partly analogous to the use of lowly-paid corporate interns disguised as valuable working experience. Furthermore, there are also exceptions to the practice of full-time employment. These include the Dutch National Opera which uses outside orchestras (and under Pierre Audi has nevertheless managed to maintain quality), Vienna which shares the Vienna Philharmonic which in turn performs opera in other locations such as the Salzburg Festival, and other short-term festivals such as Glyndebourne which uses the London Philharmonic and the Orchestra of the Age of Enlightenment.

Some interviewees had considered various alternative configurations for using orchestras. Some in the UK, for example, questioned whether the BBC – as the largest single funder of UK classical music apart from the Arts Councils – really needed to operate its own orchestras or could simply fund/ distribute/ broadcast a wide range of concerts by other orchestras. This "could well be cheaper and more efficient and in line with contemporary outsourcing trends" but had been "among the key issues dodged by the [June 2012 BBC] Performing Groups Report" (Myerscough 2012)[Int100].

Two non-London UK opera administrators[Int55,131] pointed out that geography was a crucial factor to be considered in this context: contracting musicians for particular performances was easy in locations such as London, Manchester or even Glasgow, but it was really not practical for a company headquartered in less populous and musically-endowed cities. Welsh National Opera (WNO), for example, compromises slightly by employing a reasonable complement of musicians (chorus 40, orchestra 55), and contracts-in additional personnel only for the bigger operas. It also arranges concerts periodically to try and ensure that its musicians are more fully utilised, which helps to avoid the problem of scheduling diverse resources discussed in the previous section.

There is an important point about social geography underlying this. Although it is convenient to talk about the US, UK or German music environments, in practice there are sub-markets within these categories. In contrast to Germany, for example, where more than 80 towns have some sort of opera company, in the UK there are really only four (London, Leeds, Cardiff, Glasgow). Whilst a London-based company should "arguably consider using different orchestras" for its work, this is a more difficult decision for a provincial company and "some of Scottish Opera's problems started when it established its own orchestra and started to incur higher fixed costs"[Int131].

This discussion illustrates a more general point. Whilst many of the specific characteristics of opera and classical music (e.g. uniformed musicians or horse-shoe opera houses) remain unchanged, like any industry their underlying business and social practices have to adjust to their environment. In this case, for example, zero-hour contracts and other forms of part-time employment have become more common in the wider economy over the last generation (Cowen 2013; UKONS 2016) and musical ensembles have not been immune to this trend. So although most mainstream opera and orchestral companies still employ full-time musicians, many of the services are now "outsourced" as has happened in other industries seeking to take advantage of opportunities to reduce overheads and save other costs.

In the case of opera, this outsourcing has been not just the obvious services such as making props and costumes and providing bar facilities, but also a larger proportion of singers and other musicians who would previously have been full-time employees. This appears to be reflected in the change in the cost structure of an organisation such as the Royal Opera House Covent Garden where the percentage of total turnover accounted for by the payroll costs has fallen in the last quarter of a century from 57.2% in 1987/88 to 42.8% in 2014/15[57] for almost exactly the same number of full-time employees, but a fall in the number of Royal Opera employees of nearly 25% (from 119 to 90). As with other areas of business, this seems to be an instance of how a single

[57] 1988/89: Gross Expend.: £31.544m; Payroll Costs: £18.046m; F-T employees: 1,053. 2014/15: Gross Expend. £124.483m; Payroll costs £53.321m, F-T employees 1,057. Financial figures in current prices

organisation or industry can "externalise" some of its costs by outsourcing: it can achieve financial savings itself whilst leaving the wider society and economy to bear the resulting social and human impact.

Analogous to the savings which (in theory) result from not employing a permanent ensemble, organisations without a permanent home – such as touring opera companies – could potentially have a financial advantage. This results from touring opera or orchestras avoiding the substantial fixed costs associated with a permanent theatre, although they still have to negotiate a range of issues with their receiving theatres, such as the allocation of financial risks, retention of revenues/profits, and access to customer data to enable more sophisticated marketing. One touring opera administrator[Int69] complained about the difficulty of obtaining mailing list data, and another[Int104] fretted about the risk of not receiving a show's receipts until well after the performance date – or possibly never – even though the costs were incurred up front. This problem is not unique to opera: a person involved in musicals[Int116] cited an example of a long-running and successful musical that was eventually forced to close after being unable to agree terms with a theatre owner.

Furthermore, the touring opera administrators[Int55, 69] interviewed mentioned that touring can be a logistical nightmare because of the numbers of people being moved and the associated travel and accommodation problems, the different sizes and technical attributes of the receiving theatres, and the handling of scenery and props. Although many major opera companies used to tour, including notably the New York Metropolitan Opera, most discontinued the practice during the second half of the 20th Century. There are still a few touring companies in continental Europe, such as Nederlandse Nationale Reisopera, Belgium's Muziektheater Transparant and low-cost groups from the ex-Soviet bloc. Otherwise touring opera is now particularly (but not uniquely) a British phenomenon – a tradition associated in the past with companies such as Moody Manners, Carl Rosa, and D'Oyly Carte, and continued by Opera 80/English Touring Opera, WNO, and Scottish Opera as well as several smaller companies.

The classical music recording market does not suffer from the same problems of product variety or whether to employ full-time ensembles since musicians are assembled for each recording session or live relay, although interestingly at the other end of the chain from production it has usually followed a practice of marketing different types of music at a standard price regardless of their often widely different production costs, e.g. selling all types of CD for £15 even though the cost of a single pianist is considerably cheaper than that of a full orchestra with soloist and conductor, and durations can vary by 20-30 minutes. That said, recording has its own issues relating to copyright, streaming and other technical and social changes, as discussed in Chapter 1.

6.7 Costs of contemporary opera: Performing practices

The second major factor determining costs is performing practices. Mainstream opera and orchestral music were originally products of the pre-industrial era. Whilst technical change has enabled improvements in areas where those changes are essentially direct substitutes (e.g. electric rather than candle lighting), in most other respects the tradition has proven resistant to changes that would have the most significant impact on cost effectiveness. This is particularly the case for labour costs, as discussed in Chapter 1 (Baumol & Bowen 1966).

One obvious technological example is the use of amplification. Opera's resistance to microphones and amplification limits both the 'productivity' of singers (who can sing in perhaps only three performances per week when performing acoustically) and the number of customers who are able to attend each performance while still being able to see and hear the performers. In most modern opera houses, for example, the same opera will not be performed on successive nights unless there are two casts for the main roles (and even that is uncommon), and there are few if any contemporary venues that accommodate an audience of more than 4,000 without electronic enhancement. If anything, the few venues that use amplification to reach a larger audience, such as Bregenz and Verona, and the spread in broadcasting performances to cinemas, seem so far to have had the effect of making live acoustic performance more distinctive rather than generating any acceptance of more technology in the opera house itself.

Notwithstanding the potential commercial advantages of electronic enhancement, one opera company head[Int86] explained that the largest opera companies are reluctant to go down the route of using amplification, or for that matter other simplifying techniques such as shortened versions or reduced orchestration, for three reasons: "once you start down that route there is no clear end"; it could result in "depriving future generations of their opportunity to see major full-scale works"; and it would be "removing a large part of what makes this particular art form unique". Another former opera house head[Int60] was of the view that this conundrum is unsolvable since, even if you have a much larger opera house, the problem remains that "there are simply not enough people who want to see the stuff" so it would make no difference if these conditions were to change.

This constraint does not apply to musical theatre since amplification enables even the weakest voice or smallest live orchestra to be projected throughout large venues. Indeed it is their contrasting performing practices and not just the preferences of larger audiences that result in many contemporary musicals generating substantial profits. One interviewee used a similar industrial analogy to the opera communications manager mentioned above[Int71, but applied it to a production rather than just an institution. He compared musical theatre to a production line where everything, including musical practices, is rigorously planned and then repeated up to 10 times per week often for months or even years on end and often also with the same cast since their voices are not stretched by the need to project, particularly for an extended period. Amplification alone is not a panacea, however, since one person[Int147] involved with musicals argued against the view that amplification "makes it less exhausting for singers of musicals [since] each show can be very tiring …

singing in a show is very stressful on their voices, and they certainly can't sing if they have problems like colds."

Nevertheless, this "manufacturing" approach does offer the opportunity for economies of scale, which other industries have found key to reducing the average cost and increasing the marginal revenue obtainable from the larger market which can thus be served (Landes 1998: 283). This is such a critical issue to achieving efficiency in resources that I discuss it at greater length in Chapter 9.

6.8 Costs of contemporary opera: Labour

The third cause of costs relates to labour, or more specifically the number of performers (and support staff) and their pay rates. As noted in Chapter 3, a large number of the operas most commonly performed nowadays were written prior to the 20th Century when (a few star performers aside) labour was still relatively cheap, both in the wider economy and in the musical sector. The importance of this is highlighted in most discussions about the economics of the industry (Baumol & Bowen 1966; Ehrlich 1985; Towse 1997a). The forces required for a typical opera and orchestral performance grew in tandem with the larger performing spaces required to accommodate the expanding audience as music's appeal spread to a larger segment of the population and the importance of the associated ticketing revenue increased. These numbers peaked in the early 20th Century at precisely the time when pay rates generally increased (Ehrlich 1985), thus disrupting the delicate cost balance. One orchestral administrator[Int36] commented that for this reason, unless they confined themselves to a very narrow repertoire, orchestras are "stuck with a structural deficit".

The financially adverse trends associated with increasing labour costs have continued throughout the 20th Century. The addition of on-costs (insurance, pensions, etc.), unionised working practices (e.g. 3-hour sessions with intervals), and other factors affecting the wider labour market have all also impacted the musical economy.   As the same orchestral administrator commented, the resulting paradox is that every concert makes a loss, the corollary of which is that the most financially efficient orchestra would be the one that performs no concerts at all! The financial manager$_{[Int29]}$ of a regional symphony orchestra confirmed the sentiment, commenting that losing money is a given – it's just a question of how much will be lost.

There appears to be a popular perception that "overpaid" star singers and conductors are an important factor in the poor financial situation of classical music, although few people probably have any idea of how much different musicians earn and perhaps imagine that Katherine Jenkins or Andrea Bocelli are typical. The alleged high fees of singers are a complaint that stretches back hundreds of years including even to Adam Smith, whose observation in 1776 on the 'exorbitant rewards of opera singers' is quoted by Rosselli in his analysis of 19th century singers' fees (Rosselli 1992a: 114-16). Elizabeth Billington's supposed fees of up to £15,000 in 1801 (Rosen 1982: 857) [just over £1m in 2016 per BoEIC] would scarcely raise an eyebrow in the music industry of the 21st Century, any more than would Senesino's fee of Th. 7,000 [c. £190,000 in 2016] (Rosselli 1992a: 123). In their times, however, these singers were examples of what came later to be called "the economics of superstars … wherein relatively small numbers of people earn enormous amounts of money and dominate the activities in which they engage" (Rosen 1982: 845).

This divide has been further explored by other economists (Frank & Cook 2010), as well as by more popular writers on classical music such as Norman Lebrecht who wrote that "the Three Tenors were touring the world for a million bucks a night [while] musicians in the orchestra that accompanied them took home a hundred and twenty dollars and a rain-soaked t-shirt" (Lebrecht 1996: xvi). To be fair, however, Lebrecht also offers a more balanced perspective: "Domingo, when he sang for the masses, made no bones about his motives. 'In some of these performances we can make real money', he said, 'because in opera we don't.'" (Lebrecht Ibid.: 274).

There is some evidence to support the popular perception of this skewed income distribution. One reporter claimed that "In London, the resident conductor for a major symphony orchestra receives £25,000 per concert. Rank-and-file players, meanwhile, typically earn £107 for a rehearsal and concert"(Ibbotson 2009), which is possible since even in 2017/18 the freelance concert rate for a 3-hour session as negotiated between the Association of British Orchestras and the Musicians' Union for an ordinary player ("tutti") varies from £98.80 to £124.40 according to the type of orchestra[58]. A recent PhD thesis on LSO Live says that a conductor could receive 30% of the profits on an LSO Live recording (Aguilar 2011: 86), and anecdotally one administrator$_{[\text{Int93}]}$ of a small European opera company commented that conductors' fees were way out of proportion even when playing with small ensembles.

Based on an analysis of data from US IRS Form 990 (the US Internal Revenue Service public form with financial information on non-profit organisations), the website Adaptistration[59] reported that the salaries of US music directors in 2012/13 varied from $101,200 (Toledo Symphony) to $2,728,671 (National Symphony) with an average of $532,823. Comparable figures for orchestras are not available for the UK, although the highest paid employee at both the London Symphony and London Philharmonic (not necessarily the Music Director) received £180,000-£190,000 in 2015/16, and the Music Director of the Royal Opera House Covent Garden received £737,424 including performance fees in 2015 – considerably less than his nearest counterpart in the US where the Music Director of the New York Metropolitan Opera was reported by Bloomberg to earn $2.1m in 2010. More telling perhaps is that the fees for all the (c. 80$_{[\text{Int52}]}$) London Philharmonic orchestra members together (£4,229,510) were only 3.5 times higher than those for the conductors, soloists and choir (£1,220,623).

58 http://www.musiciansunion.org.uk/getattachment/d94f9675-85a4-431d-9d3d-e869afa5d13e/ABO-MU-Agreement.aspx, last accessed 04/09/2017

59 http://www.adaptistration.com/blog/2015/06/24/2015-orchestra-compensation-reports-music-directors/, last accessed 11/08/2017

Leaving aside the question of how these amounts compare to similar positions in the wider economy, no interviewees complained about star fees and many pointed out that things were not so simple for several reasons. Firstly, most stars had had to invest many years with little or no remuneration while training and subsequently earning low pay before achieving their more prominent status (although that is also true of nearly all musicians including those who never 'make it'). Whilst many professions have the same problem, for opera singers especially the period of time before 'pay-off' can be very long, if it ever comes at all. Unlike, say, doctors, there is no guaranteed job at the end of the process for singers; and unlike, say, footballers, there is no mechanism comparable to being dropped from the team that might encourage the less fortunate to go elsewhere; and unlike, say, actors, there is a much more limited career span. These issues relating to training, investment and the associate benefits, have received important academic attention (Cottrell 2004; Towse 1993: Chap.2).

Secondly, interviewees pointed out that star names resulted in increased attendance and revenues so they would usually pay for themselves. Most therefore seemed to accept the economic reality of star names, particularly since they generally respected their skills. The only recurring instance of complaint was regarding the growing practice of importing star-name film directors for opera where their skills were perceived to be lacking. Thirdly, the bigger the star, the more the person needed an expensive retinue to support their increasingly complex activities. Finally, in the formal music world there were agreed limits on star fees. For example, Peter Gelb, the General Manager of the New York Metropolitan Opera is on record[60] as saying that major opera houses have an agreement to pay a singer a maximum of $17,000 per performance.

Most interviewees confirmed this type of quasi-monopsonistic or cartel-type agreement, such as one German administrator$_{[Int78]}$ quoting a maximum of

[60] BBC Radio 3 Music Matters, 07/06/2014

€16,000 per non-Festival performance, although some indicated evidence of 'cheating' [i.e. breaking the agreed limits, if only by providing a series of 'perks' such as rehearsal and travel payments], and one particular administrator was criticised for signing up to and immediately ignoring the limits. Orchestras in the UK have tried a similar arrangement, according to one orchestral administrator[Int36], but again one orchestra broke ranks and it has never been revived. Whether such agreements would be permitted in a 'normal' market is a moot (or legal) point, but classical music is not a normal market.

Most of the administrators seemed relatively happy with this current situation, although that is less true of the musicians in the UK, a large number of whom have to survive on the basic Musicians' Union rates. Even a soloist for most opera companies in the UK might struggle to earn more than a few hundred pounds per performance ranging up to the low thousands for a major role in special circumstances (as against, say, some €3,000 for a minor role for a freelancer in a major German opera house[Int151]). Several interviewees pointed out that the top names rely on one-off or private concerts for their real earnings, which they say could range from $50,000 to $100,000 per performance. These performances might take place at larger venues such as the Royal Albert Hall, or at large private parties held by the wealthy.

This sort of figure contrasts with the starting salary of a young singer in a small German ensemble which one interviewee[Int78] said could be as little as €25,000 per year, which for reference is below the average British wage. Furthermore, festival operas such as Glyndebourne and Bayreuth, as well as small-scale companies such as Birmingham Opera Company and countless independents, are known (by both repute and admission during interviews) to pay below the fees that major opera houses pay because of the pleasure or prestige attaching to performing there. There are scales within these other opera houses themselves[Int148] and all but the smallest would comply with Musicians' Union or Equity rates. The situation can perhaps be summed up by a quote attributed to the Welsh bass-baritone Bryn Terfel[61] confirming the earlier comment by Domingo, "People think top singers are overpaid, but opera houses have a top fee, which is a good thing. Of course concerts are different – everyone wants to make as much money as possible."

Another issue relating to labour costs that was mentioned during several interviews was "the entrenched agreements with orchestra, chorus and technicians which inhibit any changes to working practices" and leave opera houses in particular "stuck with outdated practices"$_{\text{[Int85].}}$ This issue is partly a question of one's personal viewpoint and is not unique to opera. Although it was pointed out that in the case of classical music it is public money that is supporting these practices, some interviewees responded that these agreements also affected the staffing of commercial West End musicals which, for example, are often unable by virtue of union agreements to reduce the number of musicians in a show once its run has commenced$_{\text{[Int147]}}$.

Another more recent adverse trend from the financial point of view which affects the wage bill is the growing expectation that opera productions in particular, as well as classical music performances in general, will be staged in uncut (and thus longer) form, and in the case of opera in a stream of new productions with more superior acting as well as singing. As discussed in Chapter 9, this desire for many different and sophisticated productions is highly inefficient since it requires more rehearsal time – again leading to higher costs. Nor do soloists necessarily benefit financially since interviewees confirmed that full payment for all rehearsals is rare, as against, say, one performance-equivalent payment for all rehearsals, or three performance-equivalents in some German houses. Some newer operas – particularly from prominent composers such as Britten – often use many fewer musicians (so are sometimes characterised as 'chamber operas'), but the majority of works staged at major opera houses still require a much larger number of performers whose costs have increased dramatically. The trend for Historically Informed Performances (HIP) may also have contributed to the problem by increasing the number of

[61] http://www.azquotes.com/quote/1012260

special instruments and lengthening performances in line with practices from eras with a different concept of leisure time and fewer leisure alternatives, not to mention very different cost structures.

6.9 Costs of contemporary opera: Audience size and performance space

This leads onto the fourth determinant of costs, namely the associated issues of audience size and performance space. As was discussed in Chapter 4, the size of performing spaces has increased very significantly from a room at a royal court that might accommodate only a few dozen people in the 17th Century to the Metropolitan Opera in New York with places for a seated audience of 3,800 or the occasional open-air venues such as the Arena di Verona which holds over 15,000 people using a sound system (K-array 2010).

The need for larger venues has been driven in part by audience requirements. Whilst a larger audience naturally means higher revenues, it also requires the expanded musical forces just mentioned, as well as a larger administrative and service workforce. Although the *marginal* revenue from an additional customer may exceed the *marginal* cost, customers cannot be added *ad infinitum* and the *average* cost per customer already far exceeds the *average* revenue that can reasonably be raised from that customer (Heilbrun & Gray 2001). Performers, administrators and audiences are all reluctant to reduce their expectations in terms of either artistic standards (completeness, size of forces, quality, venues) or general services (ticketing, ushering, etc.) – but then the practical audience size and venue become limiting factors. For non-commercial performances enabled by governmental or philanthropic subsidy, the marginal cost of an extra performance can exceed the marginal revenue, thus making extra performances uneconomic despite demand in the absence of a significant increase in ticket prices[Int52].

For all the reasons already mentioned (venue size, amplification, etc.) these opportunities to increase efficiency have been largely unavailable to *live* classical music. As one opera house administrator[Int58] commented during interview, with performers and administrators numbering some 300 servicing an audience of no more than 2,000, the "performer:audience ratio is absurd – but that's the nature of the art form".

Many of the people interviewed were pessimistic about the potential to increase the size of the audience, given the problems already encountered in filling existing venues. Their reasons included "internal" factors such as repertoire, productions, ambience, and pricing, and "external" factors such as the abundance of alternative activities, lack of time, and changing communities of interest. There was a view expressed by several people[e.g.Int25,72] that the ideal size of an opera house was somewhere between 1,200-1,800 seats – sufficient to accommodate a reasonable size of paying audience, but not too big either to remove any sense of intimacy or to struggle to fill with paying customers. This is an artistic ideal, however, rather than a commercial ideal.

The situation is clearly more complicated. The Royal Opera House has had little problem filling most of its seats over the last decade, whilst ENO has often struggled, even though its capacity is only 4.5% larger (c. 2,350 vs. 2,250). The New York Met has often been able to fill its 3,800 although its average occupancy has been as low as 80% in recent seasons. The Wienerstaatsoper (2,100), Bayerische Staatsoper Munich (2,100), La Scala Milan (2,800), and Bayreuth (1,925) all claim occupancy of 95-100% - and so on. Occupancy percentages can also be a 'red herring' since it's self-evidently more difficult to fill a larger than a smaller venue in the same city, as has often been mentioned in discussions about ENO at the Coliseum. Unsurprisingly, however, the problem of dealing with expiring assets such as unfilled seats has long been a subject of discussion in industries such as airlines (Tereyagoglu & Fader 2015).

As has been pointed out (Agid & Tarondeau 2010), the different typical sizes of the average opera house in different countries partly determines their economics. For example, the economics of opera in Germany is different, not just because of the high level of subsidy from the state, but also because the opera houses are much smaller – a feature which is good for the audience experience but bad for the economics.

One factor relevant to audience size is catchment area. Although several interviewees mentioned the question of the size of the potential audience, few appeared to have given it more than a cursory examination. One[Int87] commented that London orchestras had a potential catchment area of 20 million, and that its claimed number of 20,000 unique attenders was comparable to the 4,000 subscribers of another European city with a catchment area of 4 million. Another[Int33] commented that if Germany were the comparison, the population of London would justify several suburban opera houses, whilst a third[Int86] described Birmingham as the "biggest urban area in Europe without an opera house". This suggested that some organisations have at least considered the portions of different segmented markets that they may be in a position to or have already accessed, even if this is not at the same level of sophistication of a commercial retail or consumer goods company.

Several of the interviewees represented organisations with*out* their own dedicated performing space, such as English Touring Opera, Raymond Gubbay, Birmingham Opera Company, and Tête-à-Tête Opera. Opinions were mixed about the relative advantages of having one's own performance space. On the one hand, as has been previously mentioned, the company avoids the substantial fixed costs of a dedicated venue and its staff, and probably also a full-time orchestra and chorus, whilst on the other hand it has to deal with the problems of ensuring musical quality and consistency from temporary musicians, finding and often staffing appropriate spaces, gaining access to customer data, and surviving without ancillary revenues such as catering. Having your own space can bring these associated advantages, however, as illustrated by one (presumably envious) opera administrator[Int88] who commented that the refurbished Floral Hall provided the Royal Opera House with a major competitive advantage for "reeling in" donors.

Even community opera in local venues can be expensive to stage, as companies such as Birmingham Opera Company have found. There can also be problems with finding the appropriate hosting venues. One opera administrator[Int72] pointed out that in the days when opera companies were more temporary or itinerant, such as during the 19th Century, it was easier to secure hosting venues. Nowadays theatrical runs tend to be quite long and it can be difficult for an opera company to obtain the right space at the right time, particularly since a theatre's managers are going to want to hold onto a winning show, as is often the case in London.

Establishing audience loyalty is especially difficult for organisations without their own space, such as most UK orchestras, as against, say, London's Wigmore Hall. An orchestra manager[Int52] mentioned that they still "strive for a continuing rather than transactional relationship" with the audience, with almost the same words echoed by an opera house administrator[Int58]. The successful ones have long ago had to become much more sophisticated in their methods of raising money; they segment their audience and pursue them accordingly, in the case of one London orchestra[Int87] according to the four categories of "recency, frequency, musician and performance type", and for another[Int85] "devotees, Classic FM-ers and trendies", and for another non-London orchestra "Popular [i.e. general public], Medium, and Halo (aficionados)".

Nearly all interviewees played down the possibility of overlap between the audiences for different organisations, suggesting that geography, tribalism and habits played a part in keeping audiences substantially separate. Some would prefer a higher degree of crossover, as one concert hall executive[Int37] rued. Indeed, according to a representative from the commercial concert-stager Raymond Gubbay, the overlap between its audience and traditional classical music is less than 10%, and cited in evidence the fact that it was staging *Madama Butterfly* at the Royal Albert Hall [in February 2015] at exactly the same time as the Royal Opera was performing its production – but this was considered irrelevant since the audience crossover was small.

None of the people interviewed envisaged the possibility that significant audiences for classical music could be sustained beyond a very few special occasions, even to the level of Gubbay's annual Albert Hall performances (or the Arena di Verona, the Bregenzer Festspiele Seebühne, or Goldsmith's Arena Opera in the 1980s and 1990s), let alone to the scale of the commercial achievement of the Three Tenors series of concerts between 1990 and 2003. The Three Tenors is probably the only example in modern times of a commercially successful global classical music phenomenon, assuming one excludes musicians such as André Rieu, Ludovico Einaudi, Il Divo, and others who exist on the edge of the classical music world, although the case has been made for additional isolated occurrences such as Nigel Kennedy's recording of *Four Seasons* and the use of Ravel's *Bolero* in sports and films (Carboni 2011). Few interviewees had much direct knowledge of, or in many cases much interest in, these alternative approaches to popular classical music, let alone highly successful musicals, although they could be seen as a possible model analogous to the way that many customers are quite content with cheap standard clothes from Primark, but sometimes splash out on brand names for special occasions offering an "authentic" experience.

Making such comparisons risks downplaying the strengths of classical music and its enduring business model. There is also still a strong degree of symbiosis between the core subsidised classical music and the large-scale mass consumption model. When discussing the subject, most interviewees were of the view that large-scale performances, as well as those staged at Festival/summer opera locations, depended on the staffing, expertise and customer awareness built up and still functioning in the subsidised companies. In a 1998 interview Harvey Goldsmith even commented: "But arts subsidy is still necessary for providing opportunities to develop, behind and in front of the stage. We're in the commercial world and don't ask for subsidy, but we couldn't exist without the opera houses" (Kimberley 1998).

6.10 Coda

The prominence of classical music in national discourse belies its relatively small size quantified in this chapter. In a consumer-oriented age, the consumers themselves appear prepared to spend on classical music only a fraction of what they spend on other activities. The industry itself is stuck with a particular business model, and a corresponding cost structure with long-standing operating and working practices. The next chapter looks at how the industry has been funded, despite these problems.

Chapter 7 – The contemporary classical music business: Where the money comes from

Prelude

Chapter 6 set out the financial size of the UK's classical music industry and examined the main areas of cost from the perspectives of both the financial data and the attitudes of those working in the industry. This and the following chapter look at how classical music has been financed, mainly in the UK, since the 1940s and especially in recent years. They also use the interviews to look at the perspectives of those in the industry on its financing. After reviewing the overall situation, it analyses Earned Income in more detail while Chapter 8 concentrates on Contributed Income before making some international comparisons.

Although the data in this chapter highlight the growing importance of box office and other commercial income in the mixed funding model, contrary to popular perception this has not resulted in large increases in the lowest ticket prices. The decline in sponsorship and the change in the character of commercial income (e.g. away from recordings), coupled with the issues around state subsidy discussed in Chapter 8, are putting the income model under constant pressure

The data sources are substantially the same as those used in Chapter 7, but the analysis has been applied only to the performing organisations as the more diverse nature of the other organisations (including museums, publishing, libraries and miscellaneous education) and their more limited sources of funding would make the results open to question. Furthermore, broadcasting organisations, recorded music and music schools have also been excluded from the initial analysis below since the income of the broadcasting organisations largely comprises public sources (the BBC), recorded music income is mainly commercial (recording sales), and music schools draw their income from a range of research councils, special grants, student fees and other sources that are significantly different from the performing organisations and which would thus distort the results.

Although the Development Director of one opera company[Int124] said that his organisation counts 17 streams of income in total (and a commercial organisation might have more), many of these are very small. There have traditionally been five main sources of income for classical music: (1) Box office/ticket revenue (i.e. sales of tickets to live performances, both domestic and overseas); (2) Other commercial income (i.e. sponsorship, programmes, advertising, food & beverage (F&B), recordings, ancillary sales, etc.); (3) Donations (Friends, Trusts & Foundations (T&Fs), private donors, etc.); (4) Government subsidy (Arts Councils, local government, etc.); and (5) Other (Investments, interest, etc.). As mentioned in Chapter 5, box office and other commercial revenues are often referred to collectively as 'Earned Income' to distinguish them from the donations and subsidy (sometimes referred to as 'Contributed Income'); it is argued that the latter require much less effort by the organisation to secure or do not involve income received in return for a specific reciprocal service.

Although the distinction between Earned and Contributed Income is useful, not least because it is in common usage, it is of questionable accuracy. For example, it implies that donations and subsidy are not earned, whereas in fact the former "requires a lot of effort and exists in a sort of market"[Int119] necessitating the labour of often large teams of fund-raisers, whilst the latter requires considerable time for form-filling and interacting with officials. Earned income can be viewed as providing some financial autonomy since it is more within the control of the organisation itself and does not depend on the whims of private or bureaucratic philanthropy, and contributed income as reflecting community support since it involves voluntary contributions either collectively (e.g. government, T&Fs) or individually. Nevertheless, I will generally refer to Earned and Contributed Income since these terms are more widely understood.

7.1 Funding UK classical music: Current sources

Subject to the caveats noted in Chapter 2 concerning differences in the availability and classification of data, the sources of income to the performing organisations have been divided between the five headings mentioned in the previous section, but also where possible splitting domestic and overseas ticket sales. Ideally further analysis would be desirable (e.g. to split individual, corporate and trust contributions), but owing to the paucity of comparable data the above classifications are as specific as is possible whilst maintaining a reasonable level of confidence in the results, and any further estimates would be speculative.

The results are included in the data set out in Appendix 6 already referenced, and are summarised in the tables below. Table 7A shows the absolute figures for sources of income to different categories of performing organisation in millions of pounds sterling (£m), followed by Table 7B showing the breakdown in terms of percentage of the total in each category.

Table 7A: Sources of Income of UK Classical Music Organisations (2013) (£m)

	Opera	**Orchestr.**	**Ballet**	**Festivals**	**Choral**	**Venues**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Box Office	67.410	47.454	41.970	2.718	0.465	26.696	**186.712**
Overseas	0.0	8.161	1.434	0.127	0.0	0.0	**9.722**
Gov'nment	71.413	64.100	34.829	3.201	0.0	27.721	**201.263**
Donors	38.927	23.530	13.099	3.349	0.361	11.759	**91.026**
Commerc.	28.975	9.688	14.149	2.688	0.040	22.110	**77.651**
Other	2.237	2.528	0.852	0.329	0.016	1.592	**7.554**
ALL	**208.963**	**155.460**	**106.333**	**12.413**	**0.881**	**89.878**	**573.929**

Note: These figures match the totals presented in Table 6A

Table 7B: Sources of Income of UK Classical Music Organisations (2013) (%)

	Opera	Orchestr.	Ballet	Festivals	Choral	Venues	Total
Box Office	32.3%	30.5%	39.5%	21.9%	52.7%	29.7%	**32.5%**
Overseas	0.0%	5.2%	1.3%	1.0%	0.0%	0.0%	**1.7%**
Gov'nment	34.2%	41.2%	32.8%	25.8%	0.0%	30.8%	**35.1%**
Donors	18.6%	15.1%	12.3%	27.0%	40.9%	13.1%	**15.9%**
Commerc.	13.9%	6.2%	13.3%	21.7%	4.6%	24.6%	**13.5%**
Other	1.1%	1.6%	0.8%	2.7%	1.8%	1.8%	**1.3%**
ALL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The figures in Table 7A show that the amounts of income raised through the three categories of: (a) box office, (b) government (including Arts Council), and (c) commercial donors, overseas, and other, are relatively similar, with box office slightly below one third and the other two slightly above. Orchestral music (including venues) appears to raise a higher proportion of its income from government sources, but this is largely as a result of including the BBC orchestras. Both music venues and opera raise much more income from commercial sources, presumably reflecting the fact that all venues and most opera companies have a fixed home or building where they can easily offer F&B and other money-generating products and services.

Donations from T&Fs, corporations, and individuals amount to nearly £100m per year. Although this seems a large figure, it should be noted that annual donations by the UK public to UK charities in 2013 totalled £16.5bn (Coutts 2013, 2014). In 2013 only 3% of donations with a value in excess of £1m (totalling £91m) were to arts and culture, which is only about 0.6% of total national donations or an average of £1.40 per person per year in the UK, with proportionately more generosity to festivals and less to ballet. It would also be instructive to split this type of income between its constituent categories since the dynamics and motivations lying behind, say, corporate and individual donations and the associated dependent values are different, but there are currently insufficient data to do this.

Although other commercial income (F&B, recordings, programmes, advertising, etc.) has increased as commercial pressures have grown, it is still only the fourth largest source, and donations are some 50% higher than these general forms of earned income. Furthermore, commercial income carries the associated costs involved in any trading operation so the net income (profit) is much less than the gross income, which is the figure typically shown in the accounts and reproduced here.

The figures for venues are the least reliable. They are dominated by the three major London institutions, namely the Southbank Centre, the Royal Albert Hall, and the Barbican, whose musical outputs are mainly classical. The combined incomes of these three are £77.7m, or 85.2% of the total national venue figure shown above. The venue figures include several educated but data-light adjustments for each of these three venues to reflect assumed non-classical activities and to avoid double counting of income from resident orchestras. Also uncertain is the total for overseas donations which, given the prestige attached overseas to British cultural institutions, one might expect to be higher than £9m. This is partly because many organisations do not classify income from overseas sources separately from domestic sales.

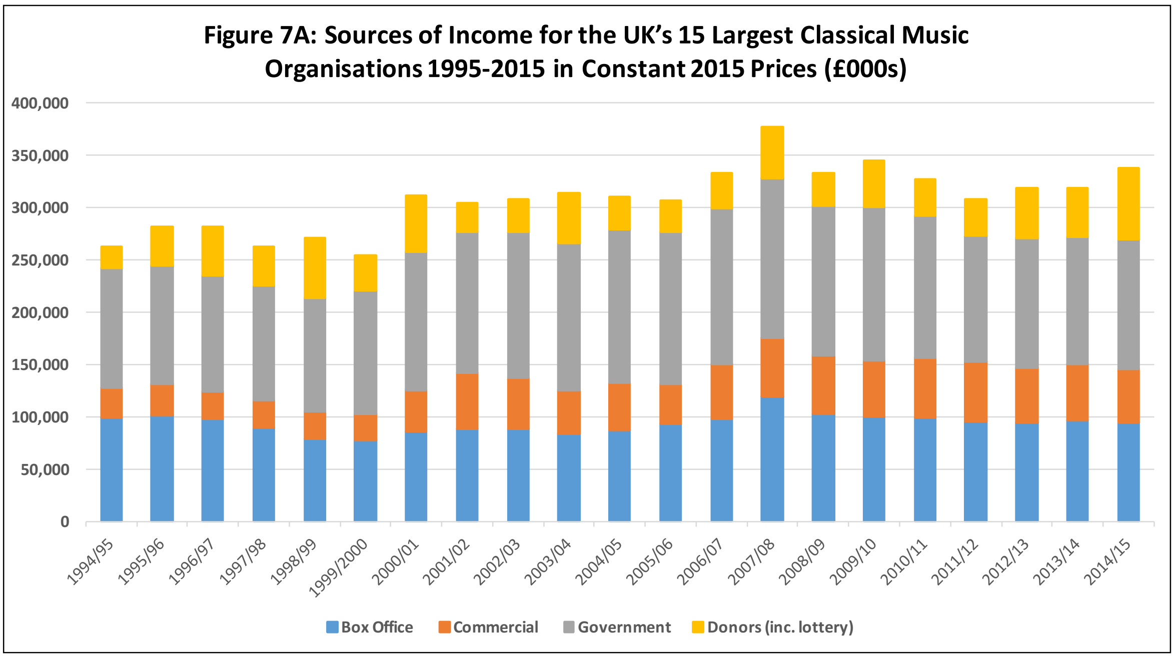
7.2 Funding UK classical music: Shift to commercial and donations

The data discussed in the previous section reflect one year only (2013), and in addition provide no information on whether the financial size of the classical music sector has been growing or shrinking. It would be necessary to collect the data for a much longer period to establish whether 2013 was typical. Even if the size of the task were to make this a practical proposition, comprehensive comparable data are not available for all years. As a proxy, therefore, I have looked at the data covering the largest 15 (by income) UK classical music organisations for the 20-year period 1995-2015 (thus including 2013) to establish how their sources of funding have changed over a generation or so.

This period has been chosen because pre-1995 data are not uniformly available. These 15 organisations comprised 5 opera companies (Royal Opera, English National Opera, Opera North, Welsh National Opera, Scottish Opera), 3 classical ballet companies (Royal Ballet, Birmingham Royal Ballet, English National Ballet), and 7 orchestras (London Symphony (LSO), London Philharmonic (LPO), Philharmonia, Royal Scottish National, Halle, City of Birmingham Symphony, and Royal Liverpool Philharmonic (RLPO)). In 2015 collectively these 15 organisations accounted for around 50% of the total annual income for all classical music performing organisations, so should provide an adequate perspective, if not necessarily statistically validated.

Figure 7A shows the absolute amounts of income in constant 2015 prices[62] in total and by each of the main sources from 1995-2015. The total income for all 15 organisations rose from £263m (£152m in current prices) to £337m, i.e. a real increase of 28% over 20 years. The distribution of this increase was rather uneven, however. While the revenues of the Royal Opera House (Royal Opera and Royal Ballet) rose by over a third during this 20-year period, the incomes of all the other opera companies increased for the first decade but then fell again and in 2015 ended at about the same level as 20 years previously. This pattern was similar for many ballet companies and orchestras with only English National Ballet, LSO, LPO, Philharmonia and RLPO experiencing real increases in their incomes. It is noticeable that all these organisations experiencing rising real incomes are London-based with the exception of RLPO which is in a unique position as owner of its own premises and thus having access to other income streams.

[62] As elsewhere, constant prices were calculated using data from the UK's Office for National Statistics and the Bank of England Inflation Calculator (BoEIC) available at http://www.bankofengland.co.uk/education/Pages/resources/inflationtools/calculator/default.aspx



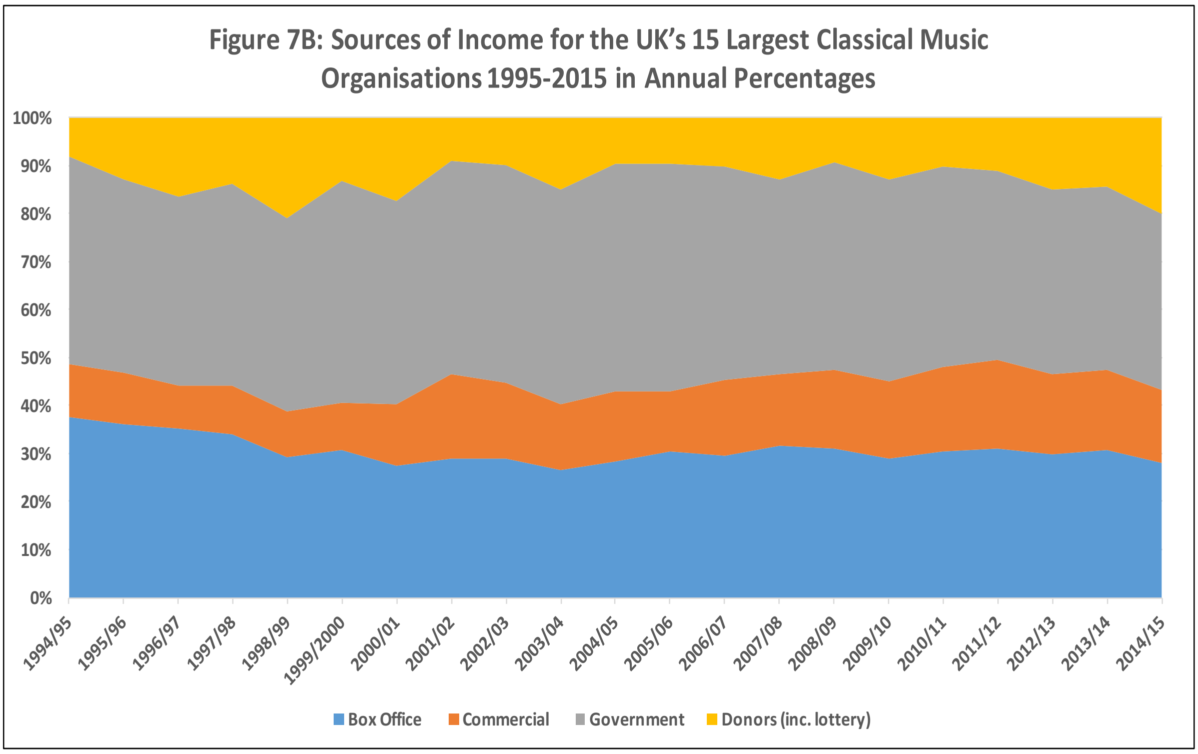
Since none of these organisations is commercial, there is of course no reason why they need to mimic private companies and constantly target growth in income or even in the scope of their activities, although that is different from the concept of 'degrowth' which has come to prominence recently (Kallis et al. 2012). There is a sort of ceiling in the incomes of these organisations, at least in the short term, which comes at the point when their audiences are at full capacity and they cannot schedule further performances without a significant increase in costs. The fact that their box office incomes have been higher in some years in the past, however, suggests that the current financial challenges do not necessarily arise as a result of hitting this short-term ceiling. In this context one is reminded of a conclusion from Baumol and Bowen's study 50 years ago that

> the financial problems of the arts will not be solved by increases in audience demand alone. Unused capacity in the arts is substantial, but even if the audience grew enough to eliminate unsold seats completely, many performing arts organizations would find that the increased revenue still fell far short of their current income gap (Baumol & Bowen 1966: 257).

Figure 7B shows the 20-year trend in the proportion of total funding for these organisations deriving from four sources: Box office and Commercial (Earned

Income) and Government and Donors (Contributed Income). Although, as described above, the total income for all 15 organisations rose from £263m to £337m (i.e. +28%) over 20 years, total box office income largely stagnated, Government grants rose from £114m to peak at £153m before falling back to £124m (a net increase of 9%), whilst commercial revenues grew relatively consistently and doubled to around £50m by 2015, although they are now exceeded by donations which rose to £44m in 2014 and over £50m in 2015.

Figure 7B shows these data as a proportion of the total for the 15 organisations rather than as absolute amounts in order to highlight the trend. Although the trend is not very pronounced, it is clear that the proportion of funding from governmental sources (including Arts Councils and local government) fluctuated between 40% and 45% from 1995 to 2011, but has gradually fallen over the last 4 years to around 37%. The income from box office (domestic and international ticket sales) has also declined from around 36% to less than 30% of the total. In contrast, commercial income (e.g. recordings, sponsorship, programmes, advertising, F&B, etc.) has grown and now accounts for around 15% of the total. The pattern of donations has been erratic, but is now running at over 15% (including not just philanthropy and Friends' schemes but also Lottery since this is a voluntary not a mandatory tax source).



The figures cannot be definitive, mainly because of different practices and levels of detail, as outlined in Chapter 2. Nevertheless, they suggest a gradual shift away from box office and governmental income towards donations and commercial. Other surveys appear to confirm this, such as a study for Arts Council England published at the end of 2016 which found that "private investment in arts and culture has grown over the last three years and the sector appears to be becoming less reliant on public funding" (MTM 2016). Thus, two decades of financial data indicate that the sources of financing of classical music are indeed gradually changing. Some organisations are weathering the resulting challenges better than others, which may reflect both their investment in development resources and the availability of local audiences and funding resources.

7.3 Earned income in the UK: Ticket sales and prices

The largest component of Earned Income is income from box office ticketing, i.e. revenue earned by providing the core service of the musical organisation promoting performances. The evidence in Section 7.2 drawn from the UK's largest 15 classical music organisations showed that the amounts raised from ticket sales at the box office had stagnated for most of those organisations and in aggregate had fallen as a percentage of total income over the last 20 years. Nevertheless, it remains the second largest source of income, and the most important item of Earned Income.

The importance of ticket sales income has varied both historically and internationally, although as a generalisation Anglo-Saxon countries tend to have higher expectations than the continental European countries in relation to the portion of funds to be raised from tickets and other earned income. Several non-British interviewees reported that this is gradually and selectively changing, however, for example in a country such as Spain after the 2008 financial crisis, even if in general the prices in continental North European halls are still typically much lower than those of the UK and the US. It might also be instructive to research further whether there exists an inverse relationship between the relative importance of governmental subsidy and of box office income. Box office takings depend on three internal factors, namely capacity, occupancy and prices. I have already commented on the first of these, and this section concentrates on the question of ticket prices.

Not surprisingly, ticket pricing is one of the most vexing issues for all the organisations interviewed. The prominent publicly-funded companies highlight their price accessibility ("At least 500 tickets at every ENO performance in our 2017/18 season are £20 or under"[63]), and even the few organisations interviewed which do not rely on public funding – such as Glyndebourne and Garsington – feel an obligation to ensure that some tickets are available to those on lower incomes and to selected groups rather than seeking to maximise total revenues, e.g. Glyndebourne's Under 30s membership[64].

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[63] https://www.eno.org/your-visit/ways-to-save-offers/, accessed 14/082017

[64] http://www.glyndebourne.com/extra/terms-and-conditions/under-30s-membership/, last accessed 14/082017

One orchestral administrator[Int87] said that the orchestra saw its role as being "to make great music available at affordable prices" and that this determined its approach to pricing, rather than just maximising revenue. Although many organisations, such as the Royal Opera, increase prices for performances by the most famous names, even this element of market economics was not necessarily accepted by all those interviewed who preferred small across-the-board price increases rather than the ranking of quality implied by differentiated prices which they see as discriminating against new works or less starry names. However, opera houses such as Glyndebourne have gradually moved towards some differential pricing, such as higher prices at weekends[Int94].

There has been continual discussion in the UK's popular media about the price of tickets to classical music events, and in particular the alleged expensive price of opera tickets. Surprisingly this question has been subject to minimal academic scrutiny. There have been a few exceptions, such as Mark Blaug who concluded in relation to the Royal Opera House 40 years ago that:

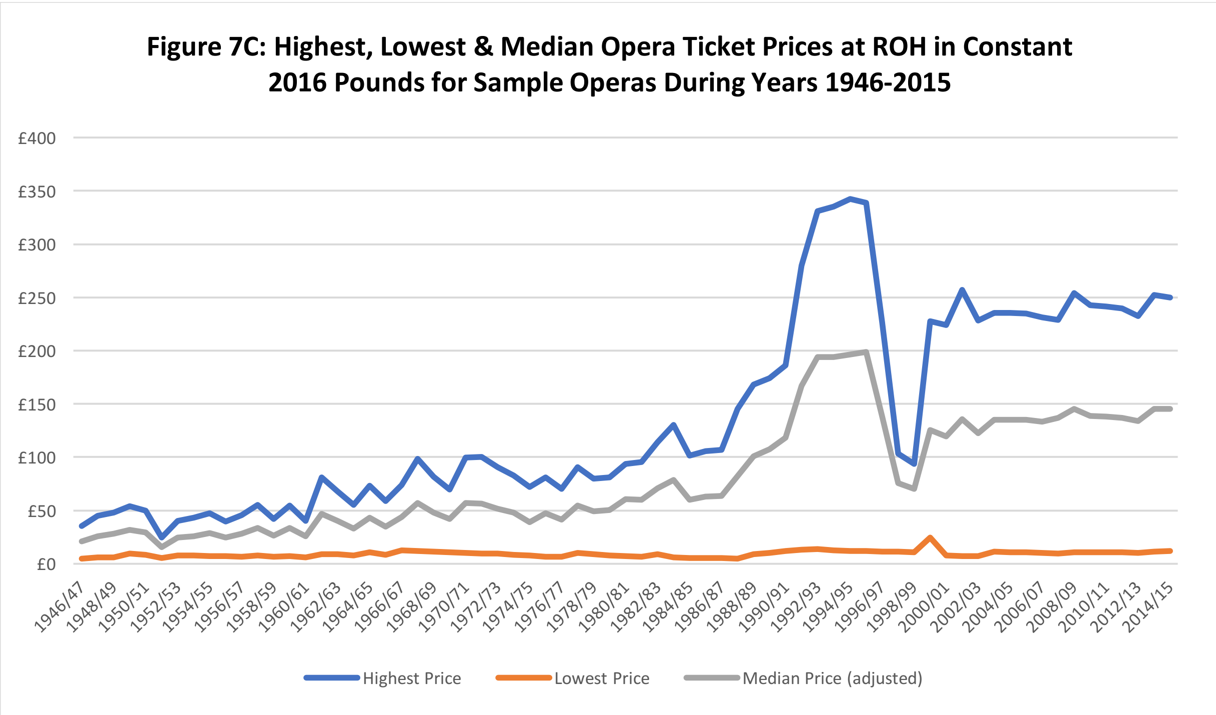
> The Royal Opera House could resort less and less to guest artists of international standing; it could lean more heavily than it already does on old favourites; it could skimp on new productions; and it could increase the number of ballet performances at the expense of opera. All these measures would tend to hold down seat prices. But without a substantial increase in its Arts Council grant, the Royal Opera House could not significantly cut seat prices unless it drastically changed its basic artistic policy (Blaug 1978: 17).

Even a cursory review of the relevant data shows that prices for classical music are not high. The blogger Chacanato at *The Passacaglia Test* (https://thepassacagliatest.com) surveyed the ticket prices of selected entertainment options in 2014 and 2015/16, as reproduced in Appendix 7. Those data show that not only are there many entertainments events with higher prices than opera's, but more importantly that:

> The entry-price (i.e. the cheapest ticket available for a performance or event) for opera is more or less the lowest entry-price of anything comparable …

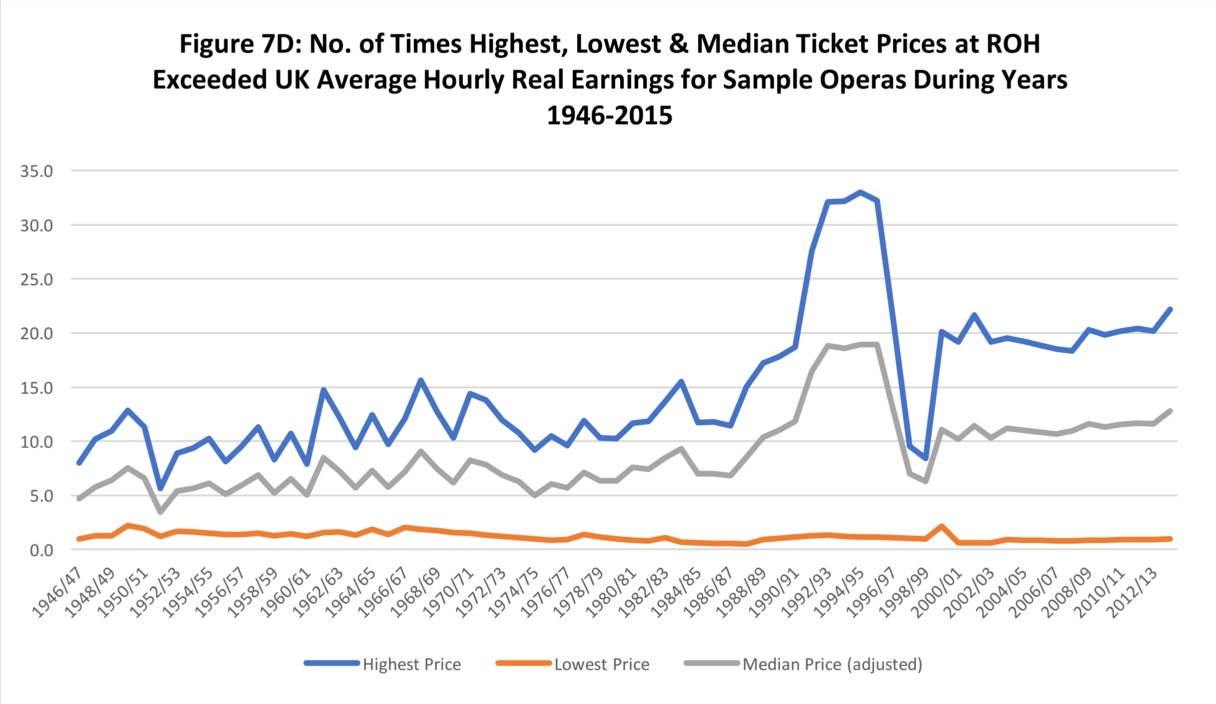
> [so] tickets are available for operas at cheaper prices than for any major cultural, sporting or tourist activity (Chacanato 2015).

To assess the historical trend in ticket prices, I have adopted a similarly data-driven approach by collecting and analysing long-term data for ticket prices at the Royal Opera House Covent Garden, Glyndebourne, and English Touring Opera. Figure 7C shows the highest, lowest and median ticket prices in constant 2016 prices for a sample of operas performed at Covent Garden since 1946. This shows that, although ticket prices at the top end of the range have risen quite considerably, the change in ticket prices at the median price has not been so significant, and in fact the level of the lowest price seats has barely changed over 70 years. *Inter alia*, this suggests that price is not a relevant issue as regards wider access to opera – compared to, say, knowledge, booking, perceived status, social customs, etc. – although it is an issue which merits further research.



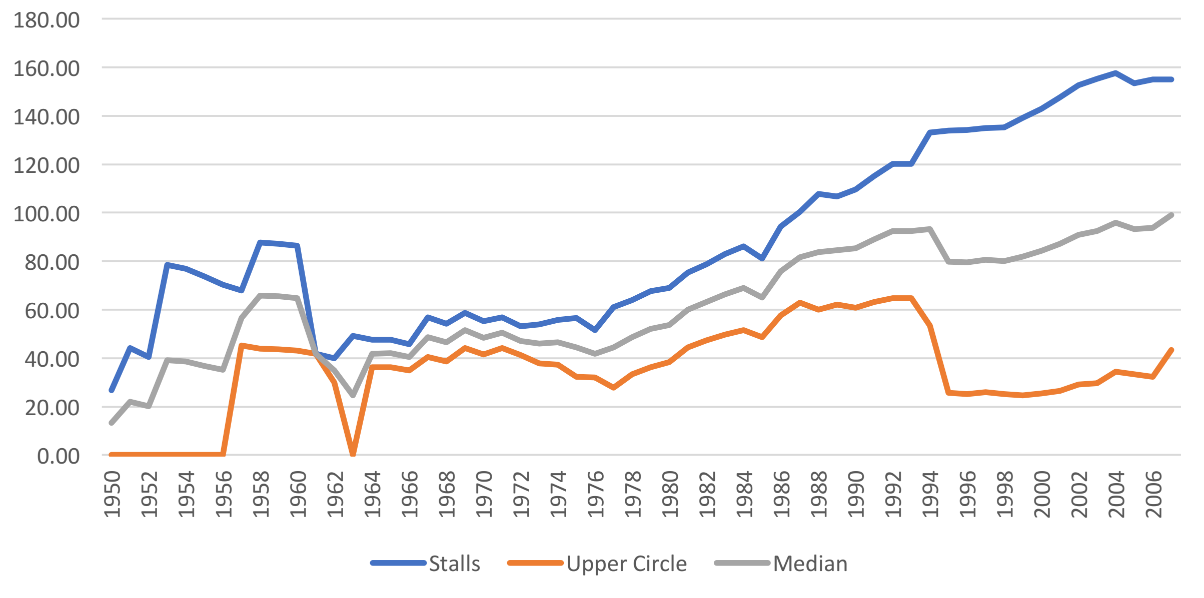
Source: The Royal Opera House – Leaflets etc. held in ROH Collections, accessed 2016, UK ONS

This conclusion concerning the historic level of opera ticket prices remains the same, even when figures have been compared to average hourly real earnings during the same period, as I have done in Figure 7D. The steep peaks in the mid-1990s for the top prices reflect a policy of deliberately higher charges for star performers with strong drawing-power, mainly Plácido Domingo and Luciano Pavarotti, but not for the most inexpensive tickets.



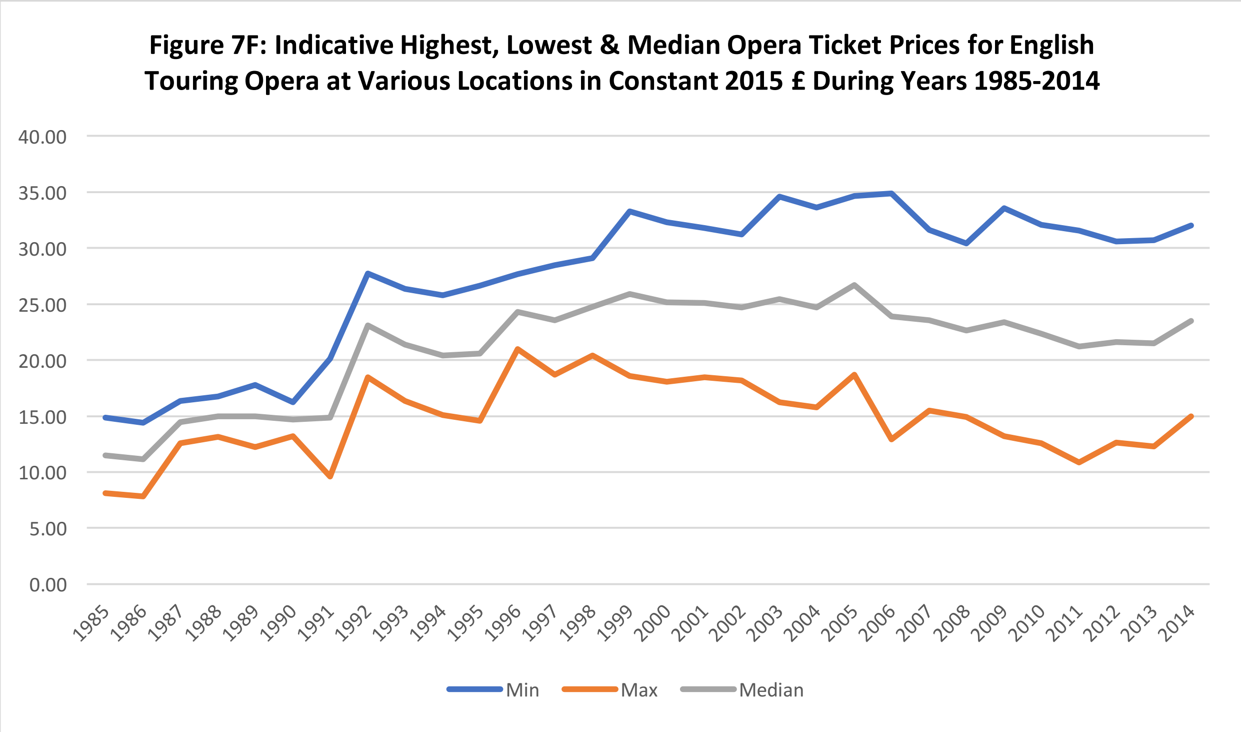
In contrast to the Royal Opera House which enjoys public subsidy and the associated need to make available cheaper tickets, Glyndebourne Festival Opera is free to determine its own pricing. As noted above, however, it still chooses to make some tickets available at lower prices. Whilst there has been a real increase in the lowest price tickets, there is still a relatively large gap between the highest and lowest price seats, as shown in Figure 7E, even allowing for the price changes resulting from moving into the new opera house in the mid-1990s.

Figure 7E: Highest, Lowest & Median Opera Ticket Prices at Glyndebourne in Constant 2016 Pounds During Years 1950-2007



Source: Glyndebourne Festival Opera – Leaflets held in Glyndebourne archives

Making the same assessment for English Touring Opera is nearly impossible since not only do only partial records exist, but during the 36 years of its existence (24 years as ETO and 12 previously as Opera 80) ETO has performed in over 65 venues in at least 58 different towns around the UK. Each venue controls its own pricing and they are situated in very different areas of the country with none being visited regularly and consistently. It is therefore not possible to compile a reliable trend, but by combining a range of venues an indicative pattern of ticket prices over the last 30 years has been generated and is shown in Figure 7F. This shows that ETO's ticket prices have roughly doubled in real terms since 1985, although even the highest price is still below the lowest seat price at Glyndebourne and the median ticket price at Covent Garden.



Source: English Touring Opera - Leaflets held at ETO office, viewed 12/2014
Note: Data from Reading 1985, 1997, 2000-2001; Lincoln 1987, 1990-1991, 1999-2005, 2007-2008; Ipswich 1988; Yeovil 1989, 1993; Poole 1992, 1998; Southsea 1994-1995; Crewe 1996; Snape 2006, 2009-2014; Estimate 1986

In summary, long-term price trends for these British opera companies indicate that the prices of the higher value tickets have risen in real terms fairly steadily over the last 70 years, but that the prices of the cheapest tickets have remained relatively stable. Although there has been selective price discrimination (for different performances, times, seat configurations, etc.), by and large the potential for dynamic pricing has barely been exploited so I now turn my attention to this important issue.

7.4 Earned income in the UK: Alternative ticket pricing

Discounting and dynamic pricing are contentious issues. Although a few organisations have acquired a reputation for regular discounting, most practise it on a very selective basis, with students and 'young people' being the most common target group, such as the LSO-established London-based Student Pulse scheme. A very few organisations have explored dynamic pricing, but the most common form of price variation is to shift the edges of different price zones. One opera administrator[Int86] was quite clear about its (de)merits, describing dynamic pricing as "just a form of discounting", which seems a slightly narrow view given its success in other industries. He sees the future lying in *differentiated* pricing, "differentiated across the operas and the house", i.e. involving internal cross-subsidy by charging proportionately more for expensive than for cheap seats and more for popular than rare operas, regardless of the underlying cost. One could argue that this is hardly a new concept, but not perhaps as an explicit strategic goal. Another[Int71] commented that it's difficult to reconcile dynamic pricing with public subsidy. One of those advocating discounting, at least as a performance date looms, commented that "it's easy to criticise pricing policy until you're faced with blocks of unsold seats"[Int72].

More recent academic work has focused on the potential of dynamic pricing to increase total revenues, and this has now started to seep into the practices of some opera companies (Cohn 2017). It is not the purpose of this thesis to discuss dynamic pricing in detail, except in passing as it relates to ticket prices. Dynamic pricing is a relatively recent phenomenon in classical music, although it has been widely practised for decades in industries such as airlines where it originated. Classical music has used some forms of differential pricing or price discrimination, but they are not the same. In the words of one economist:

> Dynamic pricing occurs when sellers adjust prices on a frequent basis to account for varying shifts in demand, or limitations in supply. … Price discrimination occurs where sellers attempt to charge higher prices to those with less sensitivity to higher prices and higher willingness to pay, and lower prices to those who are more price sensitive, and will not buy at higher prices … But dynamic pricing is not price discrimination 'to a new level' – it is about varying prices due to the supply-and-demand conditions of the moment, not about discriminating between buyers (Rushton 2016).

Two other economists use different (and partially conflicting) terminology in discussing dynamic pricing in the airline industry, but their point is the same:

> We will use dynamic price discrimination to refer to charging different customers distinct markups over marginal cost based on the time of purchase; when such pricing is efficient (maximizes the expected present value of the gains of trade), we'll call it dynamic pricing rather than dynamic price discrimination. Restrictions like Saturday-night stayovers, that create less valuable products, involve static price discrimination (McAfee & te Velde 2004: 2).

Although the use of dynamic pricing has been growing in selected areas of entertainment such as sport (Xu et al. 2016), its potential has been little exploited in classical music. There are clear possible gains in order to fill empty seats or to avoid what has been termed the "problem of inflexible ticket prices" (Heilbrun & Gray 2001: 70), and the issue is attracting more academic attention (Labaronne & Slembeck 2015). There may be three reasons for the delay in uptake: the innate conservatism of the core older classical music audience accustomed to standard pricing, not least because they grew up in a pre-computer era when sophisticated pricing was more difficult; the high proportion of customers of classical music institutions whose behaviour is less likely to be affected by alternative pricing options; and a lingering feeling that musical organisations subsidised by the government should not be maximising profits in the same way as commercial businesses such as airlines.

These three concerns do not apply to companies staging musicals, some of which are increasingly accustomed to various forms of dynamic pricing. For example, the continued phenomenal financial as well as artistic success of [Walt] Disney Theatrical Productions's *The Lion King*[65] has been attributed in part to its relentless use of what the *New York Times* reported as

> a previously undisclosed computer algorithm to recommend the highest ticket prices that audiences would be likely to pay for each of the 1,700 seats at every performance in the Minskoff Theater [in New York]. While other shows also employ this so-called dynamic pricing system to raise seat prices

[65] After 20 years reportedly "the top-earning title in box-office history for both stage productions and films" and the third longest running musical on Broadway with nearly 8,000 performances by the end of 2016 (*Playbill* 22/09/2014 and 30/09/2016)

> during tourist-heavy holiday weeks, only Disney has reached the level of sophistication achieved in the airline and hotel industries by continually using its algorithm to calibrate prices based on demand and ticket purchasing patterns (Healy 2014).

This may still be an American phenomenon since one interviewee[Int149] in the world of London musicals said that it was not actively pursued in the West End, and that his organisation had considered it but so far rejected it.

More radical forms of pricing have been tried, but mainly on an experimental basis. In 2015, for example, with the aim of attracting new audiences, the Hallé Orchestra experimented with a "Priceless Classics" concert at the Bridgewater Hall in Manchester which invited the audience to pay only as much as they felt the concert was worth (Service 2015). In general, however, observation of selected theatres and discussion with the interviewees recorded above indicates that most opera houses practice price discrimination (i.e. different prices for different times or different casts) rather than dynamic pricing in the sense of constant market-sensitive adjustments to seat prices.

Overcoming such conservatism on the part of both promoters and audiences may simply prove a matter of time. Dynamic pricing has been long accepted in some other industries, in particular those like live music with an expiring product. The funding pressures may not yet be sufficiently acute for organisations to run the risk of introducing it on a mass scale, but if the continuing reductions in subsidy and sponsorship are matched by reductions in philanthropy, they may become bolder.

7.5 Earned income in the UK: More commercial, less recording

Aside from ticket sales, the other main component of Earned Income is commercial revenues. The nature of these differs widely, and in my financial analysis I have distinguished programme sales, advertising, sponsorship, F&B, and other. In this last category I have included revenue from recordings since no tickets are sold as in live performances, but unlike some other commercial revenues recording does at least relate to an organisation's core musical purpose, as does the sale of programmes.

Very little financial information about recordings is made public, but it is generally believed that only a tiny proportion (mainly by non-mainstream classical musicians, such as Andrea Bocelli) make any money. Several people who had been in the classical music business for decades confirmed that recordings used to be significant money-spinners for some musicians; in the words of one agent[int133] "there was a time when the likes of [star conductors Herbert von] Karajan or [Georg] Solti were making literally millions from recordings, but it is difficult now to get even a fee", and a record producer[Int115] talked of glimpsing a royalty statement for a famous British conductor in the late 1980s showing a figure of around £300,000 in one year as well as seeing "a whole load of Porsches in the Berlin Philharmonic car park belonging to the rank-and-file musicians" at the time when Karajan dominated the classical musical world.

The changes to the model started with the establishment of Naxos Records (HNH International) and its imitators in the late 1980s, paying a flat rate to low-cost orchestras to produce standard repertoire (Soames 2012). 30 years and many developments later, the technological and other changes mentioned in Chapter 1 continue to disrupt the model. The interviewees who commented on this believed that recordings are loss leaders for musicians, who make their money primarily through live performances, as mentioned in Chapter 1. This is certainly a logical conclusion from the fact that there are substantial numbers of new classical recordings being issued each year despite the fall in revenues[66], and one journalist told me anecdotally that his specialist magazine receives over 400 CDs every month submitted for review. Indeed, some interviewees cited regular instances of musicians taking their own recorded files to a

[66] For example, Hyperion Records, which BPI statistics show holding 2.2% of the classical market (BPI 2016), claims to issue "approximately 80 new titles … each year" (http://www.hyperion-records.co.uk/pages/about-hyperion.asp)

recording company and in some cases even paying for them to issue the recording, which "is increasingly the case for all apart from the major artists"[Int133]. One of the consequences is that "it's less and less about the label managing things, so in conjunction with the fall in recording costs musicians increasingly make their recordings without thinking about how they're going to put it out let alone which label to use"[Int115].

Almost all opera recordings issued are now taken from broadcasts and/or live performances, with occasional "patches" to sort out flaws. One of the few specialist opera recording companies, Opera Rara, makes perhaps 2-3 recordings per year, and can only survive because of the support of organisations such as (until recently) the Peter Moores Foundation, Arts Council England and private philanthropists to cover the financial shortfall. The cost of each recording can vary from £150,000 to £300,000, whilst sales are likely to number only 2,000-3,000, of which many would be at the wholesale price of around £5 rather than the direct retail price of more than £15[Int32]. Indeed, one recent recording which required a total of sixteen 3-hour sessions cost over £300,000, and two years later had still earned income of only around 15% of that figure despite sales in more than 15 countries[67].

Until the present century, such recordings used to provide substantial income for major orchestras. Many, including the most prestigious names such as the Berlin Philharmonic and London Symphony, have been forced down the route of establishing their own record labels (Aguilar 2011). One British orchestral manager[Int52] told me that his orchestra records many of its concerts and only later decides which to issue formally. Although the orchestra's total catalogue "roughly breaks even before any royalty payments", there's little money in this business which is continued "mainly to keep the orchestra's name in the public eye". Even film work is an insufficient substitute since it's mostly fee-based rather than revenue- or profit-sharing, and often conflicts with concert work.

[67] Figures obtained informally from Opera Rara, 08/02/2017

Another orchestra was forced even further down the commercial route after the withdrawal of substantial amounts of public subsidy, but managed to find all sorts of commercial income, albeit with much less formal concert work[Int150]. As one agent[Int138] commented, "maybe this model will become more common as the money pool shrinks". Certainly no one believed that streaming offered a realistic alternative, with some interviewees citing various media comments, such as a report that in 2015 the "effective payment rate from [YouTube] online video site halves to $0.001 per stream" (Nicolaou 2016).

Nevertheless, these digital revenues were still seen as a growing area of earned income for classical music organisations, albeit not a sufficient substitute, although the benefits tend to be confined to a few large companies as well as commercial movie theatres. Even for the largest company in the field, the Metropolitan Opera New York, these still only account for just over 10% of gross revenues ($31.9m media revenues out of $310.8m total income)[68]; this hardly approaches the "superb opportunity to devise witty, stimulating and specific material" that one director hoped for in 1999 when considering "the internet's strange blend of jewels and junk, fascination and tedium" (Pountney 1999: 4), assuming that monetisation might also be possible. Determining whether digital availability is augmenting or cannibalising box office revenues is an important but under-researched subject, although one study in 2014 concluded that "cinema is not creating a new audience for opera outside London" (Holmes 2014: 12).

Most other forms of earned income are not music-related, ranging from F&B, through venue and parking rental, to gambling or lottery revenues. The importance of these other types of commercial income varies significantly. At one extreme London's Southbank Centre raises over £7m per year from concessions and car parking (i.e. more than most orchestras raise in total),

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[68] Per most recent Consolidated Financial Statements of Metropolitan Opera Association, Inc. for FY ending 31 July 2015, available at https://www.metopera.org/metoperafiles/annual_reports/2015-16/FY%2015%20Financial%20Statements%20Final.pdf, p. 3, last accessed 15/08/2017

whilst as we have seen recordings are loss leaders, and the value of F&B income varies because its *net* contribution is not necessarily substantial. One producer[Int9] mentioned that even for West End musicals the merchandising income is minor compared to box office, quoting an instance where the former raised only 2% of the latter.

One interviewee[Int89] also pointed to the key factor which has prevented opera and other classical music turning into the commercial success which has characterised other forms of entertainment, namely that “there is no money available from TV rights”. The growth of other successful forms of entertainment, such as sports or film, has been driven by advertising revenues and large TV audiences. In the case of football, for example, in 2016 the top 20 European football teams in terms of revenues received between 24% (Paris Saint-Germain) and 74% (Leicester City) of their total revenues from broadcasting, as against between only 9% (FC Zenit Saint Petersburg) and 29% (Arsenal) from “matchday” (ticket sales) income (Deloitte 2017). Unfortunately for its future, “opera doesn’t have the potential for a mass TV audience so this avenue of relief from financial difficulties is not open to opera”[Int89]. The same trends make it even more difficult to justify financial support for classical music in general and opera in particular since the money involved is usually shareholders’ money and directing it towards a very niche interest is difficult to justify. Since the passing of the *Bribery Act* in 2010, it has even become more difficult for corporations to justify support for the entertainment of clients[Int89].

7.6 Earned income in the UK: Changes in sponsorship

Sponsorship should also be viewed as commercial revenue since from the point of view of the sponsor it is virtually indistinguishable from advertising. Interviews with contemporary development managers of classical music organisations confirm that the recipient usually has to provide some type of reciprocal service, such as publicity, display and advertising. One donor/fund raiser[Int15] summed up the situation by saying that the donor companies want:

"marketing/ branding, client entertainment, to tick the CSR [Corporate Social Responsibility] box, and employee involvement." All interviewees who discussed the issue of sponsorship were quite clear that it should be seen as self-interested; in the words of opera donor, "all corporate sponsorship is basically advertising … there is no philanthropy involved"[Int89].

The givers and receivers of corporate sponsorship whom I interviewed observed without exception that the sponsorship "market" had changed significantly in recent years, or as one orchestral administrator[Int36] said "sponsorship for classical music has nearly collapsed". This is quite a contrast with the early 1990s when Glyndebourne, for example, was able to raise 90% of the £34m [c. £65m in 2016 per BoEIC] capital cost of its new opera house from donors who then controlled nearly 30% of the seats for 20 years[Int92].

Most interviewees drew attention to three specific changes, relating to decision-making, objectives, and competition. Firstly, the decision-making process has changed significantly. Decisions about sponsorship used to be taken on the basis of what two interviewees independently described as "Chairman's whim"[Int52,64] and another[Int92] as "Chairman to Chairman" sponsorship. One interviewee[Int64] who used to chair a major listed company described how nearly 30 years ago a private opera house owner happened to meet him and then sent him a recording of a particular work and asked for sponsorship, which was rapidly agreed. Another[Int79] commented that when he was running a well-known opera house there used once to be a "queue of companies wanting to fund operas". Nowadays, in contrast, interviewees in both the UK and continental Europe described how potential sponsorship is discussed by corporate departments and committees in the context of the company's profile, marketing and strategy, so each proposition has to be crafted to meet specific situations and particular requirements[Int93], and "responsibility has shifted from the Chairman's office to Marketing and now to the CSR people"[Int92].

Secondly, in those days of "Chairman's whim", the objectives of sponsorship were typically loose or even non-existent, whilst now sponsorship is done "increasingly strategically with clear deliverables expected … although the amounts involved are small"[Int39]. A fund-raiser for several German opera companies[Int93] complained that companies "now see the world as their market and are not so interested in just appealing to local or parochial interests as against reaching out to existing and potential customers in emerging markets".

Finally, the competition for sponsorship funding has become intense, not just from other arts organisations, but from all sorts of charitable organisations, particularly as public funding declines at a rate which "makes it virtually impossible for sponsorship and philanthropy to pick up the slack"[Int86]. This is unlikely to work in favour of opera which is still widely viewed as an 'elite' activity, especially as another fund-raising administrator[Int68] warned of the dangers of "donor fatigue" from what is a relatively small potential donor community. One opera company head[Int22] pointed out ruefully that its major sponsor was providing 20 times as much money for sponsoring just one area of sports as it was for opera.

Whatever the most significant reasons relevant to each organisation, all interviewees confirmed that corporate sponsorship of classical music is in decline since other recipients "tick more boxes". A representative[Int109] of one organisation brokering sponsorship deals commented that "companies are by and large no longer interested in ordinary sponsorship. The notion of sponsorship is changing or even dying" so his organisation "is moving into this gap with a much broader engagement based around connections, relationships, and so on." Another former opera house head[Int25] confirmed the trend, but put it more colourfully: "The explosion of the finance sector has enabled the replacement of sponsorship without reducing total revenues".

One opera head[Int117] also commented that he found a strong "group mentality" among sponsors and other financiers. They always seemed to want to fund "the same musical offerings with similar benefits" and since his organisation didn't fit this mould and often had to operate "in chaotic situations", seeking funds from a major company (as against small philanthropists) was even more of a challenge. A regional orchestral administrator[Int100], however, was grateful to face only limited competition from other similar musical organisations in his area, citing a recent fracas in the US where the Cleveland Orchestra was apparently seeking to raise local funds in the backyard of the Florida Philharmonic.

All interviewees vigorously denied any "interference" from sponsors in relation to repertoire or artistic decisions, although others raised some question marks over particular decisions concerning the choice of contemporary operas and the selection of artists. Most said that they were close enough to key financial supporters to know their preferences, and might therefore approach those people with pre-formed artistic decisions. This is consistent with the stated aim of many for longer-term relationships.

These comments suggest a relatively passive acceptance by classical music administrators and practitioners of the decline in sponsorship. Most small organisations would be very grateful for the brand and reach possessed by larger classical music organisations, and might point to the opportunities that these have to capitalise on their status and raise substantial amounts from the rich. The pessimism within the industry also contrasts with growing involvement in the issue by both donors and activists. Wealthy donors are giving substantially more money in more interventionist ways (Bishop & Green 2008; McGoey 2016), whilst activists either denounce the trend or wish to direct the money in line with their preferences (Artnotoil 2016; Klein 2000; Wu 2002). The prominence of this debate could open up new space, although the stance of musicians themselves suggests scope for further controversy: "either the musicians resisted the commercial intrusion into their work and regarded the process as a moral issue, or they embraced commerce" (Bradshaw et al. 2006: 593).

As the importance of sponsorship, CSR and philanthropy grow, whether directed to classical music or elsewhere, so the controversies are also likely to grow. Amidst the talk of a "golden age of philanthropy" (Hay & Muller 2014;

Singer 2006), there is also growing concern about a perceived identification between this "super-philanthropy" and a neoliberalist agenda promoting a new "Washington consensus" compensating for perceived market failures whilst preserving the underlying causes of failure (Mitchell & Sparke 2016). It is more complicated to argue this in the case of classical music since in most countries it has always been dependent on "super-philanthropy" as well as sponsorship, and operates in a market which in that sense is permanently failing.

There is a case for re-thinking sponsorship (and philanthropy) for classical music. Perhaps indicating the "groupthink" that can take over even senior business people, only one interviewee[Int120] (an orchestral trustee with a financial background) volunteered a rather different model for sponsorship. He deplored the "irrationality" of classical music's business model, which had failed to "take on board the lessons from popular entertainment" about how to do things commercially, sell to customers, and even to make money. "It's still stuck in a patronage model", with a small group giving money to or attending the concerts, championed by each other. Classical music had failed to adjust its sponsorship offering to the "realities of the commercial times"; for example, "football has executive boxes where those with money can pay high prices and entertain with opportunities before, during and after the event, but at Covent Garden you're crammed into a short time and tiny space with limited opportunities". Although he felt that some orchestral venues had been changing with the times, opera in particular was still too "stuck in the past".

7.7 Coda

In summary, the financial data show that the classical music industry's financing depends on a combination of ticket sales, subsidy, donations and commercial income in different proportions for different performing segments. Ticket prices are not high and unsurprisingly do not approach covering the costs of opera or orchestral music, but the industry is wary of changing ingrained pricing practices for fear of losing the core audience. Despite the decline in sponsorship, commercial income has increased in recent years, although not dramatically.

These patterns are in line with other social trends, confirming the link between the financing and operating models of opera and wider social trends. Given the dominance of the market-based and neoliberal agenda in other industries and sectors, it is difficult to foresee further increases in government subsidy, discussed next in Chapter 8. The combination of box office, subsidy and donors may still be sufficient to maintain some version of the status quo, however, which would diminish any incentive for strong changes to the model or its operating practices.

Chapter 8 – The contemporary classical music business: Contributed income and international comparisons

Prelude

A major component of contributed income is the donations by central and local governments, which are commonly referred to as ‘subsidy’. This typically means direct taxpayer funding, although the tax relief on donations which is available in many countries has the same effect but is not generally seen as a subsidy. Much subsidy does not have *overt* conditions attached, although this depends on the specific national or political context, as discussed later in this section in relation to the UK.

Historically the situation is more complicated. Direct contributions by central and local governments grew immediately after the Second World War, although some countries such as the USA remained relatively resistant for political, economic, historical and other reasons (Kaiser 2015; Larson 1983; Netzer 1978). In some locations it can be seen as inheriting a tradition of giving by monarchs and other rulers such as the Venetian State, Dukes of Mantua, or King Ludwig II of Bavaria. In that sense there is limited substantive difference between contributions from, say, Carl Theodor the Elector of Mannheim in the 18th century (Baker 1994; Heartz 2003) towards his theatre and orchestra and those of the municipality of Mannheim and state of Baden-Württemberg in the 21st Century towards opera at the National Theater Mannheim.

8.1 Perspectives on the merits, beneficiaries and mechanics of subsidy

8.1.1 Subsidy and its merits

At the time of these past rulers, the distinction between royal/personal and public funds was less clear than in modern times. Some countries now use intermediate organisations, such as Arts Councils, to distribute public money rather than doing this through direct central or local ministerial decisions, although the extent to which this results in a true arms-length relationship is disputed (Hewison 1995, 2014).

Some interviewees[e.g.Int119] criticised not just the current institutional manifestation of subsidy in organisations such as the Arts Councils, but also its whole raison d'être: "There is no case for state subsidy of classical music. The Arts Council is just state-institutionalised bureaucrats doling out taxpayers' money to their pet schemes and should be abolished." Very few interviewees, however, volunteered alternative practical ways of deciding on and distributing public subsidy that differed significantly from what organisations like the UK's Arts Councils are currently doing, whether efficiently and equitably or otherwise.

Hardly any interviewees, including the few working in private organisations, believed that opera and classical music generally could survive in their present forms without some form of government support – although of course few of the interviewees were disinterested parties. Some were straightforwardly supportive of subsidy ("because opera can never be self-financing"[Int94]), and some more reasoned. The former tended to be those arguing that the arts are fundamental to our society and as such merited public support. The latter argued the case based on a range of utilitarian viewpoints, including keeping prices affordable for ordinary people, enabling artistic risks[Int60], ensuring cultural ambassadors for the country, maintaining social cohesion, attracting foreigners to the City, and encouraging private philanthropy[Int89] – most of which have some academic or data-based foundation, as discussed at various points in this thesis. One arts administrator summed up his view of the situation by commenting that "it's a fallacy to think that the 'market' has always been right in the long term about value since selection along the way has usually been heavily dependent on subsidised sources"[Int19].

Even the more equivocal, however, were not of the opinion that ticket sales would ever be sufficient. Some took the high ground, arguing that reliance on the box office alone would jeopardise quality, pointing out[Int19] that the few private entrepreneurs like Raymond Gubbay "can only do it because it's a very limited repertoire in a controlled situation with very little rehearsal", which is consistent with comments quoted at the end of Chapter 6. From a more practical perspective, one private opera administrator[Int61] commented that "there's simply no way that even smaller Verdi operas can be put on funded by box office alone … There are just too many people and resources required for it to pay for itself."

A more nuanced perspective came from one public opera administrator[Int58] who argued that the very biggest companies like the Royal Opera could in theory survive without public subsidy, but "it would be a very different sort of thing – more akin to the short-term and seasonal operations like Glyndebourne". A trustee[Int34] of one smaller-scale (non- operatic/ orchestral) UK company claimed that the organisation could be financially self-sufficient but still received some money from its local council because "everyone feels that public funds *should* continue to support it, even if the amount involved is small".

Many interviewees referred to the funding situation in other countries, mainly either to argue that the UK was heading in the direction of the US (i.e. minimal direct subsidy, albeit significant tax relief)[e.g.15], or to advocate[Int33,78] the German approach where the *Stadt*s and other tiers of government provide relatively substantial financial support with few conditions and no artistic interference. Some also drew attention to the mythology surrounding the issue, e.g. pointing out that for every Singapore where promoting selected orchestras is a national priority, there is a China where the popular perception of vast state funds is not necessarily matched by the reality, evidenced by the replacement of state funding with private sponsorship for the Beijing Festival[Int2].

An illustration of the wide gulf in perspectives about funding came from two non-Germans commenting about the funding situation in Germany. One UK opera director[Int131] argued that the long-standing tradition in Germany of locally-supported opera companies reflected genuine support for those local companies which "is articulated by attendance rather than by the philanthropy which you see in the UK or US." On the other hand, a continental European opera head[Int93] argued that "the situation in German is poised to explode … there's no free money and the system relies on using ensembles that are not always appropriate or top-quality and it's difficult for the smaller houses to take risks." He claimed that there are just too many opera houses in some areas, such as the concentration near Essen where there are around five houses "all of which are pursuing the same rather conservative policies". As a result of this "the system is ripe for rationalisation … [and] … the disaster in Italy indicates what could happen in the world of opera" where you have old-fashioned attitudes, inefficient structures, unco-operative unions, and other attendant problems.

8.1.2 Super-fans as beneficiaries of subsidy

The question of which audience demographic in practice benefits from subsidy came up occasionally during interviews, but perhaps less frequently than expected. Most interviewees discussed subsidy as if it were automatically of benefit to lower income people. My casual observations and discussions in opera houses and orchestral venues suggest, however, that a significant number of beneficiaries from lower ticket prices are in fact middle-income and frequent attenders (such as I myself and the people who sit in the same areas) rather than the lower-income and 'newbies' whom politicians and others may think they are benefiting. In the area of opera especially there appear to be quite a few "super-attenders" who know how to work the booking systems and exploit the best-value-for-money seats and will go to a large number of performances of, say, Wagner operas regardless of the location. They will therefore incur substantial additional costs (travelling, accommodation, etc.) over and above the basic ticket price, so are clearly not financially deprived.

The "super-attenders" or "super-fans" are a category that deserves consideration in their own right. The phenomenon of people who are fanatical about an activity to the extent that it consumes a substantial portion of their time and money applies to a wide range of occupations from train-spotting to bird-watching, as well as other areas of music and the wider arts. It has been more widely studied in the case of popular music (Cavicchi 1998; Duffett 2013) with the most notable example for opera being the work of Claudio Benzecry who spent 18 months among opera audiences in Argentina, the results of which included a book whose name *The Opera Fanatic – Ethnography of an Obsession* (Benzecry 2011) sums up both the issue and its coverage. Benzecry concluded that "passionate opera fans enjoy opera based on their belief that opera is something that needs to be learned in order to be properly enjoyed" and "extend[s] and refine[s] the classic model of affiliation and initiation into cultural practices that Howard Becker established" (Benzecry 2009: 4).

My discussions with opera fans at performances in several countries during the preparation of this thesis confirms many of Benzecry's findings, albeit without formal interviews. For example, Benzecry quotes a lady he met on a trip to La Plata's Argentino theatre saying that "this is a small circuit. We all come to the Colón, to the Avenida, to La Plata. After a couple of rounds, you recognize most of the faces. It's always the same ones" (Benzecry 2009: 11) – which is a comment that I could make about the London or European opera circuits. Benzecry also writes about the social categorisation of the fans, observing that most of his "informants and interviewees come from diverse sections of the middle class" by profession rather than deriving from local upper-middle class origins, which is an observation also endorsed by my experience. As Benzecry says, this is consistent with Bourdieu's comments that playing or attending practices classify someone more strongly because of the "rarity of the conditions under which the corresponding dispositions are acquired" including familiarity with high culture transmitted and naturalized in the immediate family circle"(Bourdieu 1984: 17).

In some cases the super-fans have a degree of formal organisation, as is the case with worldwide Wagner societies. These societies used to have a role in the allocation of tickets for the Bayreuth Festival, but in 2011 the Festival changed the system by reducing the societies' allocations. This caused considerable disquiet among Wagner supporters (Turnbull 2012), and is rumoured to have been at least partially reversed. Few of the super-fans to whom I spoke, however, are formally organised, apart from – more recently – the loose organisation by Twitter and other social media. Although united by a love of opera and frequent visits (e.g. more than hundred times annually), their interests differ considerably: some follow special singers, some particular composers only, some attend only certain cities, some collect recordings, and so forth.

What they do have in common, however, is a willingness to spend money in pursuit of their interests, or even passions. When challenged on the issue, interviewees advocating public money for opera recognised that the relative affluence of these groups could partly undermine the case for subsidy which is generally linked to the issue of wider access to the arts. Opera house administrators are aware of this problem, but see it as an inevitable consequence of pricing tickets low enough for those on lower incomes, or in the words of one opera administrator$_{[\text{Int2}]}$: "if there are a few aficionados 'in the know' who benefit from this, well that's just the price that has to be paid for [wider] lower-priced access." Whilst a few of these super-fans may be potential large donors, the cost of the combination of high-volume attendance and wide geographical dispersion would probably be inconsistent with their making substantial financial commitment to support a single location or opera company.

8.1.3 Sponsorship or subsidy?

There was a mixed reaction among interviewees to the suggestion of a change to the mechanism of subsidy to bring it closer to matching funding rather than direct grants, i.e. to a system where public money is contributed equally or in proportion to private funding raised. This has been used in the UK by Arts Council England's Catalyst scheme among others, and underpins the special tax relief provided to some artistic organisations as well as the whole concept in the UK of Gift Aid and tax relief. Gift Aid is a mechanism to incentivise giving by taxpayers by enabling recipients to claim an additional amount from the Government. It can be argued that this introduces a market-linked mechanism to public funding (since the amount is triggered by private contributions), but some people[e.g.Int19] see the assumed conservatism of donors as a risk to innovation and new music.

A more subtle point was made separately by an opera administrator[Int43] and a financier[Int89] (who had, however, worked together in the past), that ideally public money should be subsidising tickets rather than companies. In fact the former argued forcefully that there was no subsidy to an opera company; "it's a payment or contribution per ticket"; you shouldn't calculate 'subsidy' per seat but think about it more as "help for the customer to buy the ticket". This seems at first sight odd, but more comprehensible when one considers the argument of the latter interviewee that the current approach where the government gives money to an organisation to spend as it wishes is "a bit like dropping money from a helicopter" since it may not in practice either help the needy or even encourage innovative work. What is required, these people argue, is something more like education vouchers where the arts are supported but "the customer has a choice".

In practice it can sometimes be problematic to distinguish sponsorship from subsidy. The former involves a private company contributing money in return for a specific service, such as advertising and publicity. However, many direct or indirect government contributions also have explicit or implicit conditions attached that could be seen as reciprocal services, even if these conditions are intended to benefit the wider community. Several interviewees[Int15,36,etc.] pointed out that contemporary grants from the Arts Councils, for example, contain a specific requirement for the music organisation to provide services such as Education & Outreach (E&O) to poorer areas or to children rather than to traditional core musical activities such as concerts. One opera administrator[Int58] commented, "E&O is an integral part of our approach … so there is no tension" and another[Int131] said that his organisation would do it regardless because everyone was so committed to musical education. This is discussed further in Chapter 10.

Along the same lines of an organisation being required to reinforce social objectives, an opera administrator[Int124] related a story about another Arts Council recipient being dragged along on an overseas trip by a senior minister and in effect forced to sign a "lousy sponsorship deal" in order to support the Government's political programme. This might be an extreme example, although another opera head[Int117] also commented that the Arts Councils have had to adjust to the prevailing political wind, and that "the current mantra is to subsidise the social rather than the operatic remit" so funding recipients have to do more and more to justify their grants leading to so much effort being poured into E&O.

I highlighted in Chapter 1 the importance of subsidy in funding classical music in past centuries, even though some authors have interpreted this history differently (Cowen 1998). Historically many of its dispensers were indulging their personal preferences, whilst modern subsidy has usually been justified on the grounds that it benefits a wider public. Scrutinising the details leads one to question whether it is successfully targeting those whom it is designed to assist and thus whether this objective is always being achieved, at least in the most common current form of providing substantial state funding to particular institutions. The many impact studies already referred to in Chapter 2, however, support the contention that subsidy can help in achieving wider economic objectives.

8.2 UK's Arts Councils and long-term trends in their spending

8.2.1 Origin and challenges for the UK's Arts Councils

Whatever may be the concerns about successive governments' motivations, there is no doubting the importance of the various Arts Councils in funding classical music and other arts in the UK over the last 70 years. In fact the subsidy from central Government administered by the Arts Councils has become an integral and key part of the UK's cultural scene, and this section therefore describes its background and quantifies the historical size, trends and importance of the funds dispensed by the Arts Councils. These represent the UK's main allocation of public spending to arts and culture, including opera and other forms of classical music. As with most of the other financial analysis in this thesis, as far as I am aware, this is the first time that there had been a detailed attempt to assess the amounts of public money deployed during this period, whether in aggregate, by periods, or by areas of spending.[69]

During interviews, the Arts Council England (at least in its latest dwindling and target-oriented form), was widely disparaged by administrators and musicians alike: ACE is "weak … a de facto monopoly"[Int18]; "there is no role for the Arts Council. It should be abolished and funds distributed by either central government and/or regional institutions. It was very valuable after the war when there were no operatic institutions, but time has moved on"[Int43]. The voices defending the Arts Council tended to be qualified, with for example one insider[Int85] commenting that perhaps it's not such a bad thing if ACE is no longer so engaged if it were to stimulate the opera companies into closer co-operation, although so far there is scant evidence of that particular outcome.

Given such strong opinions, it is perhaps surprising how little serious research has generally been done on the Arts Councils, with a few exceptions. Other writers have described the institutional and political history of the ACGB, from both official (Sinclair 1995) and critical (Hewison 1995; Witts 1998) perspectives, and it is not the purpose of this thesis to review the history of the Arts Council or to re-visit questions such as the degree of influence of the

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[69] This is not to say there has never been any quantification. One critical book opens with the sentences: "The Arts Council has piddled about in the cultural life of Great Britain for half a century. Since the pioneering quango was set up in December 1939, it has spent, at current [1998] values, £3.6 billion supporting anything from Notting Hill Carnival's sequins to the Royal Ballet's shoe resin" (Witts 1998: 1). By way of comparison, I calculate the total expenditure since 1946 at constant 2015 prices to be around £16.3 billion

British Government on the Arts Council or the Arts Council on art itself. It is important to note, however, that the subsidy system that evolved in the UK comprised the establishment of a body at "arm's-length" from the Government itself in the form of an Arts Council[70]. Under this model the Arts Council dispenses its Government grant-in-aid to applicants as a mechanism for the Government itself to provide the funds but to maintain its "hands-off" role in arts management. This same approach continued in the UK in 1994 when ACGB was split into separate Arts Councils for England, Scotland, Wales and Northern Ireland, all of which also became responsible for distributing some of the funding from the newly established National Lottery.

Although the UK model might not suit all countries, some have followed it, especially those with historical links, such as the Canada Council for the Arts (1957) and the Australia Council for the Arts (1967/75). The fact that different choices of public institutional involvement have been made by different countries is not surprising; as has been said of a country with some similar but distinct traditions, "The pattern of public support for the arts in the United States is a distinctive one, shaped by our peculiar political and social development" (Netzer 1978: 43) – a point which could also have been said of most other countries and their methods and levels of support to artistic and cultural activities.

There can often be some tension between the provider and recipient of funds, even when a "hands-off" principle is in operation. Judith Balfe talks about the tensions in the functions of patronage and funding, for example between arts supporters who "assume that they are entitled to exercise a control over both the patristic process and product equivalent to that of the patrons" (Balfe 1993: 1), and between the state's role as patron and responder to public demand. Her co-writer discusses how "a nation's public culture encompasses representations

[70] The arm's length principle is "intended to set a prudent distance between politicians and cultural decisions". The same source comments that "the convention that politicians should not meddle with the arts had its origins in a ruling idea with roots in the eighteenth-century Enlightenment. This is the proposition that culture occupies a separate and autonomous sphere, where the universal and eternal values of art transcend those of politics and the market." (Hewison 2014: 20)

of history, geography, and the arts consistent with the self-definition and goals of its people (or at least those of its elites in charge of public institutions)" (Zolberg 1993: 234). Whilst it could be argued that the 70-year life span of the British Arts Councils is sufficient testament to their success and the consolidation of its public culture, a survey in late 2015 delivered a less-than-resounding endorsement of UK public arts programmes, concluding not just that "there is little appetite among the public for the government to increase public spending on arts and culture", but that 45% of the interviewed sample believed that public spending on arts and culture should be reduced with only 9% wanting it increased, while over "half (52%) of English adults say that they know nothing at all about the Arts Council [England]" (ComRes 2015: 7, 17).

The lottery money dispensed by the Arts Councils has usually attracted wide praise, apart from the odd complaint about the amount for particular institutions. As Hewison noted:

> Nonetheless, by 2013 the Lottery had produced £30 billion, more than enough to make the remaking of the cultural landscape possible. Cities like Birmingham, Liverpool, Sheffield, Manchester, Newcastle and Gateshead had their centre transformed by new arts facilities; smaller places, such as Walsall and Margate, similarly benefited … the change was profound … Institutional confidence grew, and the public's appetite for the arts and heritage grew with it (Hewison 2014: 65-66).

The Arts Council itself and its grant-in-aid allocations have often proved more controversial. For example, Hewison quotes the arts correspondent Simon Tait [in *The Stage* of 06/11/1977] writing: 'The Arts Council is in free fall … It is over-bureaucratic, unfocused, obscurist, confused about its revenue and capital responsibilities, obsessed by its shrinking subsidy and very weary' (Ibid.: 95). This seemed to reflect a widespread negative view of the people involved in the arts, as seen in comments by Richard Luce, an Arts Minister, who at a speech to the Council of Regional Arts Associations conference in Harrogate in 1987 commented that there were 'still too many in the arts world yet to be weaned from the welfare state mentality – the attitude that the taxpayer owes them a living'[71].

The Arts Council has also been criticised for following the latest political agenda, whether it be efficiency targets, cultural diversity action plans, or E&O. This could be seen as the equivalent of centrally-directed government interference, although the former orchestral manager Tim Joss sees it more in terms of the problems endemic to public funding of the arts in a democracy:

> the state needs a rationale for investing public money in the arts. It needs to be able to answer tricky questions. What do the arts do which is valued by the public? How is this value created? … The lack of adequate answers has plagued arts and cultural policy makers for as long as the state has been asked to invest in the arts. We are back with the false polarity of the arts' intrinsic and instrumental benefits and the problem of the arts world trying to produce evidence retrospectively to engage with the latest social or economic policy agenda (Joss 2008: 63).

These issues are not unique to music. Although most classical music organisations are established as charities and thus benefit substantially from various forms of tax relief and benefits, so are many thousands of other social, education and cultural organisations. Many of these might well not survive without these tax benefits, and in the light of the scale of public funding received by opera in some key countries, it is clear that large-scale cuts or even the removal of public subsidy would dramatically curtail the level of activity of an art form that has depended extensively on funding by the state or its rulers.

8.2.2 Challenges in quantifying Arts Councils' spending

Calculating the figures for spending by the Arts Councils has been problematic, and whilst every effort has been made to be accurate and consistent, there are many factors that make complete accuracy difficult to achieve. The approach used here has been to review the annual reports of the Arts Councils (Arts

[71] Quoted by Tim Joss (Joss 2008: 62) among others

Council of Great Britain (ACGB) and its successors) since 1946, noting both the total annual expenditure and the expenditure on individual areas of activity. The main issues in doing this reliably have included constant changes in the formats of the reports and in the categories employed, gaps in the data resulting for example from new configurations of data or changes in the publication practices, and the sheer plethora of data that have been added over the years which have in some cases also obscured the bigger picture. The issues, sources and assumptions are explained more fully in Appendix 8. I have also inevitably had to be exercise judgement since the classification of some data is a matter of personal discernment. So, for example, a person with greater familiarity with a particular recipient organisation might have classified it as classical rather than another musical type, or might have made a different selection about how to allocate some amounts.

It is important to note that these data do not cover spending by UK local authorities, which has often been important to individual musical organisations. Gathering those data would require working through the accounts of 418 principal (unitary, upper and second tier) councils in the UK over the last 70 years, not to mention the 10,000-odd lower-tier councils, and in practice many if not most such data are unlikely now to be available. Nor do the data used here include the substantial tax benefits enjoyed by donors and recipients which constitute another form of public subsidy. Nor, finally, has it been possible to categorise all the spending by the Regional Arts Associations/ Boards which at various times have administered some of the Arts Councils' total spending. Nevertheless, the overwhelming majority of spending will have been captured by the main Arts Councils' categories.

8.2.3 Overall historical Arts Councils' spending

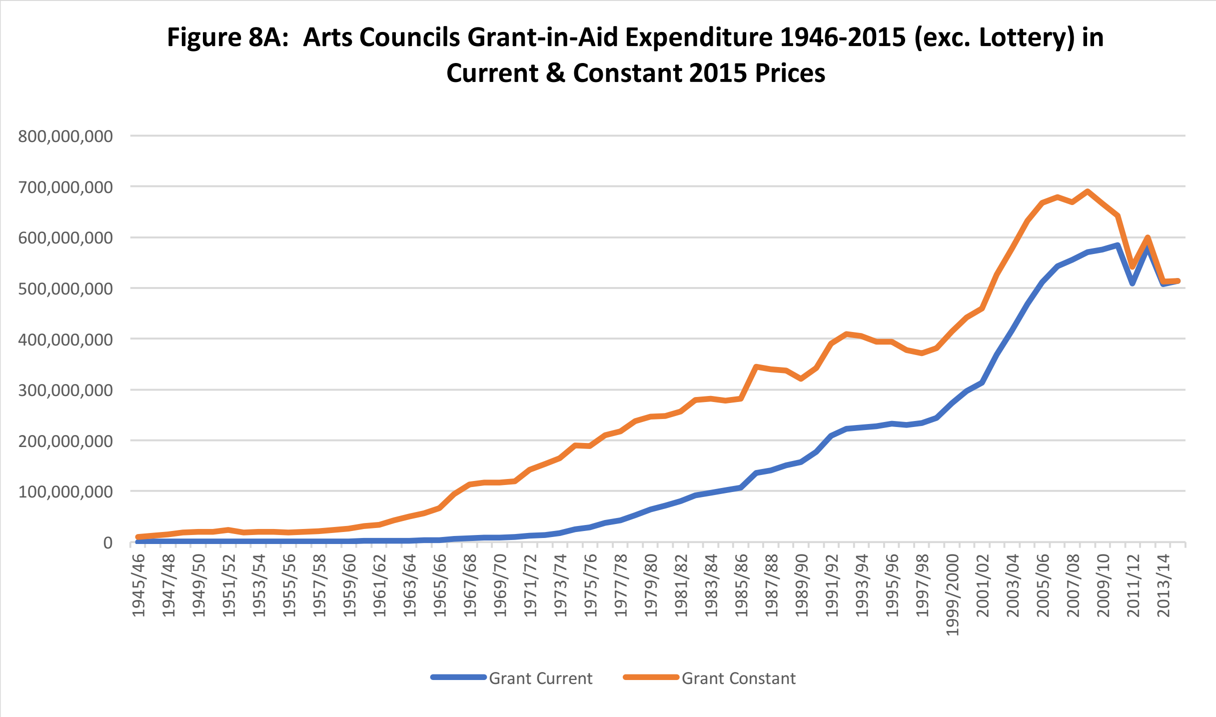
I will start by reviewing the total picture of Arts Councils' spending on all forms of arts, before focusing specifically on classical music. The most striking feature of the high-level data for Arts Council funding is its dramatic growth. The 1946 grant-in-aid[72] of £8.9m in 2015 constant prices had grown to become an "unrestricted" grant-in-aid of £371m in 2014/15 for Arts Council England alone, or a total of nearly £900m including the additional resources from "restricted" grant-in-aid (£78m), Creative Scotland (as the Scottish Arts Council has been known since 2010) (£46m), the Scottish Executive (which funds the five major Scottish arts organisations) (£23m), the Arts Councils of Wales (£33m) and Northern Ireland (£14m), and the shares of proceeds from the National Lottery distributed by those four Arts Councils (£268m + £35m + £18m + £10m = £331m). So, depending on exactly which items are included, the UK Central Government's allocation of taxpayers' money to the arts has increased by a factor of around 60, or 100 if you include the additional money contributed by the buyers of lottery tickets.

Some analyses combine funding by the National Lottery with grant-in-aid funding by the Arts Councils and treat both as Central Government arts funding. However, they are distinct: grant-in-aid income and expenditure is an allocation of compulsory tax money by the Government distributed through the mechanism of the Arts Councils and will typically be of more or less the same amount in each individual year since the money from the Treasury usually needs to be allocated and spent in the year of receipt. Funding from the National Lottery, on the other hand, derives from the voluntary purchase of lottery tickets by a self-selecting group of 'gambler/philanthropists'. It can not only be carried forward, but can also be allocated to multi-year projects so an Arts Council's lottery income and expenditure in any one year may differ significantly. I therefore treat these as two distinct sources of funding.

Figure 8A shows the total expenditure by the various Arts Councils on all artistic and administrative functions during the 70-year period from 1945/46 to 2014/15. The lower (blue) line shows the figures in current prices (i.e. the

[72] "A grant-in-aid is money coming from central government for a specific project. This kind of funding is usually used when the government and parliament have decided that the recipient should be publicly funded but operate with reasonable independence from the state" (https://en.wikipedia.org/wiki/Grant-in-aid), accessed 14/08/2017

amounts during the years when incurred) and the upper (orange) line shows the same figures in constant 2015 prices. So the two lines are far apart in the median year of 1979/80, for example, when current expenditure was £64m, or £247m in constant 2015 prices, and by definition the two sets of figures converge in 2015.



Note[73]

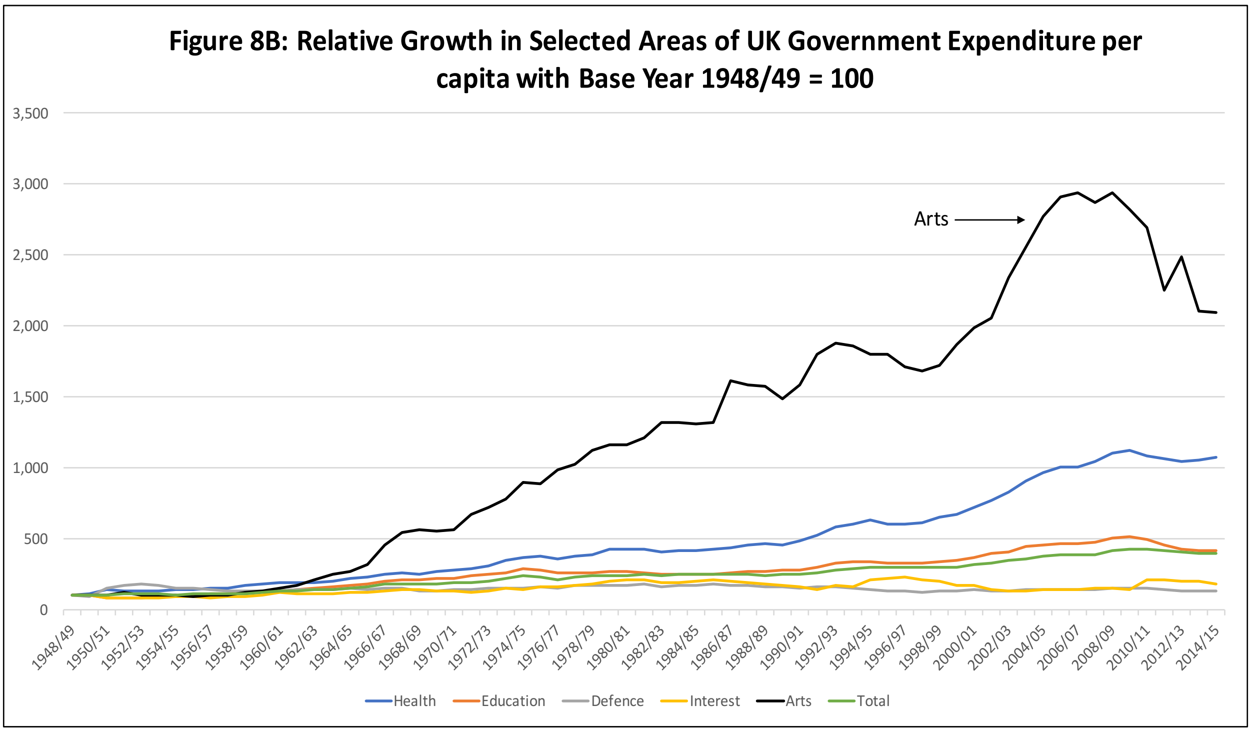
The clear upward trend in constant 2015 expenditure shows the enormous increase in total arts spending by the Arts Councils since the Second World War, although it also highlights two periods of declining real expenditure in the second half of the 1990s and in the years since 2008. It is to be expected that there should have been a significant increase in Arts Council spending after 1946. The arts were hardly the highest priority during and just after the end of the War, and in fact arts spending did not really take off until the early 1960s.

[73] The figures in this and subsequent charts include spending by: the Arts Council of Great Britain (pre-1994/95); the three Arts Councils of England, Wales and Northern Ireland; and the Arts Council of Scotland/Creative Scotland and Scottish Executive (for 5 NPCs post-2008). Figures are sourced from the Annual Reports of those organisations, and in some cases from the annual accounts of individual recipients. Constant prices are calculated using indices from UK's Office for National Statistics and the Bank of England

Total spending in real terms by ACGB in 1945/46 was only £8.9m in constant 2015 prices (£235,000 in 1946 prices) whilst the unrestricted grant-in-aid funding for the four UK Arts Councils in 2015 totalled over £500m. This is an increase of 5,500% over the 70 years, or a Compound Annual Growth Rate (CAGR) of 6.0%. Allowing for the increase in population from 49m to 65m (33%), the equivalent per capita figures were £0.19 and £7.89 representing an increase of 4,100% or a CAGR of 5.6%.

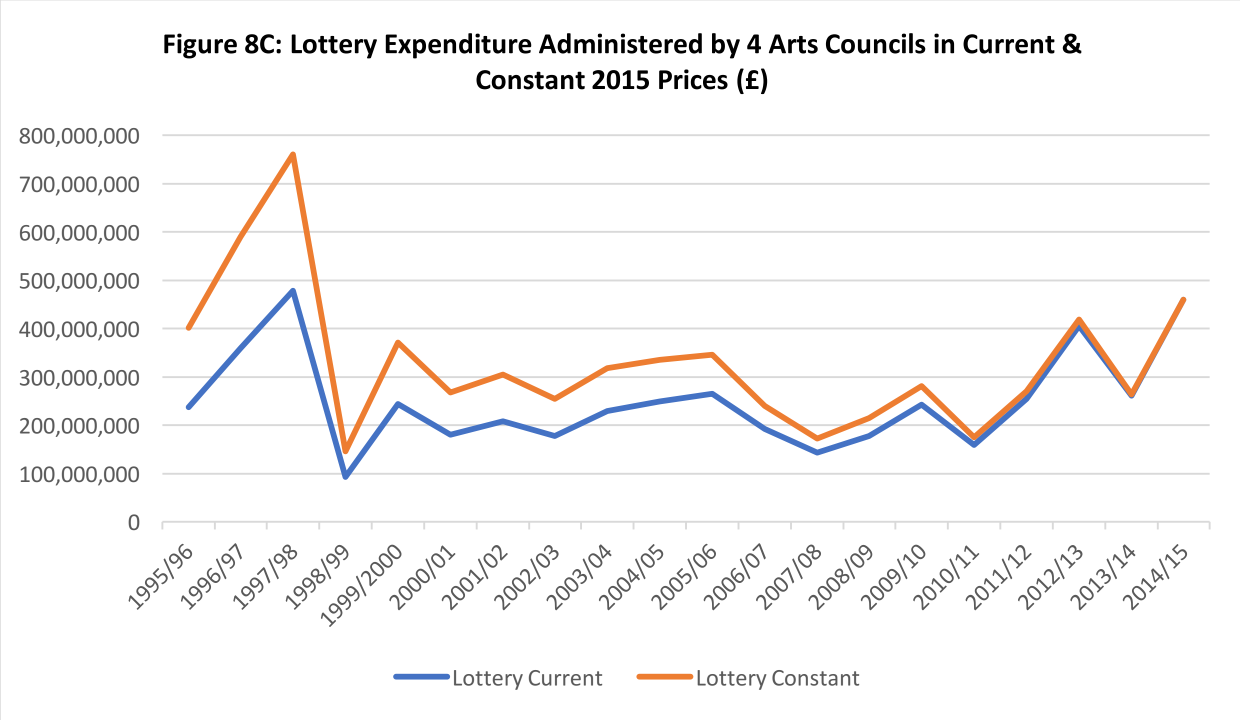
These increases seem very large, although I should point out that the exact rate depends on which year is taken as the base: the CAGRs per capita since 1959/60 (i.e. over the last 55 years) and since 1975/76 (40 years), for example, have been "only" 4.1% and 1.2% respectively. It is also difficult to assess whether these increases are as large in reality as they seem at first sight. One way of doing this is to compare Arts Councils' spending with other areas of Government expenditure. In doing this it is appropriate to switch to 1948/49 as the base year since total UK Government expenditure declined precipitously in the three years after the War ended, mostly in the area of defence. At that point Government spending through ACGB was insignificant: out of a total expenditure in 2015 prices of £146bn (including £26bn on defence, £16bn on education, and £10bn on health) spending by ACGB accounted for £19m, or around 0.01%. 67 years later this proportion had risen to 0.06% – a massive percentage increase compared to health, education, defence, and even interest payments as well as in absolute terms, but still a small amount compared to all of these, i.e. £0.5bn compared with £134bn, £86bn, £45bn, and £46bn respectively within the overall total for Government spending of £756bn in 2014/15.

These comparisons are illustrated in Figure 8B, which shows the relative changes in these areas of UK Government expenditure per capita over the last 68 years in indexed terms where spending in the year 1948/49 is shown as 100 for each of the areas of expenditure. In summary, Central Government expenditure on the arts (shown in the top line) may have fallen quite significantly in the last 7 years, but the arts have also enjoyed large increases in the last 70 years.



This links to the other striking feature of the 70-year expenditure trend referred to previously, namely the two periods of real decline. The situation became more complicated after 1994, following the replacement of ACGB by the four regional Arts Councils and the introduction of National Lottery Funding (also devolved). Although lottery money has been important, particularly for capital and strategic projects, the figures used in Figure 8A excluded lottery funding (shown separately in Figure 8C) since the money from the National Lottery was intended to be an addition and not a substitute, and in any case, as previously mentioned, does not derive from compulsory central taxation and is not subject to standard governmental spending procedures.

The 1993 peak in grant-in-aid expenditure of £409m (in constant 2015 prices) was only reached again seven years later in 2000. Over the next seven years there was a large increase of some two thirds to a 2007 peak of £679m (in 2015 prices, and including England, Scotland, Wales and Northern Ireland) from which there has been a jagged decline to a total of £514m (including £27m non-granted) in 2015, which is roughly the same level in real terms as in 2002.



8.2.4 Historical Arts Councils' spending on classical music

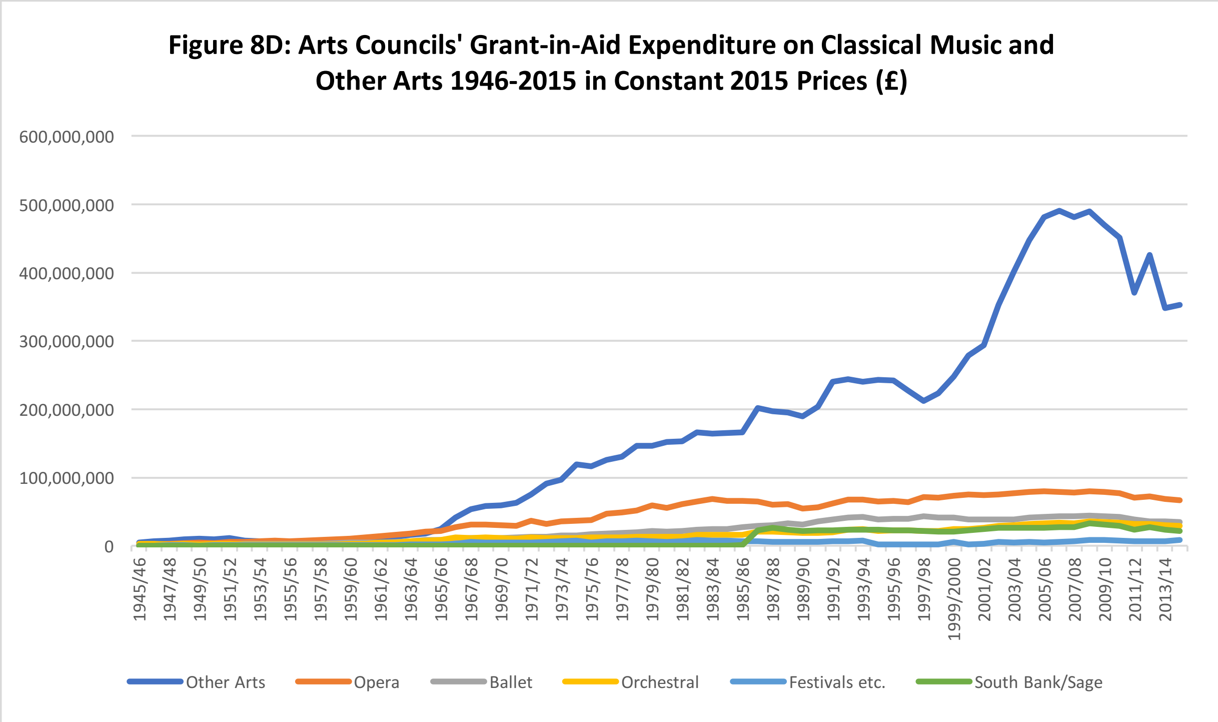
The above figures established that total spending by the various Arts Councils rose in constant 2015 prices from £9m in 1945/46 to £514m (excluding restricted grant-in-aid and lottery funding) with a peak in 2008/09 of £690m. Figure 8D now breaks this down by the main components of classical music, namely opera, ballet, orchestral, festivals and other classical music, the South Bank/Sage[74], and all other areas of the arts. It would have been preferable to

[74] Responsibility for expenditure on the South Bank complex transferred to ACGB from the Greater London Council when the GLC was abolished in 1985. This is assumed to be largely related to classical music, but because of its size and potential distortionary effect it has been shown separately. Since the present analysis excludes local government expenditure, earlier spending on the South Bank does not appear here. There is a similar but distinct classification issue relating to Sage Gateshead (North Music Trust). This now incorporates the Royal Northern Sinfonia, but is not exclusively dealing with classical music. It has not been possible to separate classical music from other areas of Sage's arts, so after 2002 when its Arts Council allocation increased significantly, I have included all its grant in the same category as the South

have been able to analyse each of the main areas of Arts Councils' support, including not just classical music but also drama, visual art, literature, and so forth, in order to provide a fuller picture of arts funding by UK Central Government, but the problems of categorisation and consistency together with the sheer quantity of data over 70 years made this impractical. I have therefore broken down the figures for the main areas of classical music, but treated all other areas of expenditure as the balancing item within the overall annual expenditure by the Arts Councils.

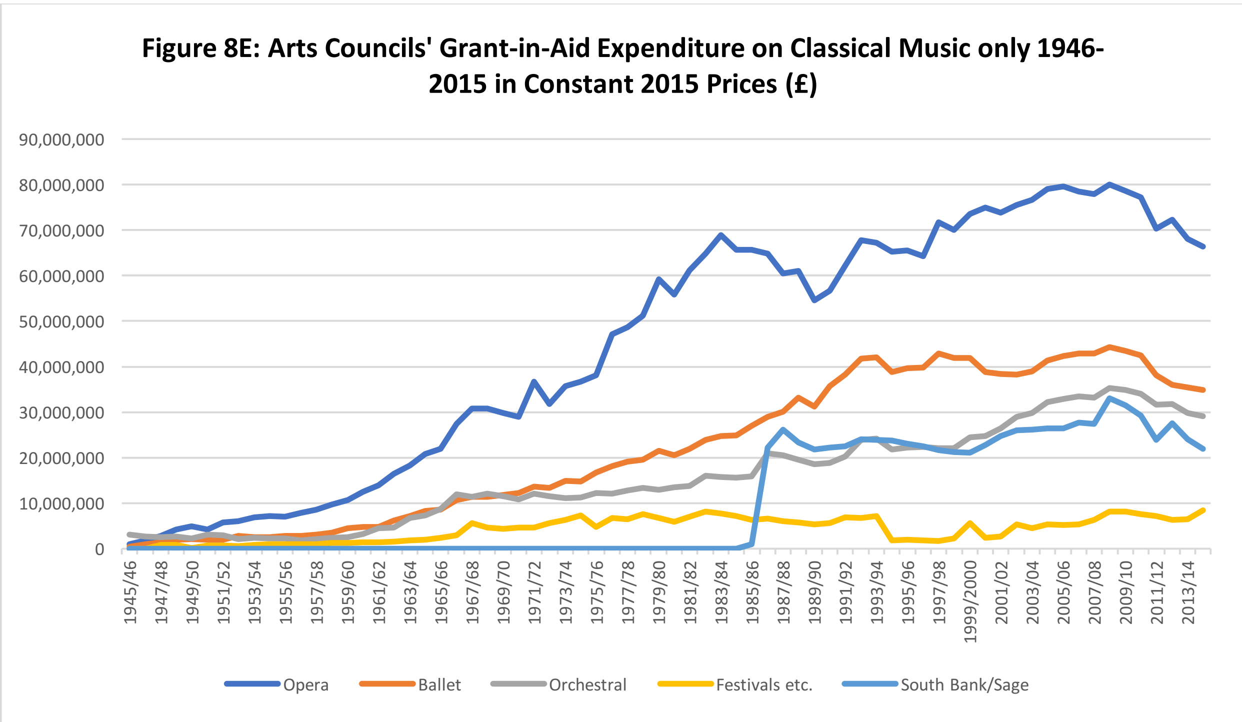
What is most striking about the picture shown here is that, although spending on each category of classical music has increased relatively steadily until quite recently, from the early 1960s onwards there was an enormous increase in spending on other areas of the arts so that proportionately classical music looks considerably less important even though the money it received continued to grow. Such a change was to be expected in view of developments in national culture and the shift away from perceived 'elitist' forms of art concentrated only in larger locations.

Bank. Prior grants to the Royal Northern Sinfonia and Northern Sinfonia Concert Society have been included with other orchestral music grants



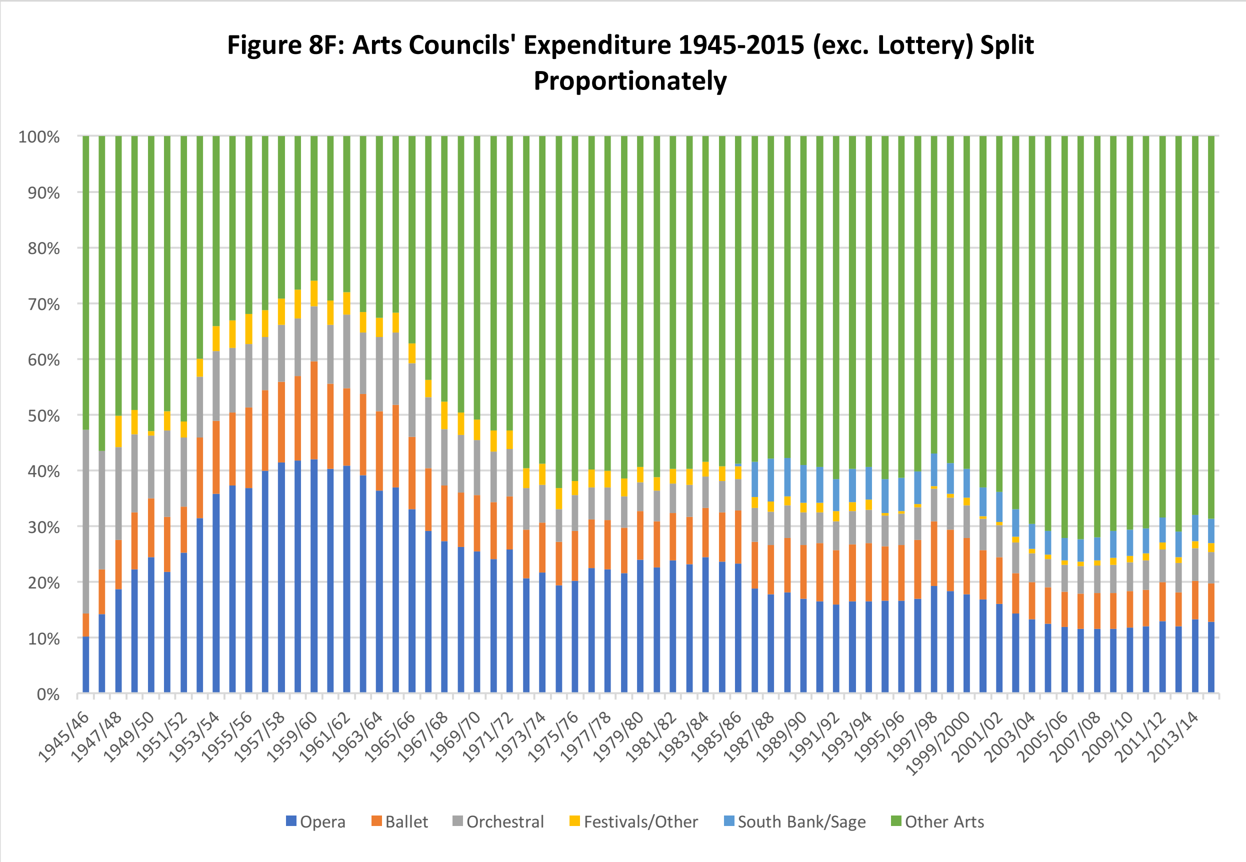
Note: The above lines show the spending for each category and not cumulatively. For example, the top line is the spending on Other Arts and not the total spending for all categories

Figure 8E shows greater detail about what has been happening in individual areas of classical music by removing the data for other areas of the arts.



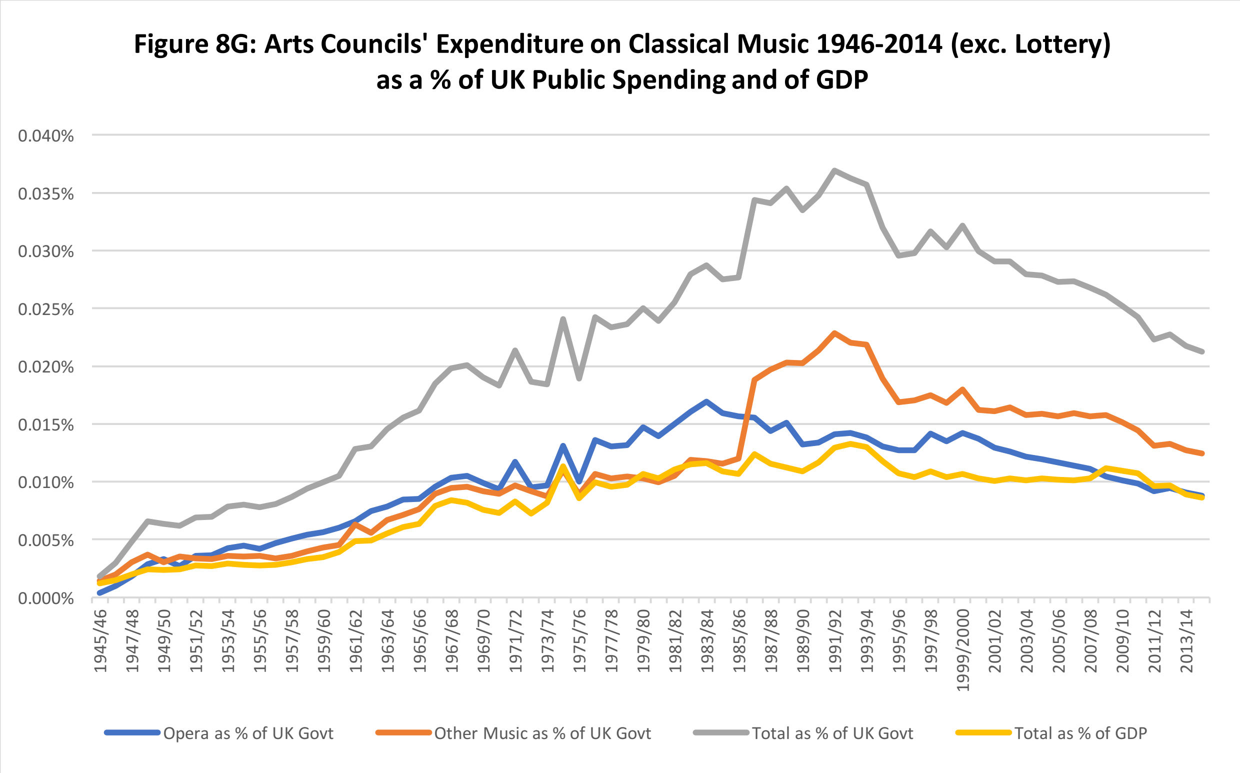
Although all categories have broadly mirrored the pattern of overall spending in terms of the main peaks and troughs, opera has consistently been the largest recipient of the Arts Councils' classical music funding, in some years receiving up to twice as much as even classical ballet and orchestral music. This is not surprising since opera and (to a lesser extent) ballet are inherently more expensive since they require the involvement of often several hundred skilled professionals to enable their staging and performance. The cost structure of orchestral music may not be quite so high since only minimal staging at the most is required, but nevertheless the operating costs of a symphony orchestra are still substantial. In contrast, literature, exhibitions, or even plays, may require only a handful of participants, or even a solo performer, to realise their impacts.

Figure 8F combines the data from Figures 8D and 8E by showing the change in the relative proportions of total Arts Councils' funding received by all areas of the arts. This confirms the shift in emphasis away from classical music towards wider area of arts, as can be seen for example from the fact that opera and ballet together still accounted for some 50% of expenditure 50 years ago but have now dropped to about 20%. Symphonic and orchestral music was running at around 12-15% in the 1950s and 1960s, but gradually fell to a relatively constant proportion of 6% of ACGB expenditure from the mid-1970s onwards, although the large expenditure on the South Bank Board and concert halls added another 4-5% to that figure.



The changes illustrated in Figure 8F match the wider changes in British society. By the time that the Arts Council England ceased to list all major grant-in-aid recipients in its Annual Review in 2004/05, there were over 1,000 organisations receiving amounts in excess of £25,000, of which only 67 were related to classical music with the rest comprising a large spectrum of different types of organisation catering to different communities in different areas. Thus "Other Arts" now constitute a high proportion of total Arts Councils' spending.

Although these figures give the impression of a relatively constant long-term increase in Arts Councils' spending on music and the other arts, at least until recently, the picture is not necessarily entirely straightforward. If you compare the expenditure on, say, opera and other classical music as a proportion of all UK Government expenditure and of GDP, it is clear that there was a peak in the early 1990s but that there has been a fairly steady decline ever since, as shown in Figure 8G.



These data on spending by the UK's Arts Councils over the last 70 years can be used to support different interpretations since they do not unambiguously illustrate either the strength or the decline of public arts spending nor the prominence or waning of spending on opera and other forms of classical music. One perspective could point to a dramatic increase over the period in total public arts expenditure and the relative resilience of the amount spent on classical music whilst developing new areas of spending with wider popular appeal; an alternative perspective would highlight the end of the long-term upward trend in spending and the relatively entrenched position of opera. The fact that both of these interpretations are feasible could be taken to mask the gradual infiltration of the neo-liberal market-based perspective into a state-driven arts agenda, or to reveal the resilience of a community-based funding model supporting important art forms, or to illustrate the difficulty of breaking down the entrenched establishment consensus and the institutional lethargy committed to a dying art form.

Furthermore, these figures and their trend cannot indicate whether the money has been effectively, let alone "appropriately", spent, or whether it is being more or less efficiently spent over time. Nor, in the absence of demographic and similar statistical data, is it possible to draw useful conclusions about the true reach of the organisations funded. Such public data do not exist in all areas, or at least are not made publicly available in a meaningful form. There have been initiatives to remedy at least some of this gap. These include the recent controversial move by ACE to implement quality metrics following a pilot study (Bunting & Knell 2014), but this is not popular with the arts community (Hewett 2017) and may have stalled (Snow 2017).

8.3 Comparison of British and German arts subsidies

Historical data have also been collected and analysed covering the classical music industry in Germany. It is said that governmental organisations in Germany and other continental European countries often see financial support for the arts and other cultural activities as a public and educational duty[Int146]. It is difficult to overstate the importance of Germany in the contemporary opera industry. That one country alone accounted for more than 30% of the 24,170 performances listed in the *Operabase.com* database for 2014-15, and staged more opera performances than the next five countries combined (USA, Russia, Italy, Austria, France – the UK is ranked seventh with 1,129 performances). As one European opera head[Int98] commented, "The role of Germany in opera is critical: without Germany, it wouldn't work. … Their 85 opera houses churning out high quality opera with all the musicians and creative teams is an important stable factor. … and although there's no sign of that changing yet, you need to recognise how crucial it is."

There are three problems in reviewing the long-term historical data for Germany. Firstly, the country was divided into the *Deutsche Demokratische Republik (DDR)* and the *Bundesrepublik Deutschland (BRD)* for 45 years, with two different musical and governmental institutional structures and data sets before reunifying in 1990. Secondly, the currency (as well as its exchange values) changed from *Deutschmarks* and *Ostmarks* from 1945 to 1990, to

Deutschmarks alone until 1999, and then Euros. Notwithstanding these two major obstacles, although it would theoretically be possible to build up a historical picture of German theatrical revenues, expenditure on classical music and other arts in Germany is not a major focus of this thesis and I will therefore concentrate below on the figures for the 21st century.

The third problem relating to data on classical music in Germany relates to its main source. There is one major source of data, at least for opera performances, namely the annual *Theaterstatistik* published by the *Deutscher Bühnenverein* which has represented theatres in Germany for over 150 years. These data are unmatched by any other country in their comprehensiveness and depth, and include data on visitors, performances, and revenues, for each of their member theatres. However, the *Theaterstatistik* cover all activities at the *Bühnenverein*'s member theatres and split only some items of data between different types of performance (opera, ballet, theatre, etc.), which is a major limiting factor when so many of the country's venues combine different halls and artistic activities in one complex.

For example, the *Theaterstatistik* split revenues only at the level of the theatre rather than the type of performance. It is therefore relatively easy to extract data on the total revenues and sources for opera performances at the *Deutsche Oper Berlin* since its performances comprise almost exclusively main-stage opera at its *Hauptsaal*. On the other hand, at the *Württembergische Staatstheater Stuttgart* there are far more performances of drama than opera, and the theatre also has a renowned resident ballet company, but the revenues are not split between all these different types of performance so several assumptions have to be made in analysing its revenues.

For the purposes of making a direct comparison with expenditure by the UK's Arts Councils, I have reviewed the relevant data from the *Deutscher Bühnenverein* and from the Federal Government's *Destatis: Statistisches Bundesamt* for four periods during the current century separated by five-year intervals, namely 2000/01, 2005/06, 2010/2011, and 2014/15 (since 2015/16 is not yet available). Table 8A shows the total expenditure on culture for these four periods with UK comparisons.

Table 8A: Comparative Public Arts Expenditure: Germany & UK 2000-15

Year	**Germany**			**UK**		
	GDP (€m) (current)	Pub. exp. on Kultur (€m)	Kultur exp. as % of GDP	GDP (£m) (current)	ACs' exc. lottery (£m)	ACs' exp. as % of GDP
2000/01	2,179,850	8,354.500	0.38%	1,067,020	296.686	0.028%
2005/06	2,393,250	8,037.000	0.34%	1,406,620	511.690	0.036%
2010/11	2,703,120	9,379.700	0.35%	1,619,480	583.908	0.036%
2014/15	3,134,070	*9,892.000	0.32%	1,864,460	513.856	0.028%

Sources: Destatis *Kulturfinanzbericht*, UK ONS, calculations. * 2013/14

There are many differences between the data for Germany and the UK including definitions, collection methods, and above all the exclusion of contributions from the UK's local governments – even though these would be small compared to Germany where most funds are distributed through the *Länder* rather than the Federal Government. These data should therefore be viewed as indicative rather than definitive, but nevertheless suggest a very large difference in public sector expenditure on the arts in the two countries.

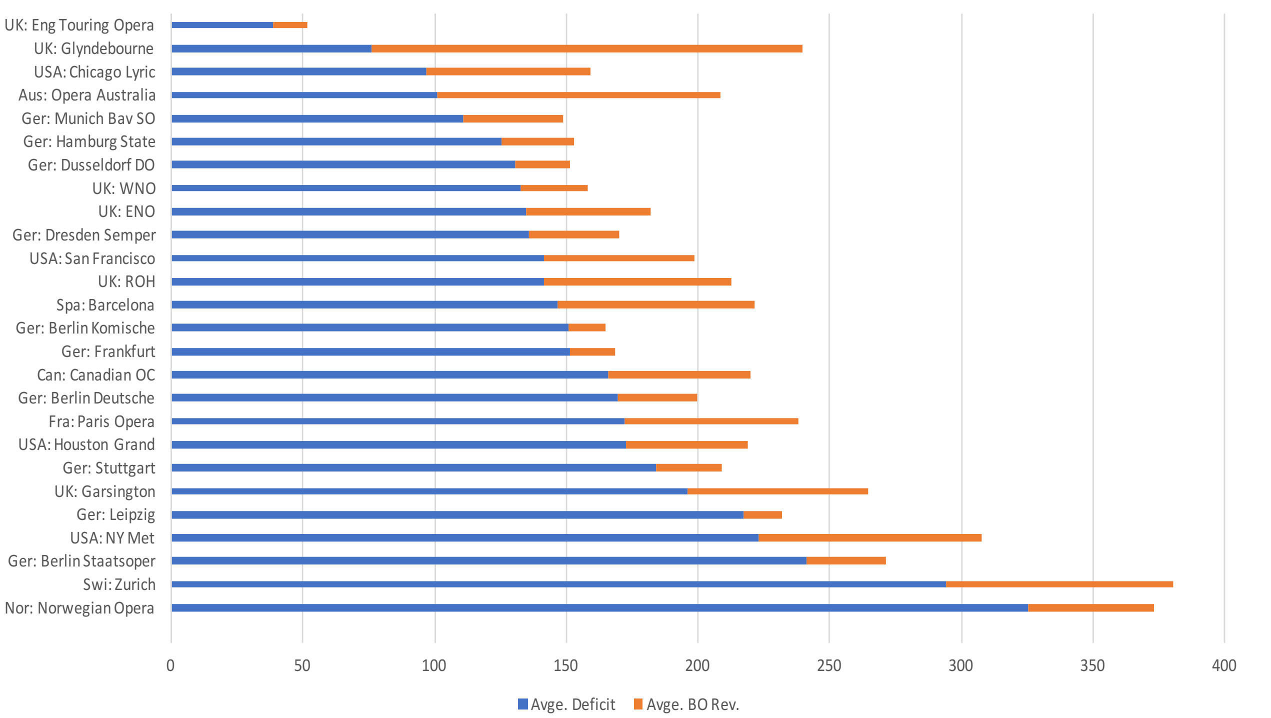
This difference supports the narrative considered in Chapters 3 and 5 about the continuity of the centralised funding tradition in Germany and the triumph of the statist model (Ertman 2012). It also raises again the question of whether a single source of finance in the form of a strong state is really a more financially sustainable model than the plurality of funding sources which has long characterised the British model, since German arts could be very vulnerable to any reduction in state largesse. Substantial subsidy also contributes towards the greater institutionalisation of grand opera in the artistic infrastructure, while the latter favours the abundance of small opera companies found in the UK.

8.4 Comparison of selected international operatic subsidies

In Section 5.1 I discussed the approximate proportion of costs financed by box office income for 138 opera theatres from 1701 to 2016. Figure 8H does a similar exercise for 26 contemporary international opera houses mainly in the US and Europe, but shows the results in per visitor terms rather than as a proportion of total revenues. The (shorter) blue bars show the box office income per visitor for the selected opera companies, while the (longer) orange bars show the deficits (i.e. costs less box office revenue) per visitor.

The indicative results show that in 2013 box office income was insufficient to cover the cost of a visitor at any of the opera companies, with shortfalls ranging from £39 to £325 per visitor. The sources of funds to finance this shortfall varied according to country and opera company as discussed elsewhere in this chapter, typically either public subsidy or private donations. However, this is yet further illustration that all rely to a greater or less extent on external support.

Figure 8H: Average Box Office Revenue & Deficit per Visitor for Selected Opera Cos. (2013) (£)



Note: Given differences in definitions and practices, exchange rate fluctuations, and other contingencies, these figures should be seen as indicative rather than precise

Since these differences reflect different attitudes in the various countries to the market, state subsidy and private philanthropy, it is difficult to draw any immediate conclusions from these data. Given the relatively large amounts of public money involved, at least proportionately, it would appear to merit closer examination.

8.5 Funding UK classical music: Donations

8.5.1 Importance of donations

Apart from subsidy, the other main component of Contributed Income is donations. These may derive from a range of philanthropic organisations and individuals, such as Trusts & Foundations, Friends/Members, or simply private individuals wishing to support classical music. The most easily identifiable grouping is the Trusts & Foundations (T&Fs), which are usually either major long-standing organisations delivering substantial funds in a systematic way using professional staff or small short-term organisations set up by an individual for tax reasons and therefore essentially comparable to individual donations. Both types of T&Fs have flourished in regimes where the private philanthropic tradition is strong (e.g. the USA and the UK) where foundation and charitable status plays an important role, often incentivised by tax benefits.

The size of the T&Fs' support base should not be exaggerated. My review of the accounts, as well as a scrutiny of the programme documents of any opera company or orchestra, shows the same names recurring in organisation after organisation and year after year, such as in the UK the Esmée Fairbairn, Garfield Weston, Peter Moores, Foyle or the (multiple) Sainsbury Foundations which have all donated extensively to music, as well as in some cases to other causes. Furthermore, many interviewees in Development or Finance mentioned that in seeking T&F grants (as well as sponsorship and philanthropic donations) they were now competing with hundreds if not thousands of other charities for the "philanthropic dollar"[Int36] and that many of those have a more compelling story than do musicians.

A representative of one foundation[Int101] was much blunter, commenting that "there just isn't enough philanthropic money for philanthropy to be the solution for the future funding of opera. Trusts and Foundations provide only about 0.3% of the amount of public funding, and it would be impossible for other private sources to take up all the slack if public funding were to be cut". My figures suggest that this estimate is about the right percentage for all live performing arts income, but that the provision of T&Fs amounts to some 5% of public funding alone; either way, the funds that they have at their disposal are insufficient to compensate for any large fall in central and local government funding. This was also the conclusion of a 2017 analysis of 2014-15 Arts Council England National Portfolio Organisations' data: "private giving is not a magic bullet" (Thelwall 2017: 5).

8.5.2 Identifying donors and their aims

The largest numbers of contributors, but not necessarily each giving the largest amounts, are private individuals. These people are increasingly classified by beneficiary organisations into different groups – such as supporters' circles, production syndicates, Friends of varying categories, etc. – in a way that is more advanced in the US and the UK but is now also spreading across continental Europe. This segmentation largely reflects marketing considerations with the objective of extracting more revenues in different ways. Their numbers have certainly proliferated: for example, the 2016/17 season concert programmes from the London Philharmonic Orchestra, the London Symphony Orchestra, and the Royal Opera House listed 26, 22 and 22 separate categories respectively of donor/supporter segments, even though the first two each raised only £2.5m and £1.6m in total, and none relied on philanthropy for more than 28% of total funding. This is also in line with the increasingly detailed distinctions drawn between the different categories of the rich (CreditSuisse 2016; Freeland 2012).

Although donors may themselves personally benefit by having the opportunity to attend rehearsals or performances that might otherwise not have taken place, the general benefit (e.g. the staged production) is widespread and publicly available, which again is distinct from sponsorship. Indeed none of the donor interviewees claimed that personal benefits played too great a role in their decisions to donate since "you can't make a commercial case for involvement in supporting music; people do it because it's worth doing"[Int89]. The same person continued by saying that when he's trying to persuade other potential donors to give money, he often says to them that they're financing losses through equity with a social rather than a financial return, i.e. couching it in financial language but immediately admitting that there is no financial benefit (Heady & Keen 2010; Joy 2014). Even that description was challenged by one interviewee[Int119] who was adamant that private philanthropy was really earned income since it requires considerable effort to access and it exists in a sort of market.

Some givers at the top end of this "philanthropic" segment have more self-interested aims. Both the organisers and the beneficiaries of the various fund-raising schemes, such as Supporters' Circles and Friends, testified that one of the main attractions for them of providing financial support was the opportunity for privileged access in the form of closed rehearsals, watching entrances and exits from the wings during performances, and mixing with the singers, other musicians and the creative team. It is difficult to put a normal valuation on these benefits, but some musical organisations only offer them when the supporter is contributing several thousand or even tens of thousands of pounds.

Both organisers and beneficiaries are of the view that, as funds from public and other sources are withdrawn, these mechanisms for tapping funding are likely not just to continue, but also to become more sophisticated. Although some are of the view that the practices will increasingly spread to countries so far resistant (in the way that has happened, for example, in Spain[Int63]), others argue that only the very large cities like London and New York have sufficient citizens and foreigners with the funds and disposable incomes to make it practical (worldatlas 2017). One former opera administrator[Int88] espousing this last view commented that some of these supporters' circles constitute "clubs of other rich and often foreign people like themselves who have been similarly displaced and have a shared passion for opera".

A more cynical view was put forward by an orchestral trustee[Int18]. While supporting these activities as a way of raising funds, the person commented that it can also have a bad effect on the musicians: when they meet the donors they meet only "rich fawning groupies" with esoteric tastes and the only other audience members they meet regularly are other musicians so they come away with the view that it's possible to put on "wall-to-wall Mahler or Wagner", and that people who like more popular music are "stupid" when the reality is that the tastes of the overwhelming majority of the audience are largely conservative and most people will only pay for the traditional repertoire. The same person also expressed the view that the financing of classical music is "highly dysfunctional", and that musicians approached their jobs "more like a religion where only technical excellence matters and the finances take care of themselves".

The number of ordinary individual supporters varies widely. If we take the numbers of Friends/ Members as indicative, English Touring Opera (and even the LSO and Bayerische Staatsoper) struggle to sign up more than a few hundred members even though in the case of ETO basic membership costs only £25; in contrast, Glyndebourne has some 9,000 Full and 5,000 Associate Festival Society members as well as a waiting list although there is a £500 joining fee and an annual charge of around £180, and the Royal Opera House has 27,000 Friends of different categories (including many who apparently don't buy tickets![Int71]). However, the figures for the Friends/Members of even Glyndebourne or the Royal Opera pale in comparison with those of the Royal Academy which boasts some 100,000 Friends each paying over £100 per year to contribute over £9.6m, or the National Trust which claims 4.6m members paying a total of £178m (which was just under 50% of its total income).[75]

Not all Friends/Members organisations are the same, and at least one interviewee[Int33] believed that their whole status should be re-thought so that they could act separately rather than as an offshoot of management. This is closer to the practice in a city such as Paris (Association pour le Rayonnement de l'Opéra national de Paris (AROP)), but a long way from that of one German opera house whose Friends' scheme was described to me as "more of a club for people who have their own agendas" than a serious fundraiser[Int135].

Although one Development Manager[Int1] questioned whether Friends' schemes really were worthwhile, another Opera House manager[Int125] stated quite unequivocally that they provided valuable money and information and if someone is critical then they're just not making proper use of Friends' data. Another opera house fundraiser[Int124] was even more specific saying that in the previous year the Friends' scheme had raised £280,000 for a cost of only £90,000 – which would be an enviable return on investment.

Although an increasing number of opera companies internationally have been establishing Friends' schemes, most are still relatively small by UK standards, e.g. Bayreuth at 5,500, and the Bayerische Staatsoper and Teatro Real Madrid which were reported in my interviews to be only a few hundred apiece. These types of supporters' schemes also serve multiple purposes, including privileged access to tickets (Glyndebourne Members account for some 85% of festival ticket sales according to one interviewee), entry to special events, and simple philanthropy. The associated privileges (e.g. access to rehearsals and artists) have become increasingly important to the extent that one Development Director[Int4] commented that "the era of the ATM donor is over". Indeed one major donor[Int75] deplored the use of the term 'philanthropy', commenting that "much of the giving to organisations is really about personal aggrandisement

[75] Royal Academy of Arts, Annual Accounts 2015/16, p. 12, p. 23; National Trust, Annual Report 2015/16, p. 5 Note 3, p.22

rather than philanthropy" – which is consistent with the narrative of opera as a signifier of status. Overseas interviewees commented that the US and UK tax systems were particularly favourable to private donors which helped them to raise funds, although interestingly the British donors interviewed said that although tax breaks were nice to have, they were not a major factor in their decisions to give – a view which is consistent with other sources (Lloyd 2004: 104).

The figures for donations in the UK pale in comparison to the experience of the USA, where private donations and endowments are on a level far exceeding that of any other country. One orchestral manager pointed out, however, that it's easy to focus on an organisation such as the Metropolitan Opera New York with endowments and investments totalling over US$300m when most music organisations in the US are in fact struggling near the bread line – also pointing out that the very rapid depletion of the New York City Opera's $45m endowment prior to its eventual closure in 2013 proves that this is no guarantee of security against mismanagement or adverse circumstances.

The philanthropic "market" is also capricious. Expectations can be very different from fulfilment, as exemplified by a story from a Development Manager[Int90] who told me that when his organisation appointed a new wealthy board member with wealthy friends they were hoping for a substantial gift and wealthy contacts but ended up receiving only insignificant donations. Or a new large project seeking funding can be announced, and suddenly potential sources of funds can be diverted, as one regional orchestral manager[Int103] feared would be a possible result of a proposed new opera house and concert hall in the south of England. This latter problem raises the question of whether the pool of potential donations is "naturally" limited in size. One opera head[Int125] was quite clear that this was not the case, saying that this was just an excuse for poor fundraising.

Attitudes about endowments are also different in different countries. An interviewee[Int63] with fund-raising responsibility at an opera house in a continental European capital told me that "Most people in this country view culture as a right, like education, so see it as obligatory for the state not individuals to provide money", adding that if there had in the past been any tradition of private artistic philanthropy it had died out after the war when people had no money to donate. One Board member of a UK opera company[Int143] propounded the American viewpoint that a musical organisation should be well capitalised like any business enterprise, whilst another British orchestral manager[Int52] commented that it's ridiculous to build up large reserves when the organisation exists to perform interesting music not to embed financial security. Finance staff[Int48] also mentioned a further problem in the UK that donors are inclined to see a large endowment as a disincentive to give rather than as an indicator of financial strength. I have seen little evidence for this, however, and the factors that crop up in research of this nature tend to be positive ones such as taste, personal or local association, impact, gratitude, etc. (Lloyd 2004).

8.5.3 Accessing donor funds

Interviewees with administrative and fund-raising experience in North America[60,79,etc.] also spoke about the very tiring grind of the non-stop fund-raising required to raise money in the USA. This was seen as easier by those who had no experience of it, such as an opera company trustee[Int92] who said that "trustees of musical organisations need to move in the direction of the American model: Give, Get or Go". At least two of the British donors interviewed[Int15,23] reflected on the generation-long battle to restore the "Victorian philanthropic tradition" that they argued had been lost in the UK since the War, and reflected on the "importance of reviving the animal spirits of public participation and giving".

The prevalence of large and more sophisticated "Development Departments" to raise money has spread to the UK, although one or two interviewees were sceptical as to whether this really was a net improvement or boiled down simply to "having and exploiting the right relationships"[Int79]. There was certainly a common belief that development activities had increased dramatically (and had had to increase) with the odd comment about the "Development Rolls Royce" at Covent Garden [in reality, according to its 2015 Annual Report, 35 fundraising staff in addition to 82 in sales & marketing and 101 in management & administration, constituting 20.1% of the 1,024 total staffing complement]. The figures for sales & marketing staff are perhaps particularly interesting in the light of a comment by an opera public relations director[Int71] who, in discussing the importance of 21st Century communications, pointed out that social media postings can often do a lot of an opera house's marketing and public relations for them when participants exchange comments with different points of view – which might make one question the need for such a large increase in marketing staff. The growing importance of social media is consistent with the experience in popular music as well as other industries, and is increasingly the subject of more systematic research (Cartner-Morley 2016; Salo et al. 2013; Verboord & van Noord 2016).

The practice of *requiring* board members themselves to contribute funds to their organisation is not yet common in the UK, at least in comparison with the US. However, interviewees confirmed that the application of pressure on board members to provide donations had long been prevalent (the "Give, Get or Go" culture mentioned above), especially at the largest organisations, and was growing, and that sometimes funders' money would follow their friends when they moved to different organisations and tapped the same contacts[Int64]. One opera financier[Int89] told me that there were only two reasons why people like him gave money: firstly, to ensure that this type of life continues ("perpetuation") (and in his words donations is a "soft way of getting the very rich to pay higher prices"), whilst the other – which is relevant in this context – is to lend financial support to your friends on governing boards in order to help them to make the case for matching subsidy.

This last point is potentially important since several interviewees mentioned that philanthropy was important in mobilising both subsidy and to a small extent sponsorship. It's not in fact clear that there is any evidence to support this claim, although one arts administrator[Int34] observed that philanthropy is often seen as a "stick to beat arts organisations with" (along the lines of 'go and chase all those opportunities waiting to be plucked') rather than as something that opens up possibilities, i.e. a punitive rather than an enabling mechanism. As I mentioned in Section 7.5, philanthropy has also been identified with the neoliberalist agenda and can thus be seen as in tune with the political and economic times.

There has been little significant research into the connection between subsidy and philanthropy in the arts, although studies relating to other areas of philanthropy furnish no numerical evidence even if the theory has intuitive appeal. One recent study (Nikolova 2015) of US post-War aid projects showed that "when government funding is up to a third of total private voluntary organisation revenues … it attracts additional private donations … as they signal trustworthiness". Another study closer to home (Andreoni et al. 2014) found that grants from a specific programme in the UK Lottery "do not crowd out other sources of income … [perhaps because] the programme typically funded new, discrete activities for which charities may not seek alternative funding … [and with the] strongest evidence of a positive effect for smaller charities".

The potential goldmine that most development directors see approaching over the horizon is legacies, although there was some ambivalence about this since by definition legacies depend on the deaths of what are likely to be existing customers and can also be revoked at any time up until the 'final curtain'. A financier might suggest that this is an area where there is scope for creative financing along the line of housing equity release, but interviews suggested that so far there has been limited thinking in this area. Nevertheless, most interviewees who mentioned this issue were highly optimistic about its potential and pointed to some recent industry reports such as *Legacy Giving 2050* which projects that by 2050 19% of wills will contain a charitable bequest with the total of bequests worth over £5 billion (LegacyForesight 2014: 1). In another more recent report the same group finds that, although arts organisations are making progress in attracting legacies, they are still "punching well below their weight" (LegacyForesight 2016: 5) which suggests as yet unrealised opportunities.

What might be seen as a more thoughtful view, however, was advanced in a Canadian Report that identified "an important watershed in legacy giving … thanks to changes in demographics, wealth, family environments and gender independence in financial planning" (Radcliffe & MacDonald 2015: 5). This more cautious view accords with the comments of a musical organisation trustee[Int112] in London who expressed concern about the support for music by the next generation in relevant communities, including one of which she was a part: "Not only are their habits changing, but the profile of the new money is changing in a way that is adverse for classical music … new money and new cultural immigrants have different affiliations, which will eventually translate into lower financial support for classical music."

One interviewee[Int68] with extensive experience in promoting and managing arts fund-raising emphasised the "fragility" of philanthropy, i.e. how much it depends on the personal touch, random preferences, loyalty and commitment, a belief in both the value and stability of the receiving organisations, and so forth. One minor change to the equation can easily result in the termination of funding since it's largely a matter of personal choice. The person also commented that most philanthropists consider public sector funding to be important as a demonstration of community commitment, and summarised the overall situation by saying that "philanthropy requires vision, impact, and formal direction".

These comments raise two important and pertinent points which to some degree are associated with the different models of music and arts funding in different environments. Firstly, there is the contrast between on the one hand a bureaucratic method of funding dependent on policy and procedures, and on the other hand a more unsystematic even random method dependent on whims or charisma. While the two co-exist in all environments, the former is what largely characterises music funding by governmental bodies in much of continental Europe and the Arts Councils in the UK, while the latter is the dominant feature of the environment of private philanthropy prominent in the US and increasingly in the UK. Although the ideas pre-date the 20th Century, the distinction was most clearly crystallised originally in modern times in the work of Max Weber (Weber, M. 1921, 1947). The extent to which people support the two approaches derives partly from different philosophical viewpoints: supporters of the continental/bureaucratic approach highlight its fairness and durability, while supporters of the American/charismatic approach emphasise the creative advantages of pluralism and its associated robustness.

Secondly, there is also the implicit contrast between, on the one hand activities that are (determined as) important to the community as a whole in line with its longer-term goals, and on the other hand those favoured by (typically rich) individuals and which may be the product of individual quirk as much as serious reflection. Arguments between collectivism and individualism stretch back to the earliest days of Western philosophy and political practice, but the US/British approach may reflect the precedence of Lockean liberalism over Hobbesian absolutism and other historical distinctions touched on in Chapters 3-5. The arguments about the role of state involvement in the arts in the UK have also raged for years (Hewison 1995; Mills 2016; Pick & Anderton 1999). The comments of my interviewees, however, resemble the words of our theatre manager of two hundred years ago: "The interference of government with the amusements of the people would not fail to be encountered with objections, in a country where all the operations of power are regarded with so much jealousy as in England" (Ebers 1828: xxi).

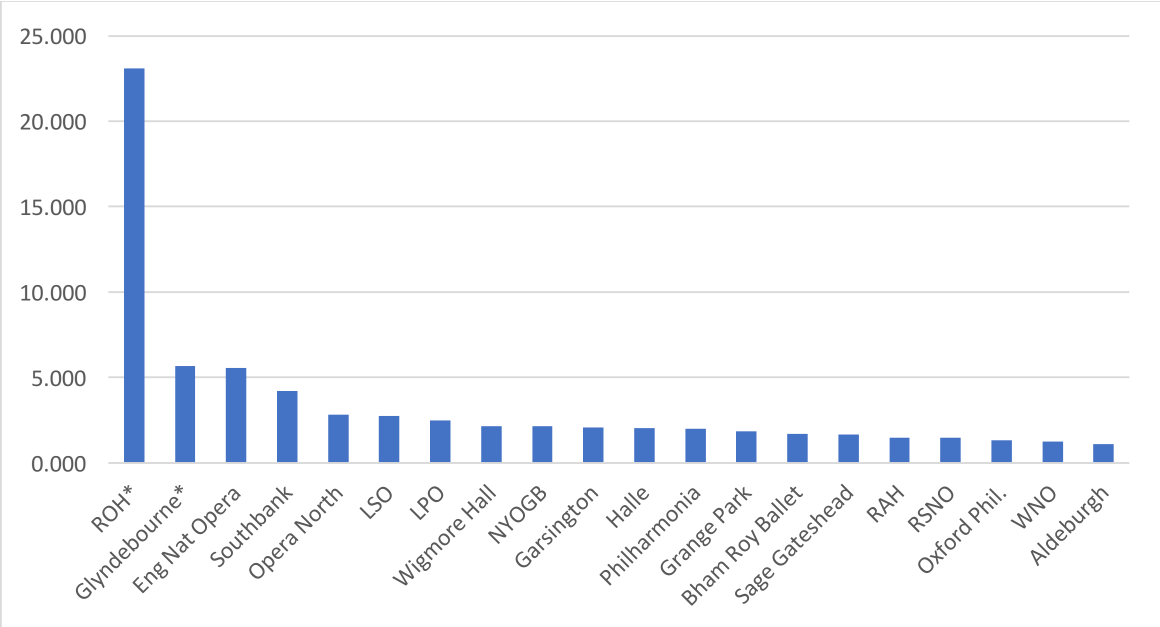
A very few British opera companies have experimented with combining ticket purchases with philanthropy. For example, Garsington Opera suggests a voluntary donation (£70 in 2017) on top of the ticket price. This is apparently paid by 90% of the audience$_{[Int61]}$, and averages nearly half the cost of the ticket. This exemplifies one of the differences between short-period festival/country opera and all-year-round metropolitan opera, perhaps best summed up by one large donor$_{[Int75]}$ who described the "country house opera movement" as "a sort of self-indulgence … just individual preferences for the rich, in contrast to the metropolitan companies which are more serious public concerns." Needless to say, those inside the business of country-house and festival opera have a more positive assessment, with one[Int25] highlighting its distinctiveness in combining "so many other pleasures with serious opera, including stunning gardens and landscape, and good food and drink"(Feeny 2017), and another[Int148] pointing out its appeal in an era when "people want to acquire new experiences rather than new objects". The figures in Chapter 6 suggests that they also constitute a small but important part of the wider operatic ecosystem and economy.

8.5.4 Quantification of donations

The data presented in Chapter 7 confirm the increasing importance of income from these donations and other philanthropic sources, quite apart from any additional non-monetised sources such as unpaid labour. Classical music in this respect comes into "competition" with all the other (cultural, social, and educational) areas seeking philanthropic funding, but it is not the purpose of this thesis to understand why donors might pick one sector rather than another for charity. There are also other commercial entertainment sectors which are clearly not philanthropic but where non-commercial issues apply. For example, in his introduction to Stefan Szymanski's recent *Money and Football*, Simon Kuper describes a cycle of dominance and distress in the football industry since "clubs are not like normal businesses" and "very few football clubs are out to make profits" (Szymanski 2015: xi) .

The data in Table 7A showed that in 2013 £91m, or 16% of total income for classical music performing organisations in the UK came from donations, including individual donors (£66m or 11.5%), T&Fs (£12m or 2.1%), and Friends/Members (£13m or 2.3%). The largest fundraiser was the Royal Opera House, which in 2013 raised £23m from 'memberships, events, donations, gifts, and legacies' – or over a quarter of the (non-governmental) total for all UK live classical music performing organisations. The next three – comprising English National Opera, Glyndebourne and the Southbank Centre – raised "only" £4-5m each, and most of the other major opera companies and orchestras were among the 16 other organisations that raised more than £1m each from these sources, as shown in Figure 8I.

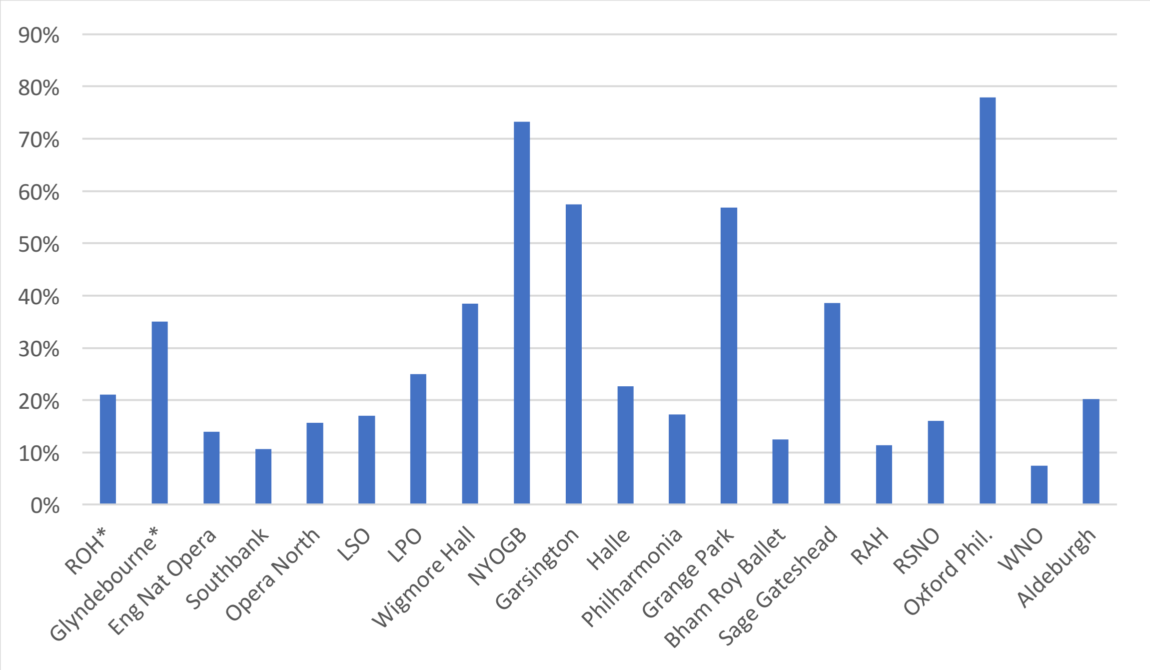
Figure 8I: Donations, Trusts and Friends Income for UK's Largest Live Classical Music Performing Organisations in 2013 (£m)



Note: ROH includes the Royal Opera and Royal Ballet. Glyndebourne includes Festival and Tour

Looking at donations, trusts and members' income as a proportion of total income, as in Figure 8J, tells a different story. Instead of the largest organisations, it is Garsington and Grange Park which in 2013 were proportionately the most successful of the opera companies at fund-raising and the National Youth Orchestra of Great Britain and the Oxford Philharmonic were the most successful orchestral ensembles.

Figure 8J: Donations, Trusts and Friends Income for UK's Largest Live Classical Music Performing Organisations in 2013 (% of Total Income)



* ROH includes the Royal Opera and the Royal Ballet. Glyndebourne includes Festival and Tour

Neither measure (the absolute amounts shown in Figure 8I or the proportions of total income in Figure 8J) gives all the appropriate context since even a small amount given by a single donor to a tiny organisation can dramatically raise its proportion of donated revenues, whilst such an amount might be a rounding error for a large organisation. Furthermore, they may face rather different challenges: for example, the prosperity of the relevant catchment area or demographic segment is likely to be key, which immediately favours wealthy urban areas and especially London.

It is also tempting to hypothesise further about the possible impacts of different influencing factors. For example, might smallness and proximity encourage donations because donors believe that a gift can have a real impact and they can see the consequences of their donations? Or is it more a question of individual charisma and relationship building that many in the business highlight, which might be easier in localised areas? Validating such hypotheses would require much more research.

Individual donations accounted for 72% of the total amounts illustrated in Figures 8I and 8J, with a further 14% for Friends or Membership schemes, meaning that contributions from individuals represented some 86% of the total of all donations. The Royal Opera House was even more dominant in the case of Friends' and related income, with its £7m membership revenues accounting for more than half of the total, although some organisations such as Glyndebourne don't list this item separately.

The other 14% of the donations to live classical music performing organisations come from T&Fs, such as the Paul Hamlyn Foundation, the Esmée Fairbairn Foundation, the various Sainsbury trusts (including Linbury, Monument, Gatsby, etc.), the Clore Duffield Foundation, the Peter Moores Foundation, and a host of others. These six T&Fs (excluding the recently closed Peter Moores Foundation) were all in the top 25 donors to all causes among UK T&Fs in 2014, with the six together making donations of £155m out of their total assets of some £2.1bn. (ACF 2014). Information in each of their Annual Reports suggest that the grants to the arts totalled just over £50m, although classical music would appear to be less than a tenth of that. Since the amount of all T&Fs' donations to live classical music in 2013 summed to not much more than £12m, at a macro level the contribution of T&Fs appears relatively insignificant – but this belies their importance as catalysts or anchor-donors to a wide variety of smaller and fringe musical organisations as well as the education and outreach activities of larger ones.

8.5.5 International comparisons of donations

These data do not shed any light on the question of whether these amounts are a little or a lot. There are two comparisons that might help to understand this: other areas of philanthropy in the UK, and international comparisons for classical music. The total amount donated to charity by UK adults in 2014 was estimated at £10.6bn. (CAF 2015), but unfortunately for classical music, arts was only the 14th most popular recipient, after medical, children, hospitals, animals, religious, sports, etc. and accounted for only 1% of donations, or some

£106m. Given my calculations for music alone, this seems low, but it is not impossible bearing in mind factors such as different classifications. Arts were slightly more popular among the very rich, however, since, apparently 3% of donations in 2013 with a value in excess of £1m (some £95m out of a total of £1,350m) were to arts, culture and the humanities (Coutts 2013) – although this pales in comparison to the £570m donated by this wealthy group to higher education.

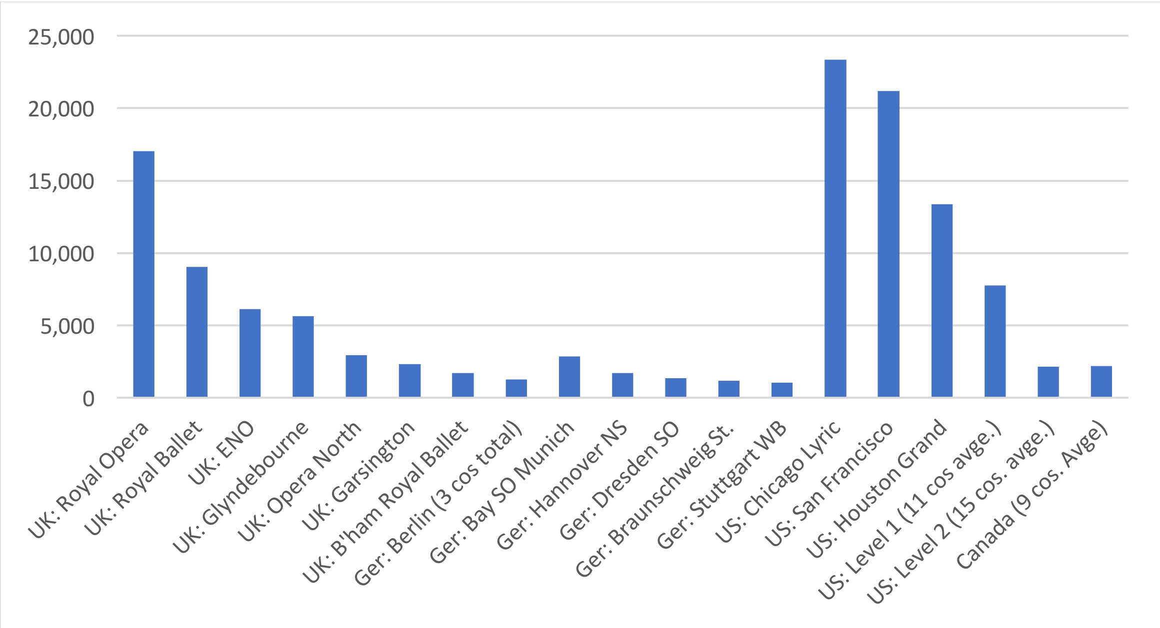
As regards the international situation, although overall the UK is apparently not as benevolent as the two countries which topped The Charities Aid Foundation's World Giving Index 2014, namely Myanmar and the USA, it does rank seventh[76]. The two countries which are being referred to regularly in this thesis for comparative purposes are Germany and the USA. The annual *Deutscher Bühnenverein Theaterstatistik*, the most widely available German statistics, do not separate donations from sponsorship (which I classify as commercial rather than philanthropic), and they anyway only identify donations for operatic *theatres* (which also include ballet, etc.), so the comparable figure for UK donations in 2013 is the combination of these two. The most widely available statistics in the US look at opera houses only in bands or levels by size of revenues, and the largest level even excludes the New York Metropolitan Opera because its massive size would be distortionary. So in summary, the particular figures used here for the UK have been selected in order to be comparable with those available for other countries.

Figure 8K shows the income from sponsorship and donations received by the highest-earning opera houses in the UK, Germany and the USA in 2013. Given the high level of public subsidy, it might be expected that the level of philanthropic donations to arts in Germany would be relatively low since citizens would expect them to be funded by their taxes. It is therefore unexpected to see at first glance that German live operatic theatre organisations

[76] In the latest Charities Aid Foundation's World Giving Index 2017 published on 05/09/17 the top countries were Myanmar, Indonesia, Kenya, New Zealand and USA, with the UK falling to eleventh

seem to collect the relatively substantial figure for donations and sponsorship of €28.7m, or roughly £23m. This is nearly half the UK's comparable figure for opera and ballet of £51m, although not surprisingly it hardly registers compared to the Metropolitan Opera's $158m (~£125m) let alone the total for US opera of around $325m (~£258m). Comparing sponsorship and donations for the top half dozen operatic theatres/groups in each country just reinforces this gap.

Figure 8K: UK, German & North American Opera Houses Receiving the Highest Income from Sponsorship and Donations in 2013 (£000s)

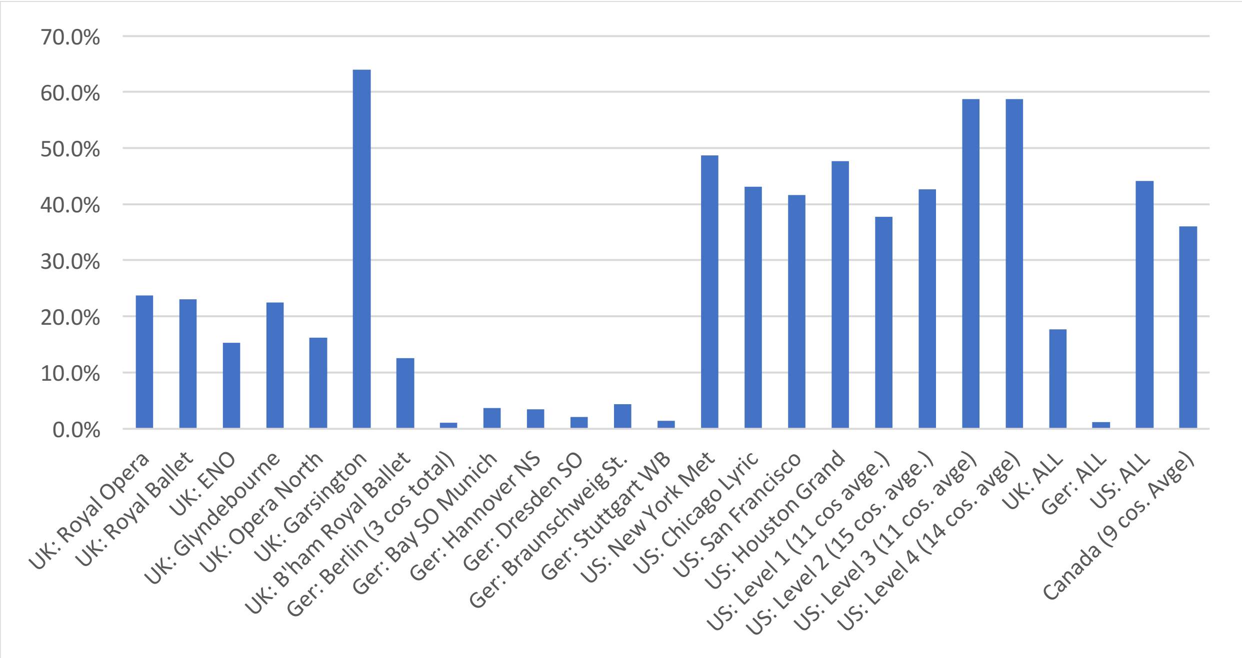


* German figures from *Deutscher Bühnenverein Theaterstatistik 2012-13*; US figures from individual company websites (adjusted) and Opera America's Annual Field Report 2013 for the Levels; both converted at the end of February 2016 exchange rate

If anything, the representation in Figure 8K understates the gap with the US. Not only have I combined the data for three Berlin opera houses so that Berlin gets visible representation, but the 26 opera companies in the US Levels 1 and 2 (as defined by Opera America) probably all raise more money than any opera company in Germany apart from Munich's Bayerische Staatsoper.

If it is initially surprising to see German companies raising so much income from this source, that is only before looking at the percentage data. Because there are so many German operatic organisations (often including not just opera but also ballet and many other shows) their total turnover was €2,440m (~£1,936), although in the next section I estimate that only about €760m (~£650m) is attributable to opera alone. This total turnover is not just substantially larger than the UK's opera and ballet figure (£290m) and the total for US opera ($782m/~£514m), but it is so far ahead that it means that as a proportion of total income, donations and sponsorship in Germany account for only 1% compared to 18% in the UK, 44% in the US, and 36% in Canada. This is shown in Figure 8L, which also adds country totals, the 25 additional US opera houses in Levels 3 & 4, and the NY Met (whose *proportion* of donations is not that dissimilar from other American companies).

Figure 8L: UK, German & North American Opera Houses Receiving the Highest Income from Sponsorship and Donations in 2013 (% of Total Income)



These data should not be used to draw simple conclusions about relative generosity. If you view these donations on a per capita basis (per head of the population, not audiences or donors), the Americans come out top at 81p per head (opera only) but the British are about the same at 80p per head. Although Germany comes far behind this, it still manages 28p per head, with Canada in between at 56p per head.

8.6 Funding opera in the UK, USA and Germany

In conclusion, to put the UK figures into perspective, I have reviewed the data for expenditure on opera in the USA and Germany. This highlights the distinctions between the three countries, as shown in Table 8B which compares the estimated incomes of the opera companies in the three countries and the major sources of these incomes.

Table 8B: Estimated Operatic Revenues (2013): Germany, UK and USA

Figures for 2013/13	**Germany**	**UK**	**USA**	**% Diff**	**% Diff**
	£000 equiv.	**£000**	**£000 equiv.**	**Germany/ UK**	**USA/UK**
Nos. of Performces.	*5,865*	*c. 1,000?*	*1,160*	*+487%?*	*+16%?*
Nos. of Opera Cos.	*84*	*[44]*	*50*		
Earned income	113,659	98,623	231,153	+15%	+134%
Contrib. income	535,961	110,340	283,308	+386%	+157%
Total income	**649,620**	**208,963**	**514,461**	**+211%**	**+146%**
Per performance	*£110,762*	*c.£208,000?*	*£443,195*	*-47%*	*+113%*
Per visitor	*£162.85*	*??*	*c.£250.39*		

Although these data are approximate, they highlight the large differences between the operatic economies of the three countries. Although Germany stages some five times more performances than either the USA or the UK, its total operatic income (and thus expenditure) is only three times bigger than that of the UK and a quarter larger than the USA's. However, Germany earns only 17% of its income, compared with 45% for both the UK and the US. Germany therefore relies substantially on contributed income, with some 81% deriving from governmental sources. In 2013 this reflected a subsidy of €154 per ticket sold. Indeed the absolute amount of German government subsidy far exceeded that of both the other two countries, even though its population was less than a third of the USA's and only a quarter larger than the UK's.

Notwithstanding this, German opera appears to be run much more efficiently from a financial point of view than either the US or the UK, as is explored further in Chapter 10.

I have previously mentioned several reasons for these disparities, including the different historical traditions of the various countries, the emphasis on the market as against the community, and their attitudes towards culture compared to entertainment. Other influences could be conjectured, such as political devolution (but true of both the USA and Germany), the critical mass of population density (where the USA might be the outlier), and competing entertainments (which should not differ much in a more global world). None of these appears to outweigh the historical traditions, which, as I have shown throughout, continue to have significant influence on present practices and attitudes. Unfortunately for the future of the art form, none of these have found a path towards long-term financial self-sustainability.

Chapter 9 – The contemporary classical music business: Efficiency

9.1 Development and investment in the opera industry

Although common in the business world, terms such as development and investment have only recently become more prevalent in classical music as traditional funding declines and income sources shift. Nevertheless, the focus of development in most European countries is still on basic fundraising rather than long-term strategic survival. The investment required to stage performances is self-evidently critical. Unlike private business, however, most modern classical music is promoted and presented on what is essentially a risk-free basis. Even though most if not all performances lose money, as was described in previous chapters, the shortfall is made up from public or private sources that are gifts rather than profit-seeking investments. Commercial theatre, in contrast, depends on risk capital. One producer$_{[\text{Int9}]}$ mentioned that the typical investment in a West End musical can range from £3m to £10m, with the same show on Broadway requiring $10-25m, also claiming that "only 1 or 2 out of 9 musicals staged make a profit" - a risk profile that in practice only a few rich individuals or organisations can handle.

A specialist lawyer$_{[\text{Int5}]}$ explained that musicals typically use investment vehicles similar to that depicted in Mel Brooks's *The Producers* (1968), but with more conventional investors rather than that film's 'little old ladies'. One or two producers will put together a business case document covering the proposal, the track records of producer and proposed stars, funds sought, how the money will be spent, other backers, etc. For a musical, the amount of investment sought could be up to £5m, which would include an allowance for a few weeks' operating costs before breaking even. The producer(s) won't necessarily commit their own funds but will typically look for multiple "angel investors"[77], the largest of whom (investing perhaps 10%) might also get his/her name in

[77] "An angel investor is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity" (https://en.wikipedia.org/wiki/Angel_investor, accessed 04/09/2017)

lights along with the main producer(s). This is a sort of "debenture-style system" since no profits are declared in annual accounts as the project investment vehicle pays out immediately, often on a weekly basis. Once costs are covered, typically 40% goes to the producer and 60% to the investors. Another producer[Int149] added into this mix the workshops process that is often used to test the prototype musical product which enables both potential investors and artistic critics to comment on and improve the musical, sometimes on multiple occasions.

One angel investor was quoted in a newspaper saying that "Less than 20 per cent of all efforts recoup original investment" [sic] but also highlighting successes: "A successful production can pay the investor back many times … A long-running show will pay out year after year. People who invested a couple of thousand in *The Woman in Black* [running in the West End since 1989] will still be receiving a few hundred pounds a year"(Shillingford 2011). In 2014 producer Judy Craymer was said to be "worth an estimated £90m as a result of *Mamma Mia!*'s astronomical global success … [after] selling her home to pay off a big overdraft and to buy time to develop the project" of a musical based around Abba's hits (Express 2014). However, her later investment in the supposed sure-fire hit *Viva Forever!* based around Spice Girls's tunes "lost piles of money for investors"[Int149] in 2012, illustrating the luck and risks involved.

Opera companies, by contrast, operate more like a governmental bureaucracy: they decide what operas they want to perform (which products/services to provide); identify the personnel required, most of whom are already employed; set prices at an affordable level and then go begging/bargaining (raise taxes) to cover the shortfall. The risk is relatively minor and rarely personal. Furthermore, although fringe opera companies, such as Tête-à-Tête or Mahogany, are increasingly providing fora for testing operas in their early stages akin to workshopping musicals, these are primarily artistic in focus.

But could the riskier approach with imaginative financial techniques be applied to opera or other areas of classical music? A few instances were mentioned during discussions, such as one performing group[Int1] that had funded some of its recordings through a shared-profit partnership vehicle. However, the general view[e.g.84] was that, because classical music is not profitable, it would never be possible to deploy more creative forms of financing comparable to private sector business practices, although there was some receptivity to business start-up ideas such as workshopping (incubation?) or the equivalent of off-Broadway try-outs as are occasionally used, especially in musical theatre. Even the smaller organisations operate mainly in the same mode as their larger brethren, although they have few of their own resources and may be more artistically adventurous.

As regards the longer-term issue of development, the discussion in Chapter 2 argued that sustainability is not static but includes notions of long-term maintenance, preservation, and development, as well as the investment required to facilitate the evolution of the art form rather than just the continual exploitation of the back library of the operatic museum (Abbate & Parker 2015). The single most important relevant factor mentioned during many interviews, frequently unprompted, was that of musical education. Everyone who discussed the subject saw musical education as being vital to the sustainability of classical music in order to create both the musicians who will play and the audiences who will listen and attend in the future.

The widely-shared concern was the perceived decline in the availability of funds, instruments and teachers. Factually the situation seems clear (e.g. "Only 74% of secondary music teacher training places were filled in 2015/2016, putting music in the lower percentile of subjects hitting recruitment targets" (NAO 2016), and this was borne out by the more anecdotal comments that I heard: "The most important issue is musical education which is experiencing real problems now"[Int120]; "the major issue nowadays has to be that of musical education … it's one thing to cut grants to current performers, but if you cut education then you threaten the longer term"[Int92].

Although British interviewees seemed to perceive this as being a peculiarly British problem, several interviewees from other European countries shared the same concern, summed up in the words of a head of a continental opera house[Int98] that “one of the major threats to the future of opera and classical music comes from the reduced role of musical education … From education comes interest and a flourishing art form, and it’s very important to maintain that interest.” Inevitably there was a socio-political dimension in the expression of some of these opinions. For example, one former British opera house head[Int99] said that “one of the dangerous consequences of withdrawing so much public money from arts education and enterprises is that young people are growing up without the ability to encounter opera” – a point of view, however, which seems to ignore the wide availability of different types of live opera and the instant access to a vast library of Internet-based performances.

The concern expressed here about musical education is certainly consistent with the comment from Peter Drucker quoted previously to the effect that the purpose of a business is to create a customer since most people who study music will end up in the audience rather than on the concert platform. The corollary is the need to invest in musical education and its links with the music industry, or in the rather more tortuous words of a European Commission report the need to “promote a better integration between the cultural sector and schooling system [since] education can be considered as a key precondition for enabling positive environments where to experiment A[udience] D[evelopment] strategies at different levels of intervention”(Bollo et al. 2017: 10).

9.2 Opera as product and event

One of the features that distinguishes most classical musical organisations from other areas of business, however, which was also apparent in discussions, is that their futures are almost entirely invested in their existing ‘product’ so that if the audience for that product were to decline significantly there would be a risk that they would simply disappear. In the business world this possibility might mean not just adding new products, but even changing or expanding the nature of the business. Extreme examples of this include pulp mill Nokia Corporation becoming a telecommunications company more than a century after its founding in 1865, or the German mining company Preussag AG becoming Tui Travel, or even Amazon.com evolving from a bookseller to become a global retail corporation.

The music recording business has some of these characteristics, but at some 3% of total annual retail value the classical music recording business is a rounding error for any but specialist classical music recording companies. As evidenced in so many interviews, live opera and orchestral music organisations simply do not think in those terms; they exist to provide a particular type of service in the relatively immediate future rather than to ensure their financial survival. The possibility that the organisation might go out of business is alien to the way contemporary musicians and administrators think about their employer, although artists without personal contracts have as precarious an existence as those in other sectors, including increasingly other areas of the arts (Easton & Cauldwell-French 2017).

Orchestras and opera companies have typically responded in two ways to this financial/ existential problem, as emerged repeatedly during interviews: by positioning their offering as some type of special event and by targeting community support. I will return to the issue of community support in the next section, and consider first that of the 'event'.

Positioning entertainment activities as 'events' has been a growing phenomenon. Although many classical music practitioners may see themselves in a different category from other minority interests that have become global commercial ventures, such as Formula One (mentioned in Chapter 2) or snooker, some interviewees[e.g.94] were sufficiently perspicacious to understand that some performances such as Glyndebourne or the Proms need to be seen as special 'events' rather than as ordinary classical music performances. Their success derives from that positioning, which in some respects has more in common with, say, sports than standard musical concerts. This is a stage further than 'event' in the sense that a writer such as Christopher Small has used it (e.g. "They, too, are all contributing to the nature of the event that is a musical performance" and "the event that is a symphony concert" (Small 1998: 9, 108)). The event approach, however, may still position classical music as a niche interest and draws on what has now come to be called "the experience economy", a concept which even twenty years after it was first formulated (Pine & Gilmore 1998) continues to gain traction (Denton 2016; Pearce 2013).

There is also the practical difficulty that special events are typically associated with special prices, which is one of the factors enabling companies like Glyndebourne (or promoters of Beyoncé and others) to charge higher prices. This potentially conflicts with the desire to improve access, for example by "making more seats available at lower prices to try and lure in new audiences [which is] another example of the new strategic emphasis on building for the long term"$_{[\text{Int124}]}$. A more cynical view$_{[\text{Int141}]}$ about this issue of access (and confirming a point already mentioned in Chapter 8), however, was that there were "too many *de facto* private clubs of people in the know or know how to obtain tickets – things which the casual attender knows nothing about", although this could also be seen as contributing to the notion of a special event.

A few interviewees with business backgrounds$_{[\text{e.g.}96]}$ drew on their experience, for example commenting on how some opera companies could follow other activities "to become global brands … built around the digital distribution and access which is changing the fundamental economics." This person also compared the new emerging world of opera to "what has happened in football or rugby where a few teams attract a worldwide digital audience based around a limited number of live experiences" although simultaneously "amateur and semi-professional games continue to attract the average person to watch and participate."

These comments address possible developments in the area of distribution rather than production. Whilst most interviewees appreciated the need to adjust for changes in technology and viewing practices, there was little consensus about the core operatic product itself nor often any concern about aspects of that product that might repel rather than attract audiences. This in fact marked out one of the clearest areas of consensus: if audiences were not coming to opera and orchestral music concerts, the fault either lay with the audiences themselves who had yet to appreciate the wonders of classical music or with the method of distribution/appreciation. Few blamed the product itself, whereas in other industries a sales shortfall might attract product line redesign and relaunch, or even discontinuation.

Some might argue that this problem stretches back over a century. As Timothy Taylor argues, "by the end of the nineteenth century some composers were thought to be geniuses who could justifiably demand more and more of their listeners – more of their time, so pieces got longer, and more of their attention, so pieces became increasingly complex" (Taylor 2016: 32). Taylor links this to "the invention of a new social personality, that of the great professional artist" (Bourdieu 1995: 111) in capitalism, and to this could be added the resulting ratcheting up of costs and in some respects an indifference to the financial consequences by that "great professional artist".

As these writers imply, the problem is systemic as well as personal to the "artists". It has also long been a matter for hand-wringing, as illustrated by this comment written nearly half a century ago:

> It is surely time that one or all of the major orchestras tried to find out what their audiences actually want - whether they would be prepared to listen to more contemporary music, whether they would pay more for their seats, to what extent they are influenced by star names or by previously hearing performances on radio or gramophone record. Until that is done and firm figures can be used to support or demolish speculation, the art of winning audiences will remain as irrational as the art of music itself (Spence 1972: 765).

This question of the musical 'product' came up repeatedly in discussions, and in particular the issue of historical and contemporary operas. Although *Operabase.com* records that in the five years to 2015-16 just over half of the composers whose works were performed were still alive (664 out of 1,281), in 2014/15 works by composers of the 18th and 19th Centuries accounted for nearly 80% of total performances and the Top 10 operas by these composers constituted 46% of all performances. As also referred to in Chapter 3, the "average" year of composition of the top 266 operas performed in the year 2014-15 was 1860.

It is beyond the scope of this document to consider the artistic reasons for this concentration on historical works. At least one interviewee with responsibility for scheduling, however, confirmed that the high financial risk of staging contemporary opera was an important factor in (conservative) decision-making, and another$_{[Int81]}$ was quite scathing of the failure of contemporary composers to engage with both the preferences of the audience and the capabilities of the singers and other resources at their disposal in order to create musical compositions ('products') with audience ('consumer') appeal. One UK opera company Board member$_{[Int27]}$ put it down simply to commercial reality, recounting a visit to a very large American opera house where, on being asked how he decided repertoire, the General Administrator pulled open a drawer and produced a list on which was written the four names of Puccini, Verdi, Mozart, and Wagner – the only products that would sell.

A few interviewees did express the view that it was necessary to at least reconfigure the product, including perhaps "reducing the length … [and] playing fast and loose with some aspects to make it funnier … and even changing and repositioning some of the music to make the art form come alive for its audience"$_{[Int98]}$. This was a minority view, however, particularly since another$_{[Int93]}$ pointed out that a competition for new opera compositions in whose adjudication he was involved had received "450 applications with new compositions from all over the world". I even attended a public forum where a representative of a large opera house was reported to have said that they were “flooded” with new works about trendy themes scored for a dozen or so musicians.

The practical business difficulty is demand not supply: not enough people want to see these works, let alone to pay for them. As with much else in the business, many had identified the problem but there were few answers: “The problems with … opera companies run deeper than marketing, which somehow everyone believes is the answer. They’re far more structural”[Int117]; “the move to and overwhelming superiority of musicals has led to the current crisis in opera [which] … needs to do some real thinking about its future in a way that doesn’t appear to be happening much at the moment”[Int99]. Many of the main developments in the current opera scene, such as the rapid expansion of so-called country-house opera (Feeny 2017), could be classified as ‘more of the same’ rather than “structural” or “real thinking about its future”, particularly since the viability of country-house opera derives more from making more operas available to existing audiences than from attracting new audiences.

9.3 Socio-economic context of contemporary opera

Chapter 2 identified the importance to sustainability of the context in which the musical activities take place, including the wider socio-economic context. The rise of country-house opera just mentioned is a practical example of this since prior to the coalescence of a range of factors in wider society including the accumulation of considerable personal wealth, the “flourishing of the finance sector”[Int25], tax advantages, and so forth it would have been extremely difficult and probably impossible to start and operate so many small-scale opera companies of this nature.

This is one of the most controversial aspects of opera since for every person grateful for the influx of private philanthropic funding there appears to be another[Int69] who “deplore[s] the association between opera and luxury, ‘top-end’ brands, champagne, expensive sandwiches, manicured lawns”, which for some donors is part of the attraction. This same interviewee continued that a "tipsy" audience in the second half seemed to be "dying to laugh AT opera" and that some of the fault here lay with "opera management shaping the expectations of their audiences". Whilst this is arguably a harsh judgement on the hard-working and financially-strapped managements of opera houses, it rather confirms that "opera reflects its society"[Int99].

At the macro level this can be seen in the very different attitudes towards opera in different countries. An Intendant[Int146] of an opera house-cum-arts centre in Germany summed up one difference: "In England classical music is entertainment, in Germany it's education." An opera administrator[Int124] in the UK put it less pithily: "A fundamental problem that … British arts institutions are up against is that arts and culture are not valued in the UK in the way that they are (in different ways) in the US, Germany, and elsewhere." He contrasted his company with the US's St. Louis Opera, which "is heavily supported by its local community and people in a way that is just not the case in the UK."

Although this remark implies a uniformity of approach in the US and Germany, their respective forms of support are very different, the former being primarily through private philanthropy and the latter through community taxation (and frequent attendance), as quantified in Chapter 8. Several interviewees recognised that a change in either of these could have profound implications for classical music. Those in German classical music themselves recognise this: "The support of the local government and community has been very important for [our] Oper. Fortunately it has enjoyed a good relationship with the politicians who understand the importance of opera … as part of what attracts global companies to [this] city rather than just the commercial aspects"[int135].

British practitioners similarly appreciated the practical economic advantages of a supportive environment, even if this did not necessarily translate into clear policy. "The status of London as a world-class city depends on a certain number of 'silken strings' which attract people and money. The monarchy is one of those strings, but so is a world-class opera house and … whilst you can remove a string or two, there's a risk from removing too many [which is] … the justification for spending public money on opera which is important to maintaining this status"[Int96]. Or "If London wants to carry on being a world-class city with all its amenities centering on the City of London, then it has to offer world-class opera and other arts … [they're] … necessary assets, like the English language, rule of law and a convenient time zone"[Int89].

These views are consistent with the conclusions of recent authors who have highlighted the importance of cities in the fostering of a creative environment (Florida 2005; Glaeser 2011). This argument stretches back to at least the 18th Century: "The Opéra is not just a business, whose principal aim is to produce a profit. It is also a theatre which contributes to the embellishment of the Capital, attracts foreigners, encourages artistic talents and contributes to the progress of all arts" (Denis Pierre Jean Papillon de la Ferté (1727-94), as quoted by Mark Darlow (Darlow 2012: 3). One always has to beware of short-term trends, however, as exemplified by the fact that Florida's "Cities and the creative class" of 2005 has metamorphosed (or reneged) twelve years later into "The new urban crisis" (Florida 2017).

This view is filtering through to more popular discussion and more positive action: "Creating cultural spaces within new apartment blocks is a growing trend as developers have realised they help sell homes and create communities", commented one writer (Venning 2017), instancing Queen's Wharf at the former Riverside Studios, the Battersea Power Station development, and the new Bridge Theatre in London, although arguably all of these follow the model established by Peter Millican at King's Place near King's Cross (Tait 2010).

The same German opera administrator[Int135] also believed that it's not just a question of economics. Contradicting another interviewee[Int93] cited in Section 8.1.1, he questioned the wisdom of rationalising German opera houses, many of which are situated so close to each other that their amalgamation has often been considered, commenting that this would "ignore the importance of localism and local support … and the secondary effects on society" concluding that "opera has to develop relationships with local politicians and build their sympathy to prevent any problems of legitimisation."

The focus on political context is understandable, particularly when the business is so dependent on public subsidy. Whereas in a market economy private companies are compelled to adjust quickly to changes in their environments in order to sustain their sales, organisations enjoying substantial public funding (including to some extent country-house opera and other charities through tax relief) lack that inducement. Aside from 'schmoozing' and other forms of networking, the compensating mechanism which has been developed in order to ensure contact with wider society, especially in the UK, is that of Education & Outreach (E&O), mentioned in Chapter 8, through which musical organisations are expected constantly to engage with their communities. Although E&O is becoming virtually a requirement in order to receive public funding in the UK and elsewhere, most organisations have come to see it as a key part of their offering, and E&O programmes are now part of nearly every organisation's activities.

Several interviewees[e.g.87] commented that their musicians liked the variety and direct impact of these E&O activities, and groups such as the London Symphony Orchestra are quite explicit that their E&O programme (LSO Discovery) is seen as an end-in-itself with a social objective and not as a way of acquiring new audiences (for which there is in any case as yet little if any evidence). Another opera head[Int86] saw E&O as a way for opera companies to recover control over the public message about opera rather than leaving it to the "elite-bashing popular media". A venue administrator [Int19] simply saw E&O as a "necessary feature of the modern era", linking it to external social changes: previously there was a cultural consensus, but now the "population and tastes have become so diverse that you have to go out and earn your audience"; the new world is based now on "participation in an experience rather than sitting back and accepting the product".

One UK opera administrator[Int94] regretted that its substantial 30-year E&O programme was not better known, probably because “it only affects a few people so doesn’t get much publicity”. An administrator[Int90] said that his orchestra had become so “embedded in the activities of its local community” that it was continuing its education activities there even though the originating local authority had ended its financial support. From a more negative point of view, however, several interviewees agreed that there appeared to be little hard evidence of the ‘success’ of E&O, and one opera administrator[Int124] observed that sometimes there seemed to be an element of competing against fellow organisations to find and work with the same few willing schools in order to meet their E&O targets.

A segment of the musical community sees much of this E&O activity as pointless, or at least token. At least one director[Int118] argued that the smaller community-based opera companies staging productions involving local people were a “far superior way of achieving education and outreach than the “rather weak and staid efforts of the major companies which in the other aspects of their work “only attract the same type of aging white audience”. Similarly, in attempting to mix audiences, “the aim should be to achieve wider participation not to push people across cultures”.

Some interviewees[Int87,109] felt that the UK was “at the cutting edge of re-thinking the role and funding of the arts in relation to the community”, although this could be seen as a rather self-serving or out-of-date point of view. The US in particular has long had schemes of this nature, such as the Teaching Artists and other programs of the New York Philharmonic[78], and other European countries are at least mimicking the UK’s experience, such as the Education Programme of the Berliner Philharmoniker[79]. One UK opera head[Int117] was searching for new ways of doing this involving “contextualizing a work in connection with a particular location and gradually building up awareness and involvement and commitment from a local audience.”

[78] https://nyphil.org/education/learning-communities, last accessed 21/08/2017
[79] https://www.berliner-philharmoniker.de/en/education/, last accessed 21/08/2017

As mentioned in Section 10.1, however, all of these activities require a degree of longer-term thinking and investment. Other areas of the economy progress in part because investors are willing to sacrifice a portion of immediate revenues in order to invest for the future, e.g. in research and development. This ensures the longer-term sustainability of the business and replenishes its resources. This is only partly true of classical music. Although many people generally make financial sacrifices and there is some commissioning of new works and of course substantial investment in training future professional musicians, most of the major operatic and orchestral organisations (with the possible exception of a very few enjoying large endowments) live a hand-to-mouth existence characterised by working practices changing only slowly and dependent largely on proven products on which royalties have long expired – even though the rights organisation PRS for Music has more than 100,000 members[Int44].

In this and other respects it can be argued that opera and orchestral music are simply reflecting their social and economic contexts. This is not just the short-term time-horizon, but also: a growing emphasis on private funding and philanthropy spreading from Anglo-Saxon even to continental European countries; the relatively indifferent attitude to more complicated culture, especially in the UK; the increasing 'outsourcing' of labour in many countries, allied with a substantial component; payments skewed towards a few stars; the social concerns of funders; and so on.

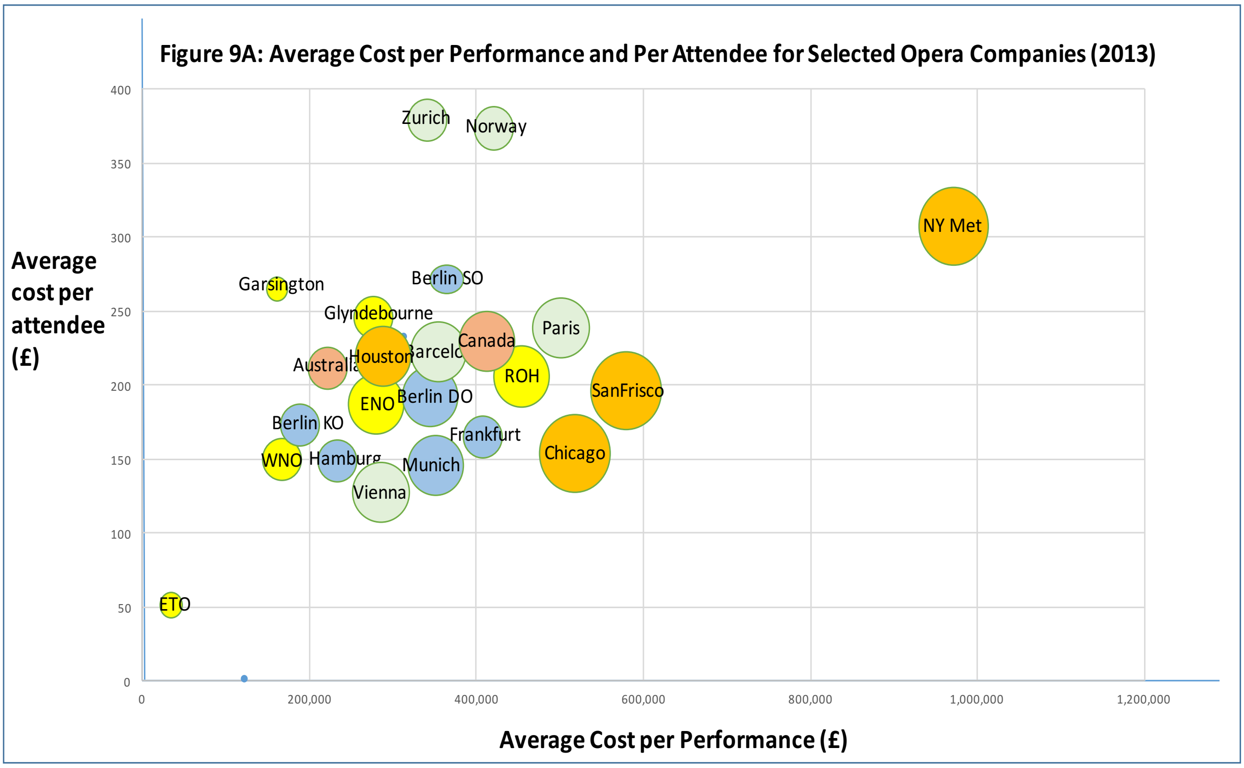
In these and other respects classical music does not operate in isolation. There are, for example, additional socio-economic factors that determine the nature or level of the costs and revenues discussed in this chapter for any particular geography or segment. For example, the cost of labour in the wider economy affects the remuneration of musicians and musical administrators, which has been a core tenet of seminal research (Baumol & Bowen 1966); the level of per capita income and its distribution influence the ability to pay and thus ticket prices; population density and access to transport affect the size of the potential audience; the length of the operatic tradition and competing entertainments impact repertory and audience size, particularly when other forms of entertainment are more immediately accessible; competing demands for funds from a wider variety of organisations at a time of reduced government subsidy affect the relationship with Trusts & Foundations; sponsors shift to more socially acceptable causes; and so forth.

9.4 The (in)efficiency of contemporary opera

9.4.1 Comparative unit costs of opera

Comparison of relative costs between different organisations is a key part of analysing any industry. Opera and other areas of classical music have traditionally not been viewed in this way, and I have not encountered any previous writings similar to the analysis set out in this section. Given the stereotype of 'artistic types' avoiding business and management analysis, this omission may be partly a result of custom and practice. This type of analysis also requires "opera administrators to be honest and pro-active about addressing business problems rather than concealing them or hoping they'll go away"[Int86]. Furthermore, it is fraught with methodological and data issues, including: the fact that there is no standard "product" since (as discussed in Chapter 6) operas vary widely in terms of resource requirements (singers, scoring, chorus, etc.), venues vary in size and nature, repertory systems differ, there are no standardised global or local business practices, and so forth.

As one indicator of "efficiency", analysis has been carried out into the cost per performance and the cost per visitor for a selection of international opera houses based on their total costs for their financial years ending during 2013. The approach and some of the issues involved are discussed more fully in Appendix 9A, and the results are shown in Figure 9A:



Note: The size of the bubble indicates the size of the opera house, with colours for different countries. For reasons of space not all companies in the sample analysed are shown in Figure 9A. This draws on the same data as Figure 8H

The very wide spread of results shown here is noticeable. The average cost per performance ranges from over £900,000 at the New York Metropolitan Opera to £33,000 for English Touring Opera (or less than 5% of the Met's) with the other 26 companies scattered in between and a mean average of £343,000. Similarly, the average cost per visitor/attendee ranges from £380 at Zurich Opera to £52 at English Touring Opera with a mean average of £202.

There could be many reasons for these differences, including venue size, orientation, and local working and operational factors. The main other relevant factors which came up in discussion with interviewees are listed in Appendix 9B. Whilst the large international houses tend to have higher costs per attendee suggesting that venue size is a factor, this is not in fact uniformly true since those at the Wiener Staatsoper (2,284 places including standing) and Munich's Bayerische Staatsoper (2,016) are very low whilst those at the smaller Garsington (600) and Glyndebourne (1,200) are high. A statistical check confirms that there is no correlation between opera house size and either of the two unit costs.

The average cost of a performance at a typical internationally-oriented house (e.g. the New York Metropolitan, Opéra National de Paris, Royal Opera House Covent Garden) is much higher than that at an ensemble house such as the Berlin Komische Oper or even those using primarily local resources such as WNO. This might suggest that social/ customer orientation is an important factor, but the low average cost per visitor of the high-occupancy Wiener Staatsoper shows that this is not a reliable guideline.

Local working factors are more difficult to quantify. It is well known, for example, that American opera houses have high-cost wage and union agreements in place and in general their costs are higher[Int60]. Similarly, a Scandinavian country such as Norway bears higher social costs[Int98]. It is beyond the scope of this study to make a meaningful statistical estimation of these factors, and their possible relevance is simply noted.

There are therefore no clear conclusions from this type of analysis. Not venue size, nor orientation, nor local working practices, are clearly a determinant of costs based on both unit cost measures, although they may have an impact on one of them. It would be instructive to carry out this type of analysis on historical data to establish the long-term trend in the cost of staging operas, the changing cost-structure, shifts in the relative costs of staging opera compared to other forms of entertainment, and ultimately whether a rise in unit costs has imperiled the long-term survival of opera. However, this is an issue that requires more detailed investigation than is possible within the scope of this thesis.

Another question is how these average costs per opera might compare to other competing forms of entertainment where practices have developed differently. The average cost per performance of the opera companies in Figure 9A is £343,000. According to Society of London Theatre statistics, the total revenue earned from 8,113 performances of musicals in London in 2013 was £355.35m, which is an average revenue of £43,800 per performance, or only 13% of the *cost* of a top-tier production of grand opera including those in London. This also represents an average *income* from each of the 8.2m attendees (at 72% of capacity) of just over £43, which is still less than the *cost* per attendee even of the most "efficient" opera company English Touring Opera (c. £52). It might of course be argued that musicals are not directly comparable in very many ways, both favourable and unfavourable: their revenue figure includes a profit margin, their commercial risks are much higher since a majority fail to recover their costs while subsidised opera is not expected to be profitable, and the capital cost of a major West End musical is much higher than that of a typical opera.

9.4.2 Opera "paying its way"

This comes back to the basic commercial problem for opera as well as classical music in general, namely that it simply doesn't enjoy sufficiently large audiences to 'pay its way' in the commercial or neo-liberal economic sense. Paying its way, however, does not necessarily mean that costs have to be covered by ticket sales, as we can see by looking at another form of popular (and partially competing) entertainment, namely football. In terms of cost per performance, football is even more expensive than opera. For example, in the season 2012-13 Manchester United played 60 games and had a turnover of £363.2m (Deloitte 2014)[80] which equates to an average income of just over £6m per game (including matchday, broadcasting and commercial revenues). This is some 17 times higher than the average cost of an opera performance. The proportion of total income deriving from ticket sales in 2013 (so-called matchday income) varied from 10% (AC Milan) to 38% (Arsenal) with the figures for other teams spread in between, such as Manchester United at 30% and Liverpool at 22%. In nearly all cases matchday income was far exceeded by revenues from each of broadcasting and commercial/ merchandising, as was

[80] Nos. of matches: https://en.wikipedia.org/wiki/2012–13_Manchester_United_F.C._season, last accessed 16/08/2017

mentioned in Chapter 7. In contrast, Glyndebourne, the Royal Opera Covent Garden, and the English National Opera raised about two thirds, one third and one quarter of their incomes respectively from ticket sales in 2013.

Both of these examples of other forms of entertainment (musicals and football), which pay their way in a commercial world in the sense of surviving without overt state subsidy, suggest that it is not just the high cost structure that makes opera "uneconomic", but also the low audience and performance numbers leading to poor economies of scale. This has a direct impact in terms of ticket revenues which are almost invariably insufficient to cover costs, and an indirect impact because the audience is insufficiently large to enable significant amounts of revenue to be earned from other sources such as advertising and merchandising – which as shown in Chapter 4 were an important part of historical opera financing.

9.4.3 Efficiency of opera

Despite embracing some changes in practices, such as outsourcing, to overcome their financial problems, most classical music organisations have remained relatively oblivious to changes affecting the wider business world. For example, although German opera companies may be more 'efficient' than US and UK companies in as far as they have lower average costs per performance, there can be few opera companies able to achieve the economies of scale that characterise musicals.

I have already mentioned in Chapters 4 and 6 the parallels between contemporary musicals and the business model of opera during the first half of the 19th Century, which in many respects they more closely match than does modern opera. Even opera of 200 years ago, however, was not able to match the efficiency of 21st Century musicals. Although staging musicals is a highly risky proposition as described earlier in this chapter, those that succeed can generate large profits. This is achieved not only because they sell substantial numbers of profitable tickets, but also (and arguably principally) because they can spread their fixed costs over a large number of performances so even if those costs are high the average 'amortisation' per performance is low.

This can be very quickly illustrated by means of a semi-hypothetical example. A typical production of an opera would be fortunate if it were given more than 50 performances. Many are seen far fewer times than this, particularly if the opera is more esoteric, and only a few productions of the most popular operas are likely to achieve more than 50 performances. If one were to take as an example an opera which is a landmark in musical history and very popular in its particular niche, Wagner's *Tristan und Isolde*, the website *Operabase.com* lists 96 performances of 21 productions in 20 cities in the calendar year 2016. Assuming that *Tristan* has been staged approximately 100 times per year in each of the 150 years since it was first stage in Munich in 1865, it will have received some 15,000 performances in total. If each production had been seen 50 times (which is improbably high), then it will have been given at least 300 different productions. If the average audience for each performance were 1,000, then the total audience in 150 years will have been 15 million and the average production will have been seen by some 50,000 people (although some will have seen it two or more times).

Contrast this with Claude-Michel Schönberg & Alain Boublil's *Les Miserables*, the longest-running musical in London's West End and one of the most successful ever. In the 35 years since it première in Paris in 1980, it claims to have been seen by "more than 70 million people in 44 countries and in 22 languages"[81]. Although some sources list nearly 50 productions, most of these are variations on the original and the main production, playing in London for some 32 years, has given more than 13,000 performances. Thus one production of *Les Miserables* has received almost as many performances in one fifth of the time as *Tristan* has received over its entire lifespan in many more productions and incurred significantly less rehearsal time and similar overheads. Even if that one production of *Les Miserables* needs periodic refurbishment, the far superior economies of scale are self-evident.

[81] https://www.lesmis.com/uk/history/facts-and-figures/, last accessed 20/08/2017

Since the sets, props, and costumes of a new opera production at a reasonably large opera house usually cost a *minimum* of £200,000 (and often much more) and represent 30-50% of the total variable budget[82], an inability to achieve economies of scale (i.e. the need to spread and recover the costs over only 10 rather than hundreds of performances) is a significant barrier to cost-effectiveness. In our semi-hypothetical example, the total costs of all performances of *Tristan* will have been £3bn., which yields an average cost per audience member of £200. In 2013 *The Economist* estimated that *Les Miserables* had already grossed £2.6bn., meaning an average cost per audience member of less than £50 (although this is only half its estimated figure for *Phantom of the Opera* at £5.6bn. (Economist 2013)).

This is shown in Table 10A which calculates an example relative "efficiency index" based on the average audience per production as a proxy for economies of scale. This is presented with definitely illustrative rather than academic intent, with the aim of indicating the superior economies of scale inherent in the business model of modern musicals.

Table 9A: Indicative Efficiency of Sample Opera and Musical

	Tristan und Isolde	**Les Miserables**
Year of composition	1865	1980
Performances since composition	15,000?	>53,000?
Productions since composition	300?	<10?
Total audience since composition	15,000,000?	>70,000,000
Average audience per production	50,000?	7,000,000
Indicative relative efficiency index	**0.7%**	**100%**

Sources: https://www.lesmis.com/uk/history/facts-and-figures/, AF estimates

In this situation, the only way of achieving even small economies of scale for a production's sets is to target scale in their construction, which is one of the main reasons that a company like English National Opera (ENO) outsources construction and the three Berlin opera houses share their workshop. In the UK

[82] Confidential information provided by an opera house during interview

only the Royal Opera and WNO (via Cardiff Theatrical Productions) now have significant set-making capability. Although companies may in some instances have learnt to "game the system" of international co-production, as explained further below, these are short-term advantages offering relatively minor savings in unit costs.

One former British opera company head$_{[\text{Int99}]}$ suggested that a possible way forward would be for an opera company to subsidise more unusual repertoire by having a season of popular operas with multiple casts eight or more times per week offering the economies of scale resulting from the wider spreading of fixed costs along with marginal revenue exceeding marginal cost. Arguably in a small way this is what ENO is now doing by staging regular seasons of musicals (e.g. 40 performances of *Carousel* in one month in April 2017) or the Royal Opera House with 25 performances of *La bohème* with four different casts scheduled in its 2017-18 season. It is certainly what musicals have been doing for years, however, with one source$_{[\text{Int116}]}$ mentioning that "staging a West End show might cost a minimum of £2m" (of which perhaps 30% (£600,000) might be advertising, >£300,000 sets, £250,000 fixtures and fittings, and up to £100,000 per week on theatre rental, musicians and performers): "the economics of it are cruel, but at least you can get the economies of scale from a run of shows if it's at least moderately successful."

Attitudes towards further efficiencies by modifying the core product are still slow. The industry implicitly assumes that the way in which the music is produced is fixed in the sense that it must be supplied by large or small groups of musicians. If other industries had made this assumption, the major source of employment for orchestral musicians might still be silent movies (Ehrlich 1985: 199; Mulder 2009: 56), and as a parallel example those musicians might well struggle to eat if their world were still dependent on natural fertilizers. A musical staged in the 21st Century uses fewer musicians than, say, 80 years ago[83], and TV and cinema are making growing use of electronic sounds (Alberge 2013) in ways that parallel the moves in other industries to robots and artificial intelligence (Frey, C. B. & Osborne 2013), but the mainstream opera and classical music industries have so far chosen to stick with producing the same product in the same way, i.e. live performances by large bands of skilled musicians.

Discussion about the possibility and likelihood of this traditional approach has been going on for some time, e.g.:

> There are those who are waiting, expectantly, for the time in the not-too-distant future when the two most egregiously costly aspects of staged opera can be rendered obsolete: the backstage and the orchestra. Sophisticated special effects, using film, video, and lighting, may replace the cumbersome apparatus of the traditional stage set. Computer-generated and flexible digitally-simulated sound may make a pit orchestra a comparatively unreliable and expensive anachronism (Botstein 1994: 5)

Nearly a quarter-century later, grand opera is little closer to even experimenting with those changes, although, as discussed in other chapters, many of the smaller independent and 'avant-garde' orchestras and opera companies are more comfortable with relaxing traditional constraints. Cuts, stripped-down orchestration, synthesized sounds and even some spontaneity in performance, are not uncommon there, whether imposed by artistic or commercial considerations.

9.4.4 Achieving greater economies of scale

One of the very few performing organisations that stages classical music concerts commercially, Raymond Gubbay (now owned by Deutsche Entertainment, a combination of DEAG and Sony), mentioned that its "business model is built on economies of scale", although the interviewee here meant that

[83] The highly successful Hamilton (2014) uses only 10 (http://www.broadwaymusicians.com/hamilton/), whereas *Oklahoma!* opened in New York in 1943 with 28 (Carter 2007: xvi)

scale was achievable by packing in more customers, e.g. at London's Royal Albert Hall which has a seating capacity (c. 5,300) more than twice that of the mainstream classical Royal Festival Hall. That particular method for achieving economies of scale is not usually available to classical music for reasons already discussed (proximity, amplification, etc.). In fact mainstream opera and orchestral music organisations have so far found only three ways of achieving economies of scale: scheduling performances even when likely audience numbers might not require it; the *stagione* system [explained below]; and co-productions.

Scheduling extra performances even when these are not full can be practical because of the economies of scale achievable on rehearsal time. In cities with only one orchestra in the United States, for example, it is common practice for a city's orchestra to stage several concerts with repeat performances of the same works in quick succession[Int100] because there is no competition and audience numbers are sufficient, thus lowering the average costs in terms of rehearsal time, etc. The 2017/18 season of the Philharmonic (https://nyphil.org), the only large-scale orchestra in the New York City area, for instance, includes 2 concerts performed twice, 14 concerts performed three times, 8 concerts performed four times, and 4 concerts performed five times, with hardly any performed only once.

In contrast, London has at least five major orchestras (LSO, LPO, RPO, Philharmonia, BBC SO) in addition to several other large as well as small bands. Almost all the 2017/18 concerts of the London Symphony Orchestra are scheduled only once, with just 5 concerts having two performances. This suggests that in practice the economies of duplication are not so practical in a city like London with multiple symphony orchestras as well as other attractions, and this inability to justify greater rehearsal time to prepare for just one performance is one of the factors contributing to British orchestral musicians's legendary facility at sight-reading, quite apart from its impact on the economics.

In the absence for the moment of a reduction in the supply of music by reducing "surplus orchestral capacity", what *is* possible in the UK (and for the orchestras of some other countries, especially on overseas tours) is to perform the same work in many different dispersed locations. One touring administrator[Int69] confirmed during interview that, although touring can be expensive in terms of logistical costs, there are "significant economies of scale on rehearsal". Achieving economies of scale by this means is more complicated in countries with local "monopolies" like the US, so the orchestras are often under-utilised because they rarely play a full season, as a result of which the smart ones have set up summer homes such as the Boston Symphony in Tanglewood. "One of the Philadelphia Orchestra's problems was that it didn't have this kind of summer home to help spread its high fixed costs"[Int100].

Courtesy in part of the Arts Councils and other donors, the UK's orchestral bands sometimes play to halls with many empty seats, often scheduling very similar programmes. Consolidation would reduce the surplus capacity and potentially make it possible to achieve greater economies by repeated performances, but would not be popular with either musicians or audiences. Apart from institutional lethargy and the absence of the proverbial "burning platform", a likely barrier to such changes would be the strong personalities involved since, in the words of one donor[Int89], "the contemporary arts world can be very bitchy. Many of the people involved are building their own little empires, and it's difficult to get different organisations to think and work together, even when it might be in their mutual interest" – let alone to downsize. If the attraction to donors is the prestige of being associated with a leading musical group, which is thus also integral to the financial viability of classical music, then rationalisation would reduce the opportunities for unique association with a particular group leading to a decline in total support. Funding of a classical music group may be second best to winning a global prize (English 2005), but it is nevertheless a suitably elevated cultural substitute which can be justified as helping to expand the arts scene.

The second area offering potential economies of scale for opera derives from the way that performances are scheduled. As is well documented in operatic literature (and was taken for granted by several interviewees during discussion), there are two basic systems used by opera houses for organising opera performances: repertory and *stagione*. A repertory system, under which most large Austro-German opera houses currently operate, involves staging performances of a particular opera at regular intervals over a long time, many typically drawing substantially from the house's own artists. In a *stagione* system, which is common in English-speaking countries as well as France and most small countries (and whose name presumably reflects its origins in the old Italian *Carnevale* and other seasons), there is a short season during which the same opera is performed multiple times and usually with the same cast, but not necessarily revived again, at least in that particular season. The *stagione* system minimises rehearsal time (assuming that the repertory system even budgets it, which is not a given[Int151]) and to some extent enables each opera to be treated like a short project (similar to, say, the way in which a film is shot or a building constructed) with stars and other musicians contracted for a short period and thus reducing the need to maintain a larger permanent ensemble. Taken to an extreme there are very few permanent staff, and one musician[Int33] interviewed complained forcefully that it appeared now to be the policy of the Arts Council England to substitute project funding for ensemble/theatre funding which he claimed was undermining national institutions.

The third means of achieving cost reductions through scale economies is through co-productions. Co-productions vary in their nature and scope, but typically involve two or more opera companies agreeing to share the cost of the sets, props, costumes and production of a particular opera which will move from one opera company to the next over a period up to several years. Recent examples at the Royal Opera House Covent Garden include Robert Carsen's production of Richard Strauss's *Der Rosenkavalier* (shared with the New York Metropolitan Opera, Teatro Regio Torino, and Teatro Colón Buenos Aires) and Tom Cairns's production of Thomas Adès's *The Exterminating Angel* (shared with the Salzburger Festspiele, New York Metropolitan Opera, and Royal Danish

Opera Copenhagen). This is different from renting a production whereby an opera company rents a pre-existing suite of sets, props and costumes.

Several interviewees expressed some scepticism about how much this reduced the cost, pointing out that most co-productions could only offer economies on sets, props and costumes. Whilst important, these account for less than 7% of the total annual budget (including fixed and variable costs) of the opera house referenced earlier. However, they also spread the perceived risk, particularly for newly commissioned operas.

The same people also mentioned the logistical problems presented by the varying configurations of different opera houses including different stage sizes, access approaches, power winches, *stagione* vs repertory (which offers less opportunity for different stage and lighting configurations), etc. One opera administrator even dismissed co-productions outright as a "major headache". However, several other opera administrators[e.g.Int72, 88] were insistent on the very real and substantial nature of the savings. Indeed one[Int72] related that the company had shared a production which had cost €1.5m to develop, which would have been far too high a cost for any single opera company to bear, even for a popular opera.

The fact that co-productions have become a major common feature of international operatic life, might suggest that the enthusiasts' point of view is right. In the UK they have become increasingly common among all the major opera companies apart from Glyndebourne. One operatic administrator[Int131] commented, however, that people may exaggerate the financial benefits for political reasons (presumed lower costs) but the real advantages are artistic, such as enabling more imaginative repertoire through risk-sharing, and finding out about interesting practices at other theatres. He also mentioned that there are useful financial quirks in the international opera system, such as the fact that German opera houses build sets based on material costs only excluding labour; a co-producer in another country can therefore pay a higher price to its co-producer in a German city while still ending up paying less itself, resulting in gains to both parties.

The same problem as exists in opera of having only a small number of performances over which to spread fixed costs is in some respects even more of a problem for orchestras, where several sessions may be required to rehearse an orchestral programme that is played only once or twice. Coupled with the higher prices that visiting orchestras can attract, this is one reason why orchestral tours, where the same programme can be repeated many times, can be profitable (as mentioned above), and have long been a feature of pop music. They may even partially offset the disadvantageous economics of performing new works which can add significantly to costs in the form of commissioning fees, performance royalties, and extra rehearsal time. A further factor in the financially-challenged environment of British music, where some orchestras have had to restrict full-time staff, is that some musicians for a large piece may be session contractors so those musicians' experiences may not be carried forward to a future season[Int147].

I have already pointed out the large differences in unit costs and their generally high level. On the same basis, an orchestral concert can cost up to £100,000 to stage, which would require every single concert to be completely full at an *average* ticket price of some £50 in order simply to break even. Few musical organisations publish sufficient data to enable easy conclusions, but in its 2014-15 Annual Review WNO writes that its average ticket *price* was £28.56 whereas, for its quoted total audience of 122,691 and total gross expenditure of £17.533m, its average ticket cost was five times higher at £143 (again ignoring other activities). Although, according to SOLT, the average ticket price for musicals in 2014 was higher than WNO's at £46.25 but lower than London opera at £76.37, this presumably normally exceeded average cost since otherwise the musical would have been closed by its commercial promoters. As one person in the musical industry informed me, some theatres will close a musical show if it falls below "break point" (i.e. break-even point) for more than two weeks in succession.

Some economies of scale might be achievable through sharing of resources, but few if any interviewees envisaged a real likelihood of this happening even in "non-competitive" areas such as ticketing or administration, let alone other more core areas. One opera company administrator[Int125] was vociferously against it on the grounds that it undermined competition and distinctiveness. There are a few examples of some limited synchronisation, such as the UK's National Opera Co-ordinating Committee which *tries* to ensure limited overlap of repertoire or Singapore's SISTIC ticketing organisation. At least one donor[Int89] firmly dismissed the possibility of much more of this happening on the grounds that too many of the people involved "are building their own little empires" so it's difficult to get different organisations to work together, even when it might be in their mutual interest. It is instructive to note that commercial businesses are often less 'parochial' in the sense that they may be willing to co-operate on business projects or to use shared services centres (Deloitte 2015; Turiera & Cros 2013).

Careful opera finance directors[e.g.Int48] told me that they were very aware of all these constraints relating to total and average costs. They therefore usually aimed to write off the full cost of a production in its first year in case there were to be no revival, and to ensure as far as possible that there was a surplus on operating costs, if not on total costs. One former US opera house head[Int60] also argued to me that many US opera houses suffer from an additional constraint because they practice a policy of building reserves in order to maintain a certain level of endowment funds, typically 3 years of costs. So in a standard US opera environment, box office accounts for 45% of revenues, sponsors/ donors for another 45%, and endowment drawdowns 10%. This means that US houses are very sensitive to even the smallest change in the box office revenue so are by nature more conservative ("provincial") in their repertoire tastes since a small reduction in box office revenue can result in a large deficit and a dent in the endowment fund. However, the active and widespread commissioning of new operas by American companies (according to Opera America[84], 35 world premieres in 2010-11 and 369 new works since 2000) suggests that this is not uniformly the case, regardless of views about the artistic merits of those works.

All these factors render it difficult for opera, at least as presented in its traditional format, to achieve the economies of scale that have characterised most other modern industries (Baumol & Bowen 1966). The elaborate vocal demands and techniques, which are both required and expected from a performer (Towse 1993, 1997a), take years to develop, thus significantly boosting the up-front investment costs, especially for its practitioners. In simple terms: a high-school graduate can become a high profit-generating bond trader within a few days, but achieving an equivalent level of accomplishment for an opera singer in her business could take (at least) 10 years. This underlines the importance of learning music as part of general education, which was an issue mentioned by a very large number of my interviewees, as well as the large number of amateur performers and performances which feed and feed off the professional music industry.

9.5 Coda

Many of the long-term threats to classical music, such as the perceived decline in musical education or the relative unpopularity of its products, are at least recognised in the industry, as shown by the interviews and analysis in this chapter. Measures such as Education & Outreach or event-positioning have been tried as possible remedies, and the music business has been making other changes to its business model and practices as it gradually adjusts to the changing environment and funding climate. These changes have been slower and less profound than in other industries, however, including even other entertainment businesses such as musicals. There are many inefficiencies, affecting issues such as poor unit costs, duplicated overheads, and low

[84] http://www.operaamerica.org/content/about/PressRoom/quick.aspx, last accessed 09/05/2017

economies of scale. From an artistic perspective, such problems may not matter. From a business perspective, they may become more important if resources were to become scarcer.

Chapter 10 Conclusion: A sustainable future for opera and orchestral music?

Prelude

The analyses described in the preceding chapters have reached a broad conclusion about the financial situation of large-scale live classical music, at least in its market-based and monetised form, i.e. excluding the extensive amateur tradition: it has been financially precarious throughout its historical lifespan, and this difficult situation is almost inevitable because of its adverse structural economics. Despite the apparent implausibility, or even "impossibility", of its enduring, however, it continues to flourish with increasing numbers of performances of operas and concerts, a regular flow of music students, and the construction of iconic venues, not to mention a growing range of digital activities.

It is of course impossible to "prove" that opera and orchestral music can never be financially sustainable without external (state or philanthropic) support, unless it were to be unaffordably expensive for ordinary people. The neo-liberal economic agenda, which is broadly premised on the customer paying the market price for a good or service in a largely private free market, might expect such financial sustainability, but it has so far proved unachievable. This is one of the reasons why this thesis has adopted a multi-disciplinary approach to the subject encompassing: a review of theoretical issues (Chapter 1); a survey of selected aspects of the economic history (Chapters 3-5); and an analysis of the contemporary situation of the classical music industry using recent financial data, extensive interviews, and other on-the-ground research (Chapters 6-9).

The whole concept of sustainability is open to interpretation in this context. It is not just about the short-term financial viability of particular performances or organisations, but also encompasses wider considerations. These include how the historical practices of classical music are conserved or evolve, whether particular institutions are maintained, the 'museum-like' treatment of the existing repertoire (Abbate & Parker 2015), and the extent to which that repertoire incorporates and assimilates new works. Financial analysis alone is insufficient to contain all relevant aspects, which accounts for the relatively diverse coverage, methodology and approach (Chapter 2).

The defiance by large-scale classical music of the apparent logic of its imminent terminal bankruptcy is not just a recent phenomenon. It has been a feature of staging live classical music performances throughout their history as the constant shortfalls from tickets sales have necessitated the mobilisation of a variety of forms of "subsidy" from the state or its equivalent, and support from philanthropists and other donors. In addition, income has come from commercial activities (often of an unrelated nature), together with a frequent willingness of highly trained musicians to work either for nothing or at below the rate achieved for non-musical activities.

There is little point in claiming that this situation cannot continue since its endurance through centuries of social and economic turmoil provides empirical evidence to the contrary. Furthermore, there have been instances where individual entrepreneurs such as Véron and Hammerstein, and practitioners such as celebrity singers, have been able to earn substantial amounts of money from musical activities, which can encourage further risk-taking as well as philanthropic activity; but this too does not invalidate the overall point that the structural and empirical economics are unfavourable.

In this conclusion I briefly explore some questions arising from this analysis to highlight the alternatives facing opera and orchestral music if the macro- or micro-economic environments were to become more adverse, or if classical music were otherwise compelled to become more financially self-sustaining. I will again focus largely on opera, for reasons relating to the extra complexity of the operatic art form as already explained.

10.1 Answering the questions originally posed

First, however, I need to confirm that the thesis has adequately addressed the six questions originally identified at the end of Section 1.1. These questions aimed to answer the "sustainability paradox" highlighted throughout and mentioned above, namely how opera and orchestral music have endured for centuries with high artistic standards despite adverse structural economics. Each of these questions, and their solutions as covered in previous chapters, is summarised in turn.

Firstly, **how have opera and orchestral music survived as businesses?** I have argued that opera and orchestral music are not businesses in the conventional sense, but that over the centuries they have successfully leveraged their non-economic characteristics to attract funding and other support that is either not directly related to performances, or is semi-commercial, or even non-commercial compared to routine non-artistic businesses. One example of unrelated funding is the gambling receipts earned in early- to mid-19th Century Italy, whilst non-commercial benefits include the cultural capital relating to opera, reinforced by characteristics such as its imposing architecture and high social status.

Secondly, **Is external 'subsidy' a key and inevitable feature of their financing, and if so why?** The thesis has identified both theoretical and empirical reasons why large-scale Western classical music depends financially on external funding. The theoretical rationale builds on "Baumol's cost disease": the substantial and ever costlier labour component of classical music's costs has precluded the productivity increases and economies of scale that have characterised other industries in a capitalist economy; furthermore, the underlying business model of live performance, including technical delivery and income sources, has not substantially changed for centuries. The empirical evidence supports this since there have been almost no periods in the history of opera in particular where self-financing via ticket sales and other commercial sources has been sufficient to cover the costs – let alone to earn a commercial profit – in any but the very short term.

Thirdly, **how do the business and financing models and traditions of classical music in the UK differ from those in some other major musical countries, and why?** The thesis has been based on data from many of the main countries with strong Western classical music traditions, although it has discussed the UK in more detail as the core country for the thesis. Different non-country-based approaches to categorisation have also been discussed, including Bianconi & Walker's models of production and Ertman's impresarial, statist and impresarial-statist systems of production, but the sources of financing have been identified as critical for financial sustainability. The relative importance of these sources has been found to differ substantially on the basis of national traditions relating to the artistic, socio-cultural and economic characteristics of the respective countries. Discussion has focused in particular on the USA, UK and Germany as representing the main models of private, mixed and public financing respectively, and reflecting the historical traditions of those countries.

Fourthly, **how have non-monetary factors, such as power and status, contributed to the sustainability of classical music?** The discussion of the adverse economic structure and non-commercial characteristics of Western classical music throughout this thesis has underlined the importance of non-monetary factors in explaining its survival. The most important of these has been the long-standing association between classical music and power/status, as manifested in the traditional attendance and financial support it has enjoyed from society's monied and ruling classes who have consistently been willing to fund both long-term symbolic and functional infrastructure such as opera houses and shorter-term musical composition, training and performance. This has been theorised through the notion of cultural capital, the accumulation of which has attracted and justified substantial non-commercial support.

Fifthly, **can opera and orchestral music be financially sustainable, and what does that mean?** Chapter 1 discussed the distinction between the financial viability of the people and organisations making music, and the long-term sustainability of the art form. The former is easier to reconcile with immediate commercial objectives, whilst the latter encompasses questions relating to the performing tradition and practices, the (risky) renewal of repertoire, and the continuous development of works and their performance in the wider social and economic context. Self-financing has proved sufficient for this task only in the short term, with the various funding models displaying varying degrees of robustness during different historical periods. Sustainability has thus depended on the different national patterns of engaging the wider community to invest both in musical performance and in the evolution of the art form.

Finally, **are there emerging business, technological, socio-economic or other factors that might help improve the financial sustainability of classical music?** The thesis has focused mainly on the live performing tradition of opera and orchestral music, and has pointed out that both the way in which this music has been performed and the forms of financing have changed remarkably little over the four hundred years since the creation of the first operas. New video and digital technologies offer the opportunity to construct and undertake performances in different ways, coupled with modern practices such as leveraging the economies of scale deployed by popular music and stage musicals. The current practices and attitudes of both practitioners and core audiences, however, as confirmed during interviews, do not indicate any appetite for change. This makes it difficult to envisage the performance of opera and orchestral music moving beyond its existing long-established business model to harness new technologies and management to improve its financial sustainability.

10.2 The models of grand opera and small-scale opera

'Grand opera' has long been associated with extensive, skilled, but expensive resources performing a limited historical repertoire in elaborate buildings and other infrastructure. This traditional model is now being challenged by digital media in ways which are only just emerging. As yet, however, there is little evidence that the underlying product of a live performance will change substantially, as against its distribution and the methods by which it is experienced.

This type of live grand opera has constituted the major part of the discussion and analysis in this thesis because it is by far the largest part of the operatic economy and business as well as being what most people would associate with the idea of opera. Set against such grand opera, however, is a myriad of small-scale independent activities and organisations which both perform the repertoire of grand opera in different and smaller ways and actively commission and encourage new and artistically different works which are performed in imaginative styles in non-traditional locations.

As demonstrated in Chapters 6-9, these modest undertakings count for little in the totality of the financial statements of the art form, but they perform three vital functions: firstly, they provide important experience and training to young and emerging musicians for most of whom it is difficult immediately to break into the world of conventional professional grand opera; secondly, they draw in a wider audience than has the opportunity, time or resources to attend grand opera; and thirdly, and importantly for sustainability, they lead to and enable a regular flow of the experimental and other new work that is an essential part of maintaining wider operatic activity.

The relative failure of grand opera (and much of large-scale orchestral music) to generate and support substantial new work distinguishes classical music from other art forms such as literature, drama, dance, painting, and sculpture, where new work co-exists easily and often seamlessly. This present thesis never aimed to examine the reasons for this phenomenon, but has noted that it may be related to the larger resources required for live operatic and orchestral performances, the elevated social status that became associated with opera in particular, and the evolution of a similar competing and popular art form outside the opera house in the form of musicals. These issues have certainly contributed to the continuing problems that opera has had in ensuring financial sustainability.

These problems flow primarily from the conundrum identified 50 years ago (Baumol & Bowen 1966), namely the question of productivity, and the related issue of economies of scale. It is clear that the existing model of performing both grand opera and large-scale orchestral music lends itself to neither increased productivity nor to greater economies of scale, and can be changed only by finding more cost-effective ways of delivering the same or similar classical music 'products' through relaxing key constraints, for example: by reducing the number of performers, either by cutting or by substituting electronic instrumentation and vocals; by performing in locations that permit and require amplification; by adjusting scores and libretti to appeal to wider audiences; or by simplifying and standardising productions to significantly reduce the average cost per performance.

Alternatively, and even more improbably, the model could be changed by a ferociously successful advertising campaign able to persuade significant numbers of people permanently to change their long-term preferences and prejudices about classical music. It is a matter of judgement as to how likely are these kinds of changes, although the more the core 'product' is changed, the less unique becomes the experience of what could end up being a very different kind of art form.

It is important here also to note how little the opera and orchestral businesses have changed historically compared to other areas of the surrounding economy, as remarked in Chapters 4 and 7. There have of course been some changes in line with wider business trends. For example, there has been growing segmentation of the customer and supporter base to extract more donations; there have been more co-productions as a way of sharing some fixed costs; and there has been outsourcing, not just of non-core functions such as food & beverage, but also set construction, and even minor performing roles as young artists or other contract singers replace the previous long-term ensembles.

There is still scope for many more changes in business practices, however, in line with, say, what Aldi or Primark have done in retailing, or Ryanair or Southwest in the airline industry. Many of the changes introduced by these companies were criticised when first introduced, but have spread across their respective industries as customers have accepted the redefined experience. Three examples of this approach can be given. Firstly, there is the practice of dynamic pricing, i.e. the possibility of charging a different price for every seat sold in line with what the market will bear at a particular time. This is now accepted practice in the airline industry, for example, and has even been embraced by customers who understand the logic behind it. Since it is essentially a profit-maximising strategy, it would be far more difficult to introduce in those areas of classical music funded by state subvention (i.e. currently most!) and even some commercial theatres have hesitated because of the uncertain reaction of customers, but at a time of reduced subsidy it may emerge as a viable option in classical music too.

Secondly, there is the matter of economies of scale. These are enjoyed by a wide range of industries from retailing with its standard store design reproduced multiple times to manufacturing with standard plant configurations. The lack of standardisation of theatres and productions, however, makes this essential feature of economies of scale very difficult to achieve, with even co-productions often needing substantial “tweaking” to fit appropriately in another theatre. The persistent demand and expectation of traditional audiences for different and novel productions makes it impossible for the opera business to achieve anything approaching the efficiency of musicals. Successful musicals can far more easily recover their high fixed costs over several thousands of performances of a single production, often in multiple locations. Furthermore, this same traditional audience's continuous demand for different singers – perhaps coupled with the desire of the singers themselves for varied repertoire – makes achieving economies of scale even more difficult.

Thirdly, there appears to be a reluctance on the part of musical organisations both to be measured against each other and to share any but the most basic facilities. The use of performance indicators, such as the unit cost per performance highlighted in Chapter 9, could enable useful comparisons and beneficial changes in practices, whilst the sharing of facilities such as financial, administrative and technological services, could reduce the duplication of resources in non-core areas, as is increasingly common in the private sector.

The opera business is disinclined to challenge some of these basic operating practices, possibly because the semi-subsidised status quo suits all parties apart from the non-benefiting taxpayers. This makes unlikely even more drastic changes that might shed a different light on the issue of sustainability. For example, the way in which official bureaucracies currently determine the allocation of government funds to particular organisations, as is the practice across Europe including the UK, has come to be seen as the norm for the central funding which in most regimes is still so substantial. There are of course alternatives, even supposing that this state funding were to be maintained. For instance, the focus could be on supporting works or performances rather than organisations, with those organisations treated as suppliers bidding to perform particular concerts in different locations (as is common in other business sectors) rather than receiving a regular central allocation of funds by bureaucratic *fiat*.

10.3 Changes in the business

Aside from changing the existing model of performing operatic and orchestral music, the other main way to explore the potential for greater financial sustainability is for the whole classical musical experience itself to change in one of two ways: either to shift away from the centrality of live performance in a particular venue, or to promote independent and small-scale performances and organisations – as against the continuing primacy of large-scale grand opera performed by major companies. Whilst these two examples of changes would not necessarily ensure sustainability (as explained in the following paragraphs), they would at least indicate both concrete concern about the issue and a willingness to experiment.

It is possible that the first of these trends is already emerging in the form of so-called "live" opera in cinemas, such as the Met's Live in HD series. It is still too early for any definitive assessment of the impact of these digital transmissions, and more investigative work needs to be carried out on a continuing basis to assess this. As mentioned in Chapter 7, both revenues and audiences from these "live" broadcasts are currently relatively small, although there are anecdotal claims that the effects on the operatic ecology as a whole are negative as a result of "cannibalisation" of the revenues from live performance of both the Met itself and other live performing companies. There is still dispute about whether these relays are a virtual reproduction of the operatic or orchestral experience, or whether they constitute an emerging art form in their own right. They are certainly beginning to affect the way in which live performances are produced, as directors themselves have admitted (Chapter 7), but this is very different from realising the significant changes that would be involved in, say, three-dimensional or hologrammatic relays of performance or by means of other technologies still to appear.

The marketing potential for these live broadcasts does not yet seem to have been exploited to anything like the same extent as has happened in popular music (Chapter 1), although many in the classical music community are also now embracing social media. Nevertheless, one can envisage a time when people subscribe to the New York Met brand rather than going to see a particular "live" opera and gravitate with the brand to new areas as and when new opera-based media evolve.

The second potential way towards greater financial sustainability is via the promotion and greater prominence of independent and small-scale performances and organisations, as against the dominant emphasis and continuing primacy of the large-scale experience which is the domain of the biggest companies. There is a growing number of small-scale musical organisations, especially in the US and the UK, offering both conventional and original, new and regurgitated repertoire, typically in low-cost and innovative productions with piano or reduced-orchestration accompaniment. These have yet to achieve a significant degree of penetration into the mainstream, or to benefit to any great extent from academic study, although this is also the case with many of the issues touched on here. More relevant in this context is also the fact that, despite their lower cost structure, they still suffer from the same poor economies of scale, limited funding sources, and structural economic challenges as mainstream grand opera, but in miniature. Their smaller size should in theory offer an easier route to a self-sustaining status, but this is a matter of speculation, particularly if their audiences are poorer and pay lower ticket prices.

10.4 Further areas for research

Chapters 3-5 have highlighted much of the academic work that has been done on the financial and business aspects of particular periods of operatic and orchestral music history, including those relating to organisations, impresarios and composers. These mainly and inevitably cover periods or issues where sufficient records survive since continuous historical series of high-quality financial and business records appear to be regrettably few, and if they do exist would require extensive archival research to bring to light.

There are many other areas which would merit further study, both as topics in themselves and for their potential to shed light on what might enable classical music to find a more sustainable path in the future. These include both historical and contemporary issues. The following are three examples of historical issues that would warrant further study to help understand the possibilities for the sustainability of opera and orchestral music: ticket pricing, subsidy, and musicians' fees.

Firstly, on ticket pricing, I have mentioned many examples over the last 400 years of the inability of box office takings to cover the full cost of performing opera (especially) and the resulting dependence on external income. Box office takings are a function of price, capacity and utilisation, i.e. the price of the ticket, the number of seats/tickets available, and the proportion sold. Many factors contribute to determining these. However, at a time when we have become sensitised to price-related access to the arts and are considering more creative and technologically-enabled forms of pricing in line with other industries, it would be potentially instructive to research how prices have been determined historically in relation to costs, incomes, alternative attractions, and other factors.

Secondly, the concept of subsidy has become ideologically loaded, especially under the neo-liberal economic agenda mentioned earlier. When there are so many tax incentives and other "market distortions" in place in society, it can be difficult in practice to find many products or services where either a positive or negative subsidy is not applied and where a genuine free market prevails. The contemporary discussion of subsidy for classical music and other arts would benefit from a clearer understanding of the historical rationale, methods and quantities of subsidy from governments or government-like actors.

Thirdly, as regards musicians' fees, it may loosely be supposed that musicians' fees have always been a significant component of the cost structure of musical performances, and that their distribution has long been skewed in favour of name-catching and marketable celebrities. The evidence for this appears to derive from a patchwork of examples rather than from longitudinal analysis, however, and it would be useful to put into historical perspective modern beliefs regarding the alleged inordinate portion of the benefits accruing to a few 'superstars'.

Regarding contemporary issues, many important questions have been touched upon in this thesis regarding financial aspects and general sustainability which would merit more concentrated attention. For example, what has been the impact of the extensive resources devoted to Education & Outreach on the sustainability of classical music in the next generation? How important are pricing or other factors in expanding access to wider audiences? How could non-core areas of cost be reduced through sharing or other practices? What other opportunities exist to expand economies of scale? What problems are being concealed within current business practices which could impact future generations, for example musicians' pensions or the lack thereof? These are practical issues, but worthy of serious academic study in the interests of promoting a financially sustainable classical music culture.

10.5 Closing thoughts

This thesis has aimed to address the "sustainability paradox" by answering a series of questions to explain how opera and orchestral music have been able during their 400-year history to overcome the increasingly adverse structural and operating economics inherent in the art forms. In the absence of sufficient self-financing assisted by improved productivity, or of more sophisticated business practices (especially recently), these more expensive forms of classical music have survived by deploying several sources of income, including ticket sales, state or royal subsidies, donations, and relevant and non-relevant commercial income.

External subsidy has been a critical – and inevitable – part of the business model. It has drawn in particular on the perceived elevated social status of opera and classical music in general, and the associated social networks and cultural capital accruing to its supporters and to the countries that underwrite it. Although this has been important in attracting external funding, anecdotal historical evidence and contemporary interviews also support the linkage between genuine love of the art form and its associations with status (Bourdieu 1984).

In historical and contemporary times, supplementary external financing has been and remains essential to staging the contemporary style and configuration of grand opera in particular, as a result of the adverse economic structure, the limited improvements in business practices, and the unwillingness of audiences to pay the full cost price. The form taken by this external financing has varied in different countries in line with their locally distinct historical funding traditions both for the arts and for other areas of entertainment or voluntary activity.

I have concentrated mainly on the UK, US, Germany, and to some extent Italy and France, in discussing both historical and contemporary financing. In general, continental Europe has relied on central state/ducal subsidy, especially as the Italian impresarial model has given way to the Germanic statist model, while the US has relied primarily on private financing, albeit with tax relief. Since earliest days the UK has fallen between these two extremes, relying on a mixture of box office, donations, and subsidies, consistent with the country's prevailing liberal economic philosophy. The more market-based approaches of the US and the UK have facilitated the commodification of classical music in those societies, which is in line with the similar and more extensive practices of popular music and the various marketing attributes and practices such as advertising that have become associated with it.

From one point of view, the growth in performances, revenues and other activities on a global scale provides empirical evidence that – at least for the moment – these forms of music remain sustainable, regardless of regular financial crises or of their refusal to comply with the tenets of neoliberal economics. Indeed, the plurality of sources of finance just mentioned could be taken as further evidence of long-term financial robustness. The problem arises when considerations move beyond the more straightforward issue of preserving existing music, practices or organisations. This leads to questioning whether sustainability means development (at a minimum: 'things have to change to stay the same'), and whether the economics are sufficiently favourable for the creation of new works that add to and advance the musical tradition – including sustaining the composers and other musicians who create them – as against the current emphasis (at least in terms of resources allocated) on a few tried-and-tested old favourites.

Although the historical picture has showed that large-scale classical music has always depended on external financial support and has been characterised by regular financial crises, its long-term survival raises the question of whether these patterns can be considered "perennial". The significant developments of the past, such as copyright/ publishing and recording/ broadcasting, have expanded the market for classical music without resolving the financial problems that have been endemic to the tradition of live performance. It is still too early to predict the impact of the latest technological innovations arising from digitisation and networking, and in particular whether these will change the very nature and thus the economics of live performance, but this is an area that is clearly moving fast and merits continued research.

The dependence of opera and orchestral music on external financial support distinguishes it from most other non-essential businesses, which usually either generate sufficient funds internally to survive, or they collapse. Whilst an outsider might advocate the introduction of some more modern business practices used in other industries as mentioned throughout this thesis, external subsidies and other donations are now built into the fabric of the performance of traditional classical music and the expectations of its participants, audiences and other stakeholders. As long as individuals and society as a whole continue to support the *status quo* there is no reason why this current model should not continue. After 400 years of irrational economics, however, it would be rash to predict that financial problems will lead opera and orchestral music into terminal decline.

Appendices (referenced by chapter)

2 Classification and list of interviewees
3A Main sources and examples of Income & Expenditure accounts
3B A note on monetary values
5 Approximate proportion of costs financed by box office income for 138 theatres 1701-2016
6 UK classical music industry financial data (2013 or closest)
7 Comparative prices for alternative UK entertainments
8 Arts Councils' analysis: Sources and assumptions
9A Opera unit costs: Sources and assumptions
9B Some reasons for different opera company costs

Appendix 2: Classification and list of Interviewees

The table on this page shows the classification of the interviewees by main role and location. The full list of interviewees is set out in the subsequent pages.

Table 2A1 – Classification of Interviewees

Role\Loc	London	Other UK	Germany	Other Europe	Asia	USA	Total (No.)	*Total (%)*
Opera Gen	20	13	5	6	1	2	**47**	***31%***
Opera Fin	7	4	2	2	0	1	**16**	***11%***
Orch Gen	4	5	0	0	2	0	**11**	***7%***
Orch Fin	5	3	0	0	0	0	**8**	***5%***
Venue	6	3	1	0	2	0	**12**	***8%***
Artist	5	2	1	0	0	0	**8**	***5%***
Other Inst.	5	1	0	1	0	0	**7**	***5%***
Funder	10	3	1	1	0	0	**15**	***10%***
Pub/Agent	5	1	0	0	0	0	**6**	***4%***
Serv Prov	16	1	1	3	1	0	**22**	***14%***
Total (No)	**83**	**36**	**11**	**13**	**6**	**3**	**152**	
(%)	***55%***	***23%***	***7%***	***9%***	***4%***	***2%***	***100%***	***100%***

Note: Opera Gen = Opera company senior executive or board member; Opera Fin = Opera company financial or development; Orch Gen = Orchestra senior executive or board member; Orch Fin = Orchestra financial or development; Venue = Venue manager; Artist = Composer, singer, musician; Other Inst. = Other manager/ employee at musical institution; Funder = Institutional or major individual financier; Pub/agent = Publisher or agent; Serv Prov = Service provider, e.g. journalist, lawyer, entrepreneur. Functions and locations are according to prime allocation but inevitably approximate. Interviews varied widely in length

As explained in Section 2.4, the interviewees have been anonymised throughout (e.g. "an international opera house administrator" rather than "Mr. Smith") to avoid any issues relating to confidentiality or attribution. Each interviewee has therefore been allocated a random sequential number (e.g. Int01 or Int145), and I have used this number for identification purposes in the main text.

List of interviewees (with date of main interview)

(First position shown is that applicable at the date of interview so some positions are duplicated or the interviewee has subsequently moved on)

- **Agid, Philippe** (06/10/14 & 31/01/17). Former Executive Vice President of Paris Opéra, co-author of "The Management of Opera – An International Comparative Study"
- **Alexander, Charles** (01/10/15). Chairman of Opera Rara. Former Deputy Chairman of English National Opera
- **Allen, Pelham** (28/10/15). Corporate turnaround and restructuring specialist. Former Interim Chief Executive of the Royal Opera House
- **Anderson, Helen** (03/03/15). Public Relations Director for Peter Moores Foundation
- **Anderson, Kate** (26/05/15). Director of the Bloomsbury Festival. Former Manager Nuffield Theatre Southampton
- **Anderson, Martin** (11/03/16). Owner of Toccata Classics and Toccata Press. Former economist with IEA and OECD
- **Archibald, Paul** (07/10/15). Chairman of the London Mozart Players
- **Aries, Julia** (10/07/14). Archivist at Glyndebourne
- **Bankes-Jones, Bill** (04/06/15). Founder & Artistic Director of Tête-à-Tête Opera, Chair of the Opera & Music Theatre Forum, opera and theatrical producer
- **Beard, Alex** (26/03/15). Chief Executive of the Royal Opera House Covent Garden. Former Deputy Director Tate Galleries
- **Beckwith, Alice** (23/10/14). Co-ordinator of American Friends at English National Opera
- **Beddy, Mark** (09/10/15). Chairman of English Touring Opera, Partner Deloitte. Former Finance Director of Glyndebourne
- **Bellingham, Peter** (11/03/15). General Manager of Welsh National Opera
- **Belshaw, Naomi** (10/02/15). Classical Account Manager for PRS for Music
- **Besser-Eichler, Ina** (12/08/14). Geschäftsführer der Servicegesellschaft der Freunde von Bayreuth mbH
- **Bickley, John** (15/07/13). Development Director of The Sixteen
- **Bjella, Magne** (06/11/15). Manager New Media for Den Norske Opera & Ballett
- **Blow, Bridget** (24/09/14). Chair of the Board of the City of Birmingham Symphony Orchestra, Board Member of the Birmingham Hippodrome
- **Buchler, David** (28/02/17). Former Deputy Chairman of English National Opera. Financier, turnaround specialist, former Producer for London International Opera Festival
- **Burgess, David** (10/10/15). Consultant at The Management Centre. Former Head of Partnerships & Development at English Touring Opera
- **Burke, David** (05/03/15). General Manager of the London Philharmonic Orchestra, Board member of English Touring Opera
- **Cardy, Karen** (04/09/15). Marketing Director of London Symphony Orchestra, Centre Director of LSO St. Luke's
- **Carpos, Francesca** (01/07/14). Freelance bassoonist and PhD researcher

- **Chalmers, Dr. Ken** (13/02/17). Head of Surtitles, Royal Opera House. Opera composer, ethnomusicologist, translator and author
- **Chng Kai Jin** (17/07/14). General Manager of Singapore Symphony Orchestra
- **Christiansen, Rupert** (multiple)*. Opera critic and author
- **Claye, Andrew** (06/02/15). Head of Marketing for Raymond Gubbay (DEAG)
- **Cleaver, Sir Anthony** (28/04/15). Former Deputy Chairman of English National Opera, Chairman of Royal College of Music, Board Member of Association for Business Sponsorship of the Arts, CEO & Chairman of IBM UK, Chairman of UK Atomic Energy Authority
- **Cochefert, Régis** (27/11/15). Director Grants & Programmes at the Paul Hamlyn Foundation. Former Opera General Administrator at Aldeburgh Productions
- **Conway, James** (19/05/15). General Director of English Touring Opera. Former General Director of Opera Theatre Company (Ireland)
- **Coolen, Guy** (13/10/15). General & Artistic Director of Muziektheater Transparant Belgium & Artistic Director of Operadagen Rotterdam Netherlands
- **Cox, Tamsin** (20/02/17). Head of Policy & Research, DHA Communications on behalf of the ABO
- **Creed, Nicola** (20/04/15). Executive Director of Garsington Opera
- **Dickie, Brian** (16&20/07/15). Chairman of the International Jury for Preselections for the *Neue Stimmen* competition. Former General Director of Chicago Opera Theater, former General Administrator of Glyndebourne Festival Opera, former Artistic Director of the Wexford Festival Opera, former General Director of the Canadian Opera Company
- **Dixon, Graham** (16/02/15). Managing Editor, BBC Radio 3
- **Dixon, Mike** (23/02/16). Composer, conductor and arranger of musicals, music theatre, film, concerts and entertainment events
- **Drew, Ann** (12/01/16). Director, Arts & Business, Business in the Community. Former Sponsorship Consultant at UBS
- **Edwards, John** (01/12/15). Treasurer of Iford Arts and Opera Festival
- **Effemey, Philip**)10/05/17). General Manager of Littlestar Services (Mamma Mia!). Former Stage Manager at the Coliseum
- **Elliott, David** (25/02/15). Chairman of English Touring Opera. Former CEO of Royal Albert Hall, former Finance Director of English National Opera
- **Ellis, Sir Vernon** (20/11/14). Chairman of the British Council, President of English National Opera, Chairman National Opera Studio, Chair of HM Government's Arts and Media Honours Committee, President of Classical Opera. Former Trustee of the Royal College of Music, former International Chairman and Managing Partner UK of Accenture
- **Espenhahn, Peter** (10/08/15). Board member of National Opera Studio, opera financier. Former Board member of English National Opera, former investment banker with Morgan Grenfell and Deutsche Bank
- **Evans, Daisy** (09/11/16). Artistic Director of Silent Opera
- **Freud, Anthony** (16/08/14)*. General Director of Lyric Opera of Chicago. Former General Director of Houston Grand Opera, former General Director

of Welsh National Opera, former Chairman of Opera America and Opera Europa

- **Gaenz, Edilia** (21/03/16 & 30/01/17). Director, Fedora Prize
- **Gifford, Sir Roger** (17/03/16). Chairman of the English Chamber Orchestra charity, of Tenebrae Choir, and of the City Music Foundation, and trustee of the Barbican Centre Trust. Country Manager of SEB Bank and former Lord Mayer of London
- **Gilhooly, John** (23/01/15). Director of Wigmore Hall, Chairman of Royal Philharmonic Society, Chairman of the Mahogany Opera Group
- **Goodison, Sir Nicholas** (20/10/14). Former Vice Chairman of English National Opera, former Chairman of the London Stock Exchange, former Chairman of Courtauld Institute, author of HM Treasury's 2003 review on museum funding ('The Goodison Report')
- **Griffiths, Stuart** (20/11/14). CEO of Birmingham Hippodrome, Board Member of Birmingham Opera Company and Birmingham City Partnership
- **Groves, Sally** (13/01/17). Former Head of Contemporary Music at Schott Music. Former Director/Governor at British Music Information Centre, Sound and Music, Birmingham Contemporary Music Group, North Music Trust, Society for the Promotion of New Music, Bournemouth Symphony Orchestra, Royal Norther College of Music
- **Gustafson, Anna** (09/02/16). Chief Executive of Independent Opera. Former director of choral festivals in Harrogate, Bristol & Chicago; former Arts Council England Project Manager
- **Haas, Michael** (11/02/16). Record producer
- **Haddock, Dominic** (09/12/15). Executive Producer of OperaUpClose
- **Hansen, Per Boye** (06/11/15). Opera Director for Den Norske Opera & Ballett. Former Director of Bergen International Festival, former Casting Director Komische Oper Berlin, formerly Salzburger Festspiele & Oper Köln, founder & Director of Oslo Summer Opera
- **Hendriks, Marc-Oliver** (27/07/16). Geschäftsführender Intendant, Württembergischen Staatstheater Stuttgart. Former Geschäftsführender Direktor der Bayerischen Theaterakademie August Everding im Münchener Prinzregententheater
- **Higgins, Andy** (10/07/14). Director Development at Glyndebourne. Former Development Officer at Hackney Empire and English Touring Opera
- **Higgins, Paul** (22/11/14). Opera producer. Former Artistic Director of Theatre 503
- **Hjerrild, Sune** (17/06/16)*. Founder and CEO of TrueLinked Classical Artists Network, operatic tenor
- **Ho Wee San, Terence** (18/04/14). General Manager of Singapore Chinese Orchestra
- **Holmes, John** (11/09/14). Head of Marketing for English Touring Opera, subsequently Director of Marketing & Audience Development at Orchestra of the Age of Enlightenment
- **Holten, Kasper** (28/08/14). Director of Opera for the Royal Opera Covent Garden. Former Artistic Director of Royal Danish Opera
- **Hoogland, Anne-Marie** (15/12/16). Zakelijk leider (Business Manager) for Dutch National Opera

- **Hossack, Ed** (05/03/15). Chief Executive of Academy of Ancient Music. Former Gen. Manager of Australian Opera Orchestra and at Opera Australia
- **Howes, Colin** (13/07/14). Partner in Harbottle & Lewis
- **Jonas, Sir Peter** (06/02/15). Former Staatsintendant of the Bayerische Staatsoper, former General Director of English National Opera, former Board Member of National Opera Studio and Royal College of Music, former Artistic Administrator of Chicago Symphony Orchestra
- **Kane, Emma** (02/02/16). Chairman of the Barbican Trust, Chief Executive of Redleaf Polhill Limited
- **Kenyon, Sir Nicholas** (03/10/14). Managing Director of the Barbican Centre. Former Director of BBC Proms, former Controller of BBC Radio 3
- **Koch, Thomas** (27/07/16). Direktor Kommunikation Oper Stuttgart, formerly at Bayerische Theaterakademie August Everding in München
- **Lausberg, Maurice** (28/07/15). Geschäftsführer of actori GmbH München. Formerly of Bayerische Staatsoper and Roland Berger
- **Little, Henry** (11/08/15). Chief Executive of Orchestras Live, Chairman of National Opera Co-ordinating Committee. Former Head of Opera at Arts Council England
- **Lloyd-Davies, John** (22/07/15). Opera director/designer/dramaturg. Former Head of Opera Development at the Royal Opera House
- **Mackay, Hamish** (12/07/16). Baritone, Artistic Director The Opera Story
- **Maddock, Stephen** (18/11/15). Chief Executive of the City of Birmingham Symphony Orchestra. Former Administrator BBC Proms
- **Mansfield, Nicolas** (18/06/15). General and Artistic Director of Nederlandse Reisopera
- **Martin, Chris** (06/04/16). Development Director at English National Opera. Former Head of Development at Historic Royal Palaces and Philharmonia Orchestra
- **McCaldin, Clare** (16/03/15). Mezzo-soprano, founder of McCaldin Arts
- **McCarthy, Michael** (24/02/16). Joint Artistic Director of Music Theatre Wales
- **McMaster, Sir Brian** (10/11/15). Former Director of the Edinburgh International Festival, former Managing Director of Welsh National Opera and Artistic Director Vancouver Opera
- **Millard, Christopher** (27/05/15). Director of Press & Communications at the Royal Opera House Covent Garden. Formerly Glyndebourne Festival Opera, National Theatre
- **Minors, Anne** (10/01/16)*. Principal Designer at Sound Space Vision. Past projects include Toronto Ballet Opera House, Glyndebourne Opera House, Singapore Arts Centre, Royal Opera House, Dubai Opera House, Palace of Peace Kazakhstan
- **Mitchell, Louise** (29/01/15). Chief Executive of Bristol Music Trust (Colston Hall)
- **Moser, Susanne** (24/03/16). Managing Director of Komische Oper Berlin
- **Mu Qian** (17/01/14). Chinese journalist and music commentator
- **Muir, John Paul** (10/05/15). Independent pianist, Director of Music for the Bloomsbury Festival

- **Muller, Carl Anton** (23/06/16). Founder of St. Peter's Eaton Square Concert Series. Former banker and treasurer including CBS Inc.
- **Myerscourgh, John** (07/01/16). Independent arts policy consultant
- **Neill, Lorna** (27/02/15). Director of Music Inter Alia Arts Promotion and Management
- **Ng Siew Eng** (17/07/14). General Manager of Singapore Lyric Opera
- **Nickson, John** (12/05/15). Council Member at Royal College of Music, Board Member of Opera Rara. Former Head of fundraising at British Council, English National Opera, Royal Academy of Arts, and the Tate
- **Norlen, Karin** (06/05/15). Artistic Director of Chamber Music in Little Venice, freelance viola player
- **Padmore, Elaine** (28/09/15). Former Director of Opera for the Royal Opera House Covent Garden, Former Artistic Director of the Royal Danish Opera, Former Artistic Director of the Wexford Festival Opera
- **Payne, Nicholas** (18/09/14). Director of Opera Europa. Former General Director of English National Opera, former Director of the Royal Opera Covent Garden, former General Administrator of Opera North, former Financial Controller of Welsh National Opera
- **Pemberton, Mark** (09/01/15). Director of the Association of British Orchestras
- **Peristianis, Costa** (18/10/16). Director of Ikon Arts Management
- **Phillips, Peter** (16/12/14). Chair of Arts Council England – Midlands Area. Former Chairman of Birmingham Opera Company, former Board Member of Welsh National Opera, author of "Philanthropy Beyond London" (ACE)
- **Pickard, David** (15/10/15). General Director of Glyndebourne Festival Opera, then Director of the BBC Proms. Former Chief Executive of the Orchestra of Age of Enlightenment, former Managing Director of Kent Opera
- **Pollock, Adam** (22/12/15). Founder of Musica Nel Chiostro (Batignano Festival), opera and theatre designer
- **Pountney, David** (29/06/16). Artistic Director of Welsh National Opera, freelance opera director, opera librettist. Former Director of Productions at Scottish Opera and English National Opera, former Intendant of the Bregenzer Festspiele
- **Ptaszynski, Andre** (08/08/14). Producer of over 50 plays and musicals in London & New York, including 'Matilda' and 6 Olivier/Standard award-winning shows. Former Chief Executive of the Really Useful Group and Really Useful Theatres, former Board member of the Royal National Theatre, Past President of the Society of London Theatre
- **Puah, Benson** (18/06/15). CEO of Esplanade and Chief Executive of National Arts Council of Singapore
- **Purvis, Christopher** (10/09/14). Chairman & Honorary President of the Academy of Ancient Music, President of the Handel House Museum. Former Chairman of the Barbican Centre Trust, former Chairman of Japan Society
- **Puskas, Peter** (25/03/15). Relationship Manager for Arts Council England, founder of Puskas International Artist Management & Consultancy
- **Revell, Stephen** (27/11/14). Managing Director of Opera Rara
- **Rodríguez Otero, Marcial** (22/04/15). Coordinación Centro Danza Canal at the Teatros del Canal Madrid

- **Rosenberg, Pamela** (13/04/15). Former General Director of San Francisco Opera, former Managing Director of the Berliner Philharmoniker Foundation, former Co-Director of the Stuttgarter Staatsoper, formerly Nederlandse Opera Amsterdam, the Deutsche Schauspielhaus in Hamburg, and the Frankfurter Oper
- **Rosenblatt, Ian** (15/06/15). Founder of the Rosenblatt Recitals, Founder and Senior Partner of Rosenblatt Solicitors
- **Rosner, Andrew** (21/07/16). Founder & partner of Allied Artists Agency (now Rayfield Allied)
- **Rowe, Anna** (11/05/16). Arts consultant. Former Chief Executive of the Academy of St Martin in the Fields, General Manager of the Orchestra of the Age of Enlightenment and Managing Director of Yellow Barn Music School and Festival in the US
- **Ruhe, Henning** (08/07/15). Opera Studio Director at Bayerische Staatsoper München. Formerly IMG New York, Théâtre du Châtelet Paris
- **Saunders, Monika** (04/02/16). Founder and Artistic Director of Music at Woodhouse
- **Savage, Marcus J.** (27/04/17). Musical Director of *Mamma Mia!*. Former Musical Director of *Chicago*, *Saturday Night Fever*, *Grange Hill*, etc.
- **Schmid, Toni** (27/07/15). Direktor – Abteilung XI Kunst und Kultur, Bayerisches Staatsministerium für Wissenschaft, Forschung und Kunst
- **Schwarz, Sebastian F.** (20/09/16)*. General Director of Glyndebourne Festival Opera. Former Deputy Artistic Director of Theater an der Wien, Artistic Director & Co-founder of the Pietro Antonio Cesti International Voice Competition for Baroque Opera
- **Sense, Hans-Dieter** (15/08/14). Geschäftsführender of Bayreuther Festspiele, formerly Finance at Deutsche Oper Berlin
- **Shelley, Howard** (21/07/16). Concert pianist, conductor, recording artist
- **Sinclair, Monica** (26/10/15). Director of the Paul Hamlyn Foundation. Former Executive Director of Arts Council England
- **Slater, Andrew** (19/07/15). Operatic baritone
- **Smith, Derek** (26/02/15). Owner and publisher of Rhinegold Publishing Ltd. (Classical Music Magazine, Opera Now, International Piano, etc.)
- **Smith, Sir Martin** (06/11/14). Chairman of the Orchestra of the Age of Enlightenment, Trustee of Royal Academy of Music and Glyndebourne Arts Trust. Former Chairman of English National Opera, Founder of Phoenix Securities and of New Star Asset Management
- **Snelson, Dr. John** (15/12/15). Head of Publishing & Interpretation at the Royal Opera House. Author and musicologist
- **Sprott, Helen** (02/02/16). Director – Music and London at Arts Council England
- **Straughton, Jane-Eve** (11/09/14). General Manager and Finance Director for English Touring Opera. Formerly at English National Opera, Norwegian Opera
- **Susskind, Janis** (25/01/16). Managing Director of Boosey & Hawkes Music Publishers Ltd.

- **Sutcliffe, Tom** (02/12/14). Opera journalist. Former countertenor, co-founder of vocal ensemble Pro Cantione Antiqua, former editor of Music & Musicians, former opera critic for *The Guardian* and *The Evening Standard*
- **Tham, Yvonne** (18/06/15). Assistant CEO of Esplanade Singapore. Former Deputy Chief Executive of National Arts Council Singapore
- **Tomasi, Loretta** (03/06/15 & 25/08/15). Adviser to Nimax Theatres. Former Chief Executive of English National Opera, former Managing Director & Finance Director of Really Useful (Stoll Moss) Theatres
- **Turnbull, Robert** (24/09/16). Opera journalist and writer
- **Turner, John G.** (16/08/14). Board member of Houston Grand Opera and Vice-Chair of Studio and Training Committee
- **Tusa, Sir John** (03/12/14). Former Managing Director of the Barbican Centre, former Managing Director of BBC World Service, former Chairman of Wigmore Hall, former Chairman of the University of the Arts London & Chairman of Clore Leadership Programme
- **Vázquez-Shelly, Marisa** (23/04/15). Director of External Relations and Patronage at Teatro Real Madrid
- **Vick, Graham** (03/03/16). Artistic Director of Birmingham Opera Company, International opera director. Former Head of Productions at Glyndebourne Festival Opera
- **Vierthaler, Georg** (24/03/16). Generaldirektor of Stiftung Oper in Berlin
- **Volpe, Michael** (15/10/14). General Manager of Opera Holland Park
- **Wallis, Annmarie** (20/11/14). Finance Director of the City of Birmingham Symphony Orchestra
- **Ward, John** (26/03/15). Development Adviser to Welsh National Opera. Former Director of Development for English National Opera, former Head of Development for Opera North, former General Secretary of Bank of England Staff Organisation & First Division Association
- **Ward, Phill** (08&21/02/17). Director of London Arts Discovery Tours. Former Opera Finance Officer at the Arts Council of England
- **Webster, Nathaniel** (30/07/17)*. Operatic baritone
- **White, Ian** (29/01/15)*. Director of Finance & Admin. at Scottish Chamber Orchestra
- **Whitworth-Jones, Anthony** (29/10/14). Board Member of English National Opera. Former General Director of Garsington Opera, Dallas Opera, and Glyndebourne Festival Opera
- **Wickers, Francesca** (11/05/15). Founder of fringeopera.com
- **Willacy, Richard** (05/11/14). Executive Director of Birmingham Opera Company
- **Williams, James** (29/01/15 & 15/07/17)*. Managing Director of the Royal Philharmonic Orchestra. Formerly Director Residencies & Regional Programmes, Philharmonia Orchestra
- **Wright, Peter** (07/10/15). Development Director London Mozart Players
- **Yip, Professor George & Professor Moira** (05/05/14). Professor of Management & Co-Director of Centre on China Innovation at China Europe International Business School Shanghai and Visiting Professor at Imperial College London (GY); Emeritus Professor of Linguistics at University College London (MY). Opera financiers

- **Young, Toby** (24/02/15). Composer, winner of Guardian/BBC Proms Young Composer of the Year (2006 & 2008)

I met some of the people listed above several times, although subsequent meetings were not usually positioned as formal interviews. In addition, I held one formal interview with a British opera administrator who wished to remain anonymous, and had short discussions with a wide variety of other musicians, administrators, donors and other funders, service providers and other supporters. These are too numerous to mention, and/or the nature of the discussions were too ephemeral to merit listing.

* indicates a discussion of less than half an hour rather than a formal interview, but where the interlocutor/interviewee made one or more points that have been incorporated in the main discussion of the thesis

Appendix 3A: Main sources and examples of Income & Expenditure accounts

The historical examples which are most commonly referenced in Chapter 3 are drawn from the (relatively limited) academic literature and some from primary research. They include:

- Italian opera in late-17th century Modena, represented by Giannettini & Neri's *L'ingresso alla gioventu di Claudio Nerone* commissioned by Duke Francesco II d'Este in 1692, as identified and analysed by Paul Atkin (Atkin 2010)
- Opera seasons staged by Handel in London in the 1730s (Milhous & Hume 1978, 1984)
- Italian Opera in Late Eighteenth-Century London (Milhous et al. 2001)
- Italian opera in the 1820s, drawn primarily from the work of John Rosselli (Rosselli 1984) and Bianconi & Pestelli (Bianconi & Pestelli 1998)
- French opera in the 1830s, covering mainly Louis Véron and the finances of the Académie Royal de Musique (Drysdale 2003) as well as earlier work (Crosten 1948)
- The 1911 and 1928 seasons of the Bayreuth Festival, drawn from primary research in August 2016 at the archives of the Richard Wagner Museum at Haus Wahnfried in Bayreuth
- The Covent Garden Opera Syndicate (1930), drawn from primary research in 2016 at the archives at the Royal Opera House Covent Garden (which at the time was a receiving house)
- Opera at the Royal Opera House Covent Garden during the post-War period in the context of state support for arts funding in general, drawn from primary research of Arts Council documents and related sources and from archives and reports at the Royal Opera House Covent Garden
- Opera in Germany since the 1960s, drawn from primary research into the Theaterstatistik collected and published by the Deutscher Bühnenverein
- Opera in Italy in the 2000s (Dubini et al. 2013; Sicca & Zan 2005)
- Contemporary opera in the USA, France, the UK and other locations drawn from their annual reports available on company websites, accessed mainly in 2016.

The following pages reproduce some examples of the Income & Expenditure Accounts or other calculations covering a selection of those listed above.

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Bianconi, Lorenzo and Pestelli, Giorgio (1998), *Opera production and its resources* (Chicago: University of Chicago Press).

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Appendix 3A1: Italian opera in late-17th century Modena

Table 2.5: Comparison of revenue streams for *Flavio Cuniberto* (1688) and *L'ingresso alla gioventù di Claudio Nerone* (1692)[135]

***Flavio* (1688)**	**Ml**	**% share**
Ticket sales at 3 Ml each*	7,791	46.46%
Box and bench rentals*	2,380	14.19%
Ducal *regalo* (200 *dobble* at 33 Ml)*	6,600	39.35%
Total revenue	16,771	100%
***L'ingresso* (1692)**		
Ticket sales at 3 Ml each	7,371	41.50%
Box and bench rentals*	2,790	15.71%
Ducal *regalo* (200 *dobble* at 38 Ml)	7,600	42.79%
Total revenue	10,161	100%

Source: Paul Atkin (2010) Opera Production in Late Seventeenth-Century Modena - The Case of *L'ingresso alla gioventu di Claudio Nerone* (1692) (RHUL Thesis 20100300) (Atkin 2010: 101)

Appendix 3A2: Italian Opera in Late Eighteenth-Century London

TABLE 22. *Opera receipts and expenditures from 1783–84 to 1795–96*

Theatre	Season	Income	Outgo	Result
King's	1783–84	*c.*19,500	*c.*23,000	lost *c.*3,500
King's	1784–85	*c.*17,000	*c.*22,000	lost *c.*5,000
King's	1785–86	18,700	under 18,000	
King's	1786–87	18,750	under 18,000	made 4,600
King's	1787–88	20,500	under 18,000	
King's	1788–89	19,000 [?]	under 18,000	made *c.*1,000
Little Haymarket	1789–90	unknown	unknown	unknown
Pantheon	1790–91	*c.*16,000	*c.*29,000	lost *c.*13,000
Little Haymarket	1791–92	11,935	*c.*19,700	lost 7,764
new King's[a]	1792–93	unknown	unknown	unknown
new King's	1793–94	*c.*21,200	[*c.*28,000]	'lost 7,000'
new King's	1794–95	*c.*21,950	[*c.*29,000]	'lost 7,000'
new King's	1795–96	[*c.*27,800][b]	[*c.*30,000]	lost 2,000?

Source: Milhous, Dideriksen, Hume (2001) Italian Opera in Late Eighteenth-Century London, Vol. II The Pantheon Opera and its Aftermath 1789-1795, Table 22 (Milhous et al. 2001: 652)

Appendix 3A3: French opera in the 1830s

Annual Accounts 1833–34, (AJ^{13} 228 II).

1 June 1833–31 May 1834

	FF
RECETTES	
Recettes des representations	965.774
Location de Loges à terme)	234.858
Abonnements personnels)	
Bals Masqués	43.946
Location de boutiques	8.300
Recettes extraordinaires	30.209
Subvention ministérielle	670.000
	1.953.087
DÉPENSES	
Direction	36.808
Chant	228.133
Choeurs	71.468
Danse	177.045
Ballets	79.829
Orchestre	101.879
Salle et Théâtre	23.895
Costumes	45.942
Décorations	76.156
Total du personnel fixe	841.155

	FF
Feux du chant et de la danse	116.060
Jetons de présence des Artistes externes	14.143
Élèves des ballets	4.744
Comparses	8.493
Honoraires des Auteurs et Compositeurs	56.668
Travaux extraordinaires	13.030
Traitements supplémentaires Primes	9.279
Gratifications, Indemnités, Rachat de Congés	22.140
Total du personnel variable	244.557
Éclairage	60.947
Chauffage	15.116
Copie de musique, Lutherie	10.995
Costumes	132.423
Décorations	83.512
Affiches	19.575
Droit des Indigents	105.339
Sûreté et Police	19.547
Bals Masqués	-
Mobilier et Bâtiment	3.801
Divers non-classés	19.591
Dépenses extraordinaires	11.724
Total matériel et dépenses divers	482.570
Indemnités aux réformés	267
Contributions à la Caisse des Pensions	14.000
	14.267
Totaux	1.582.549
Surplus	370.538

Source: Drysdale, John D. (2003) Louis Véron and the Finances of the Académie Royale de Musique - App. IV Annual Accounts 1833-34 (Drysdale 2003: 241-42)

Appendix 3A4: Opera at the Royal Opera House 1950-60

TABLE 1 *Summary of Income and Expenditure Accounts*

Year	Total Expenditure (excluding Overseas Tours)	Total Expenditure of Overseas Tours	Total	House & Tour Recs. (excluding Overseas Tours)	Tour Receipts Overseas Tours	Sundry Income	Arts Council Grant	Net Surplus or Deficiency
	£	£	£	£	£	£	£	£
1950/51	559,777	350,224	910,001	331,682	435,894	28,244	145,000	30,819(S)
1951/52	699,727	—	699,727	378,724	*5,755	46,299	160,000	108,949(D)
1952/53	610,443	*Cr 1,151	609,292	350,029	—	23,880	250,000	14,617(S)
1953/54	697,887	420,526	1,118,413	347,138	532,310	33,782	255,000	49,817(S)
1954/55	712,372	**Cr 980	711,392	396,032	—	30,710	250,000	34,650(D)
		**Cr 11,986						
1955/56	715,554	342,726	1,046,294	349,105	396,367	32,236	250,000	18,586(D)
1956/57	787,368	—	787,368	483,079	—	25,931	270,000	8,358(D)
1957/58	769,843	527,992	1,297,835	413,546	542,196	23,745	302,000	16,348(D)
1958/59	950,924	188,201	1,140,117	524,891	182,242	45,537	362,000	17,893(D)
		†Dr 992				††7,554		
1959/60	1,049,447	78,560	1,128,007	589,622	90,537	41,051	473,000	66,203(S)

Source: Royal Opera House Covent Garden Annual Report 1959-60 - Table 1 p. 20 Summary of Income & Expenditure Accounts 1950-1960

Appendix 3B: A note on monetary values

Some of the sections in this chapter make very rough comparisons of costs or prices over time. As mentioned in the main text, the reason for making comparisons of costs or prices over time is to identify trends, and in particular if they have increased or decreased. Any historical comparisons of this nature, however, are fraught with complications, as explained by economists such as Angus Maddison (Maddison 2001, 2003, 2007), F.M. Scherer (Scherer 2004), E.H. Phelps Brown & Sheila Hopkins (Phelps Brown 1955, 1956), and most recently and at length by Robert Hume (Hume 2014).

In principle there could be at least six approaches to making such comparisons:

1. **Comparing a single basic commodity** or expense over time. This approach is initially attractive since certain commodities such as bread have been consumed relatively consistently in European history. However, this would mean assuming that this commodity is standard across geography and time, and would ignore the complications presented by subsidies since commodities such as bread have been subsidised by various governments at different points in time
2. **Comparing a basket of goods**, such as is used for RPI calculations. This is similar to the first approach above, but should be more accurate because it incorporates several different items which if selected in a balanced way could adjust for the possible bias inherent in a single commodity such as bread. Not only is this considerably more laborious, however, but to remain relevant any basket has to be revised regularly as tastes and customs change
3. **Comparing a service** whose nature or efficiency has changed. This would involve taking a basic service such as light or travel, devising a standard unit such as the light required to read for one hour or the time taken for a journey between two cities, and comparing the cost of a singer or ticket in terms of this standard unit – a sort of opportunity cost. This is potentially very complex, however, and, given the enormous differences in efficiency changes over time, it could also be rather misleading
4. **Comparing wages** or incomes, either on average or for a particular group of people. The attraction of this method is that it compares costs in terms of a benchmark relating to a relatively unchanging unit such as an hour of labour and reflects changes in purchasing power
5. **Comparing items in terms of their proportions of GDP.** This is more complicated but, like the measure of wages, arguably gives a better sense of the historical value of something
6. **Comparing inflated prices**. This is the most straightforward method for price changes within a single country since it can be done quite easily using a table such as the Bank of England's Inflation Calculator, referenced below and termed elsewhere "BoEIC". It is relatively simplistic, however, and takes no account of changes in relative purchasing power over time, and can only be applied for a country like the UK with a relatively stable long-term monetary unit.

All the authors mentioned above have inclined towards the fourth of these methods, namely evaluating costs or prices in terms of wages. Both this method and (for simplicity) the inflation calculator method are therefore used in some sections in the main text of the chapter, as explained at relevant points.

In addition to sources referenced in the main text, there are several websites that specialise in providing updates of historical prices, including:

- The Bank of England, which uses data from the UK Office of National Statistics and focuses largely on historical UK inflation (http://www.bankofengland.co.uk/education/Pages/resources/inflationtools/calculator/flash/default.aspx)
- The Federal Reserve Bank of Minneapolis (https://www.minneapolisfed.org/community/teaching-aids/cpi-calculator-information)
- measuringworth.com (https://www.measuringworth.com), which provides relatively comprehensive results for most of the above approaches
- Roy Davies's http://projects.exeter.ac.uk/RDavies/arian/current/howmuch.html, which is largely a meta-site linking to other sources

Appendix 5: Approximate proportion of costs financed by box office income for 138 theatres 1701-2016

Country	City	Theatre/Company	Year	Box Off Income/ Cost %	Source
Italy	Modena	Fontanelli	1701	75%	Rosselli (1984)
Italy	Bologna	Marsigli	1711	75%	Rosselli (1984)
England	London	King's Haymarket	1733	97%	Milhous, Judith & Hume, Robert D. (1984)
Italy	Bologna	Malvezzi	1733	84%	Rosselli (1984)
Italy	Bologna	Malgezzi	1739	67%	Rosselli (1984)
Italy	Bologna	Malvezzi	1742	63%	Rosselli (1984)
Italy	Bologna	Nuovo (Comunale)	1763	73%	Rosselli (1984)
Italy	Bologna	Nuovo (Comunale)	1778	60%	Rosselli (1984)
England	London	King's Haymarket	1784	85%	Price et al. (1995)
England	London	King's Haymarket	1785	77%	Price et al. (1995)
England	London	Pantheon	1791	55%	Price et al. (1995)
England	London	Little Haymarket	1792	10%	Price et al. (1995)
England	London	new King's	1795	76%	Price et al. (1995)
England	London	new King's	1796	93%	Price et al. (1995)
Italy	Rome	Argentina	1804	84%	Rosselli (1984)
Italy	Milan	La Scala	1820	62%	Rosselli (1984)
Italy	Parma	Ducale	1820	40%	Rosselli (1984)
Italy	Trieste	Grande (Comunale)	1822	53%	Rosselli (1984)
Italy	Lucca	Pantera	1825	38%	Rosselli (1984)
Italy	Bologna	Comunale	1827	62%	Rosselli (1984)
Italy	Rome	Valle	1828	86%	Rosselli (1984)
Italy	Parma	Ducale	1829	46%	Rosselli (1984)
Italy	Rome	Valle	1830	73%	Rosselli (1984)
Italy	Rome	Valle	1830	66%	Rosselli (1984)
Italy	Rome	Valle	1831	90%	Rosselli (1984)
Italy	Rome	Valle	1832	100%	Rosselli (1984)
Italy	Rome	Valle	1832	84%	Rosselli (1984)
Italy	Rome	Valle	1832	91%	Rosselli (1984)
Italy	Rome	Valle	1833	95%	Rosselli (1984)
Italy	Rome	Valle	1833	63%	Rosselli (1984)
Italy	Rome	Valle	1833	111%	Rosselli (1984)
Italy	Rome	Valle	1834	95%	Rosselli (1984)
Italy	Rome	Valle	1834	44%	Rosselli (1984)
Italy	Rome	Valle	1834	88%	Rosselli (1984)
France	Paris	Opera	1834	81%	Drysdale (2003) Rev. exc. Subvention ministérielle
Italy	Naples	San Carlo and Fondo	1835	53%	Rosselli (1984)
Italy	Rome	Valle	1835	82%	Rosselli (1984)
Italy	Modena	Comunale Nuovo	1841	42%	Rosselli (1984)

Italy	Florence	La Pergola	1845	91%	Rosselli (1984)
Italy	Trieste	Comunale	1859	57%	Rosselli (1984)
England	London	Covent Garden	1869	160%	Rosenthal, Harold (1958)
England	London	Covent Garden	1928	88%	Cov Gdn Opera Synd. Ltd Trad'g Accs. in ROH Archive
Germany	Bayreuth	Festspielhaus	1928	96%	Richard Wagner Museum, Bayreuth
England	London	Lon & Prov Op Soc	1931	70%	Grand Season (10 weeks)
Italy	Milan	Teatro alla Scala	1931	45%	Pierott, Deidda Gagliardo & Madonna (2008?)
Italy	Milan	Teatro alla Scala	1932	43%	Pierott, Deidda Gagliardo & Madonna (2008?)
England	London	Imp League of Op.	1937	87%	Stmnt of Exp & Inc for 2 wks end 11/12/37 (14 perfs.
England	London	Lon & Provl Op Soc	1938	76%	Approx. P&L A/C 1938 Grand Ssn 02/05/38-17/06/38
England	London	Cov Gdn Eng Op Soc	1938	41%	Approx. outturn accounts
England	London	ROH Covent Garden	1956	71%	Annual Report 1959-60
England	London	ROH Covent Garden	1960	60%	Annual Report 1959-60
England	London	ROH Covent Garden	1966	52%	ROH Annual Accounts YE 31/03/66
Germany	Berlin	Deutsche Oper	1966	15%	Deutscher Buhnenverein Theaterstatistik 1965-66
Germany	Munich	Bayerische SO	1966	22%	Deutscher Buhnenverein Theaterstatistik 1965-66
England	London	ROH Covent Garden	1970	55%	ROH Annual Report YE 31/03/71
England	London	ROH Covent Garden	1976	45%	ROH Annual Accounts YE 31/03/76
England	London	ROH Covent Garden	1976	38%	ROH Annual Report YE 31/03/76
Germany	Berlin	Deutsche Oper	1976	8%	Deutscher Buhnenverein Theaterstatistik 1975-76
Germany	Munich	Bayerische SO	1976	19%	Deutscher Buhnenverein Theaterstatistik 1975-76
England	London	ROH Covent Garden	1986	35%	ROH Annual Report YE 31/03/86
Germany	Berlin	Deutsche Oper	1986	11%	Deutscher Buhnenverein Theaterstatistik 1985-86
Germany	Munich	Bayerische SO	1986	22%	Deutscher Buhnenverein Theaterstatistik 1985-86
England	London	ROH Covent Garden	1987	40%	ROH Annual Report YE 31/03/87
England	London	ROH Covent Garden	1988	34%	ROH Annual Accounts YE 31/03/88
England	London	ROH Covent Garden	1988	38%	ROH Annual Report YE 31/03/88
Austria	Vienna	Wiener Staatsoper	1989	23%	ROH Ann Rept 1988/89 Funding in Intern'l Context
England	London	ENO	1989	38%	ROH Ann Rept 1988/89 Funding in Intern'l Context
France	Paris	Opera National	1989	17%	ROH Ann Rept 1988/89 Funding in Intern'l Context
Germany	Cologne	Opera Cologne	1989	26%	ROH Ann Rept 1988/89 Funding in Intern'l Context
Germany	Hamburg	Hamburg Staatsoper	1989	25%	ROH Ann Rept 1988/89 Funding in Intern'l Context
Italy	Florence	Teatro Comunale	1989	9%	ROH Ann Rept 1988/89 Funding in Intern'lContext
Italy	Milan	Teatro alla Scala	1989	21%	ROH Ann Rept 1988/89 Funding in Intern'l Context
Italy	Rome	Teatro dell'Opera	1989	7%	ROH Ann Rept 1988/89 Funding in Intern'l Context
Italy	Venice	Teatro La Fenice	1989	4%	ROH Ann Rept 1988/89 Funding in Intern'l Context
England	Lewes	Glyndebourne	1990	67%	Glyndebourne Prods Ltd. Fin. Stmnts. YE 31/12/90
Italy	Bologna	Teatro Comunale	1990	9%	Sicca & Zan (2005)
England	Leeds	Opera North	1996	22%	Opera North Dirs' Rept & Fin Stmnts YE 31/03/96
England	Lewes	Glyndebourne	1996	95%	Glyndebourne Prods Ltd. Fin. Stmnts YE 31/12/96
England	London	ROH Covent Garden	1996	35%	ROH Annual Accounts YE 31/03/96
England	London	ENO Coliseum	1996	30%	ENO Report & Financial Statements YE 31/03/96
Germany	Berlin	Deutsche Oper	1996	8%	Deutscher Buhnenverein Theaterstatistik 1995-96

Germany	Munich	Bayerische SO	1996	19%	Deutscher Buhnenverein Theaterstatistik 1995-96
Italy	Milan	Teatro alla Scala	1996	21%	Sicca, LM (1997) Mangt of Opera Hses - Italian Expce
Italy	Rome	Teatro dell'Opera	1996	10%	Sicca, LM (1997) Mangt of Opera Hses - Italian Expce
Italy	Bologna	Teatro Comunale	2001	10%	Sicca & Zan (2005)
Italy	Florence	Teatro Comunale	2001	8%	Sicca & Zan (2005)
Italy	Genoa	Teatro Carlo Felice	2001	9%	Sicca & Zan (2005)
Italy	Milan	Teatro alla Scala	2001	16%	Sicca & Zan (2005)
Italy	Naples	Teatro San Carlo	2001	11%	Sicca & Zan (2005)
Italy	Palermo	Teatro Massimo	2001	6%	Sicca & Zan (2005)
Italy	Rome	Teatro dell'Opera	2001	7%	Sicca & Zan (2005)
Italy	Torino	Teatro Regio	2001	14%	Sicca & Zan (2005)
Italy	Trieste	Teatro Lirico G. Verdi	2001	1%	Sicca & Zan (2005)
Italy	Venice	Teatro La Fenice	2001	3%	Sicca & Zan (2005)
Italy	Verona	Teatro Arena	2001	54%	Sicca & Zan (2005)
France	Paris	Opera National	2005	27%	L'Opéra national de Paris en 2012 Annual Report
England	Leeds	Opera North	2006	12%	Opera North Ltd. Trust Rept & Fin Stmnts YE 31/03/0
England	Lewes	Glyndebourne	2006	82%	Glyndebourne Prods Ltd. Fin Stmnts YE 31/12/06
England	London	ROH Covent Garden	2006	36%	ROH Annual Accounts YE 26/03/06
England	London	ENO Coliseum	2006	26%	ENO Report & Financial Statements YE 31/03/06
Germany	Berlin	Deutsche Oper	2006	10%	Deutscher Buhnenverein Theaterstatistik 2005-06
Germany	Munich	Bayerische SO	2006	24%	Deutscher Buhnenverein Theaterstatistik 2005-06
Italy	Turin	Teatro Regio	2006	11%	Teatro Regio di Torino - Rev & Costs – 3-yr 2002-200
Italy	Turin	Teatro Regio	2006	10%	Teatro Regio di Torino – Rev & Costs – 3-yr 2009-201
USA	New York	Metropolitan Opera	2006	47%	The Metropolitan Opera Annual Report 2005-06
Italy	Turin	Teatro Regio	2007	9%	NYT 20140326 G. Loomis - Turin Seizes Its Moment
Australia	Syd/Melb.	Opera Australia	2010	52%	Opera Australia Financial Report 2011
France	Paris	Opera National	2010	28%	L'Opéra national de Paris en 2015-16 Annual Report
Italy	Bologna	Teatro Comunale	2010	24%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Cagliari	Teatro Lirico	2010	7%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Florence	Teatro Comunale	2010	28%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Genoa	Teatro Carlo Felice	2010	12%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Milan	Teatro alla Scala	2010	40%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Naples	Teatro San Carlo	2010	24%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Palermo	Teatro Massimo	2010	8%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Rome	Teatro dell'Opera	2010	14%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Torino	Teatro Regio	2010	26%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Trieste	Teatro Lirico G. Verdi	2010	16%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Venice	Teatro La Fenice	2010	24%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Verona	Teatro Arena	2010	55%	Dubini, Morganti, Cancellieri, Inversini, Cilloni (2013)
Italy	Turin	Teatro Regio	2011	16%	Teatro Regio di Torino – Rev & Costs – 3-yr 2009-201
USA	San Fr'isco	SF Opera	2011	37%	San Francisco Opera Assoc. 2011-12 Fin Stmnts.
Italy	Turin	Teatro Regio	2012	20%	NYT 20140326 G. Loomis - Turin Seizes Its Moment
Switz.	Zurich	Zurich Opera	2012	25%	Geschaftsbericht Opernhaus Zurich 2012-13

England	Lewes	Glyndebourne	2015	83%	Glyndebourne Prods Ltd. Rept & Fin St. YE 31/12/15
France	Paris	Opera National	2015	32%	L'Opéra national de Paris en 2015-16 Annual Report
Germany	Munich	Bayerische SO	2015	28%	Deutscher Buhnenverein Theaterstatistik 2014-15
Italy	Turin	Teatro Regio	2015	18%	Teatro Regio di Torino – Rev & Costs – 3-yr 2013-201
USA	New York	Metropolitan Opera	2015	32%	The Metropolitan Opera Annual Report 2014-15
Australia	Syd/Melb	Opera Australia	2016	56%	Opera Australia Financial Report 2015
England	Leeds	Opera North	2016	14%	Opera North Ltd. Trust Rept & Fin Stmnts YE 31/03/1
England	London	ROH Covent Garden	2016	32%	ROH Annual Accounts YE 28/08/16
England	London	ENO Coliseum	2016	32%	ENO Report & Financial Statements YE 31/03/16
Germany	Berlin	Deutsche Oper	2015	14%	Deutscher Buhnenverein Theaterstatistik 2014-15
Italy	Verona	Teatro Arena	2016	51%	Stage 20170518 Behsania - Meet world's largest arer
Switz.	Zurich	Zurich Opera	2016	22%	Geschaftsbericht Opernhaus Zurich 2015-16
USA	Chicago	Lyric Opera	2016	34%	Lyric Opera Chicago FY2016 Financial Statements
USA	San Fr'isco	SF Opera	2016	29%	San Francisco Opera Assoc. 2015-16 Fin Stmnts

Appendix 6: UK classical music industry financial data (2013 or closest)

Appendix 6A: Opera

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
The Royal Opera	71,804	24,209	0	15,978	15,076	15,702	839
English National Opera	40,066	9,678	0	18,863	5,560	5,885	80
Glyndebourne Festival	21,469	14,792	0	0	5,273	1,187	216
Glyndebourne on Tour	3,657	1,612	0	1,665	381	0	0
Opera North	18,044	3,351	0	10,490	2,824	1,336	42
Welsh National Opera	16,713	2,780	0	10,772	1,261	1,196	704
Scottish Opera	11,100	1,516	0	8,501	334	741	8
Garsington	3,621	986	0	0	2,077	537	21
Grange Park	3,254	722	0	0	1,849	677	6
Opera Holland Park	3,000	1,813	0	450	485	244	7
Birmingham Opera Co.	2,535	37	0	1,721	710	39	26
English Touring Opera	2,568	665	0	1,577	325	0	0
Buxton Festival	1,628	1,172	0	94	81	276	6
Longborough	1,717	806	0	0	310	601	0
Raymond Gubbay (DEAG)	0	0	0	0	0	0	0
Mahogany Opera	1,055	319	0	400	334	0	1
Ellen Kent	720	720	0	0	0	0	0
Classical Opera	466	62	0	0	403	0	0
British Youth Opera	389	39	0	42	172	135	0
Mid-Wales Opera	444	71	0	282	78	11	0
Opera Della Luna	364	303	0	0	59	0	1
Dorset Opera	360	142	0	26	81	111	0
Pimlico Opera	351	52	0	0	292	7	0
Iford Arts	340	222	0	0	100	17	1
Clonter Opera	339	147	0	13	134	43	3
Tête à Tête Productions	184	25	0	105	47	7	0
BLOC Productions	200	185	0	0	13	0	3
Swansea City/ Op.Wales	181	77	0	91	14	0	0
Bampton Classical Opera	142	71	0	0	49	23	0
Opera Brava Limited	141	71	0	0	55	4	10
D'Oyly Carte Opera	128	0	0	0	82	41	4
Co-opera	112	78	0	0	11	0	23
Opera East Productions	93	59	0	0	34	0	0
Chelsea Opera	91	52	0	0	21	12	6
Pegasus Opera	77	1	0	0	76	0	0
Heritage Opera	74	73	0	0	1	0	0
Kentish Opera	70	48	0	0	19	3	0
Opera Omnibus (South)	68	45	0	0	16	4	4
Opera Anywhere	59	22	0	0	25	12	0
Huddersfield Light Opera	54	35	0	0	0	19	0
Stanley Hall Opera	53	26	0	0	18	2	7
The Early Opera Company	52	38	0	0	14	0	0
Riverside Opera	50	30	0	0	17	3	0
New Devon Opera	51	42	0	0	4	5	0

New Chamber Opera	48	48	0	0	0	0	0
East Surrey, R&R	42	34	0	0	5	3	0
Opera Circus	37	3	0	9	24	2	0
London Early Opera Co.	36	9	0	0	26	0	0
Opera at Bearwood	35	31	0	0	4	0	0
Opera Novella	34	11	0	0	23	0	0
Opera South East	32	22	0	0	0	10	0
Duchy Opera Trust	30	21	0	0	8	1	1
Guildford Opera Co.	28	11	0	0	7	9	2
Opera Minima	20	6	0	8	6	0	0
Burry Port Opera	26	4	0	0	6	17	0
Kennet Opera	25	0	0	0	0	0	25
Bath Opera	23	0	0	0	0	0	23
New Sussex Opera	22	0	0	0	0	0	22
Bristol Opera Company	20	0	0	0	0	0	20
Midsummer Opera	18	0	0	0	0	0	18
Harrow Opera Workshop	16	0	0	0	0	0	16
Grosvenor Light Opera	15	0	0	0	0	0	15
York Opera	14	8	0	0	4	1	0
Peterborough Opera	13	0	0	0	0	0	13
City of Manchester Opera	13	0	0	0	0	0	13
London Contemp. Opera	10	0	0	0	0	0	10
Opera de Bauge	9	0	0	0	0	0	9
Operamus	1	0	0	0	0	0	1
Chelmsford City Opera	7	0	0	0	0	0	7
New Opera Co., Derby	3	0	0	0	0	0	3
Carl Rosa Opera Company	0	0	0	0	0	0	0
Sub-Total	**208,963**	**67,410**	**0**	**71,413**	**38,927**	**28,975**	**2,237**

Appendix 6B: Orchestral

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
BBC Orchestras & Perf Grps	29,200	2,891	0	26,309	0	0	0
London Symphony	16,271	2,671	4,431	4,206	2,759	2,072	132
Philharmonia	11,594	6,656	0	2,031	2,002	407	498
Royal Liverpool Phil.	7,456	2,220	104	3,664	827	617	24
London Philharmonic	9,868	5,118	0	2,127	2,468	142	14
Royal Scottish National	9,100	2,179	0	5,459	1,459	0	4
Halle	9,063	1,554	228	3,287	2,049	1,803	142
City of Birmingham Sym.	8,513	2,113	890	3,592	731	1,153	33
Royal Philharmonic	8,001	6,400	0	1,075	261	0	265
Bournemouth Symphony	5,450	1,524	0	3,021	264	614	28
Scottish Chamber Orch.	4,510	1,133	311	2,238	816	0	12
Ulster Orchestra	4,500	414	0	2,836	0	0	1,250
OAE	3,144	1,949	0	202	976	13	3
National Youth Orch. GB	2,909	91	0	252	2,132	402	32
ASMF	2,606	229	1,736	0	235	407	0
EngBarSol, Orch R&R, Mont	1,820	1,277	0	0	458	84	1
The Sixteen	1,619	1,024	0	0	128	466	2
Oxford Philomusica	1,706	344	0	0	1,329	34	0
Academy of Ancient Music	1,618	984	0	237	363	34	1
London Sinfonietta	1,554	334	206	496	512	5	1
Britten Sinfonia	1,501	730	0	581	128	61	1
City of London Sinfonia	1,329	819	0	13	304	191	2
Manchester Camerata	1,013	457	0	250	140	164	0
Southbank Sinfonia	983	66	0	0	598	303	16
The English Concert	937	571	0	91	187	88	0
Ex Cathedra Limited	889	491	0	124	273	0	1
Gabrieli Consort & Players	774	249	239	0	157	130	0
Viva Chamber Orchestra	721	337	0	259	62	60	2
Aurora Orchestra	719	371	0	108	62	178	0
London Mozart Players	645	222	0	210	175	1	38
B'ham Cont. Mus. Gp.	662	102	0	388	169	4	0
Scottish Ensemble	627	193	0	322	111	0	0
Orchestra of the Swan	523	453	0	0	35	33	3
Brighton & Hove Philh.	272	250	0	0	22	0	0
Sinfonia Cymru	329	16	0	213	97	3	0
Bath Philharmonia	322	143	0	0	179	0	0
Milton Keynes City	287	48	0	103	128	9	0
New London Orchestra	218	48	0	0	119	50	0
Orchestra of St. John's	259	103	0	0	156	0	0
Oxford Contemp. Music	242	25	0	193	24	0	0
Nash Ensemble	185	58	15	0	109	3	0
Northern Chamber Orch.	202	134	0	33	32	3	0
The Hanover Band	171	74	0	0	96	0	0
Lancashire Sinfonietta	168	22	0	123	22	0	1
Southern Sinfonia	165	91	0	0	70	4	0
Young Musicians Sym Orch	152	19	0	0	132	0	0

Nat. Youth Wind Orch. GB	141	0	0	0	34	107	0
La Nuova Musica	56	44	0	0	0	12	0
Welsh Sinfonia (Gymreig)	83	14	0	58	7	5	0
Cardiff Philh. Orch.	80	31	0	0	49	0	0
Retrospect Ensemble	65	54	0	0	6	4	0
Orchestra Da Camera	54	44	0	0	0	10	0
Insurance Orch. Soc.	42	9	0	0	31	1	1
Royal Orchestral Society	34	11	0	0	23	0	0
The Endymion Ensemble	33	33	0	0	0	0	0
The Salomon Orchestra	27	9	0	0	8	11	0
English Sinfonia	27	8	0	0	16	3	0
Sheffield Philh. Orch.	16	0	0	0	0	0	16
Brook Street Band	3	0	0	0	0	0	3
Edinburgh Chamber Orch.	0	0	0	0	0	0	0
Chamber Orch. of Europe	0	0	0	0	0	0	0
EU Baroque Orch.	0	0	0	0	0	0	0
Northern Sinfonia	0	0	0	0	0	0	0
Sub-Total	**155,460**	**47,454**	**8,161**	**64,100**	**23,530**	**9,688**	**2,528**

Appendix 6C: Ballet

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Royal Ballet	39,235	12,867	1,071	8,492	8,013	8,346	446
Birmingham Royal Ballet	13,635	2,314	204	8,349	1,706	1,042	20
English National Ballet	13,812	6,019	158	6,250	482	875	28
Northern Ballet	7,171	2,372	2	3,373	469	953	3
Scottish Ballet	6,821	1,432	0	4,602	451	304	32
Sub-Total	**106,333**	**41,970**	**1,434**	**34,829**	**13,099**	**14,149**	**852**

Appendix 6D: Festivals

[exc. Proms already inc.]

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Aldeburgh	5,364	739	0	1,368	1,084	1,910	263
Edinburgh International	2,150	443	0	987	447	271	3
Three Choirs Festival	839	422	0	0	377	33	6
Spitalfields	801	111	0	182	406	96	7
Cheltenham Music Festival	433	173	0	37	63	134	27
Llangollen Int. Eisteddfod	339	133	0	32	28	145	0
Huddersfield Contemp.	570	29	127	309	76	21	7
St. Magnus Festival	464	101	0	269	92	0	1
Lichfield Festival	392	191	0	13	173	16	0
London Handel Festival	399	147	0	0	249	3	0
English Music Festival	195	39	0	0	110	47	0
Cambridge Summer Music	175	102	0	3	62	9	0
Cambridge Music Festival	165	40	0	1	117	0	8
Brighton Early Music	125	47	0	0	66	3	8
Sub-Total	**12,413**	**2,718**	**127**	**3,201**	**3,349**	**2,688**	**329**

Appendix 6E: Choral

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Philharmonia Chorus	202	78	0	0	114	9	1
Crouch End Festival	137	125	0	0	0	9	3
London Symphony	87	39	0	0	43	6	0
Brighton Festival Chorus	82	48	0	0	33	2	0
Sheffield Philh. Choir	79	39	0	0	30	2	8
Malcolm Sargent Fest.	71	51	0	0	19	0	0
London Choral Society	71	26	0	0	46	0	0
Leeds Festival Chorus	71	33	0	0	36	0	1
King's Lynn Festival Chorus	40	13	0	0	21	6	1
Whitehall Choir	41	13	0	0	19	8	1
Sub-Total	**881**	**465**	**0**	**0**	**361**	**40**	**16**

Appendix 6F: Venues

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
London Southbank Ctre	39,599	4,738	0	16,831	4,209	12,782	1,039
London Royal Albert Hall	12,967	5,605	0	0	1,480	5,567	316
London Barbican Centre	16,767	7,891	0	8,431	445	0	0
London Wigmore Hall	5,547	2,498	0	295	2,133	523	99
Gateshead Sage	4,342	693	0	1,057	1,676	799	117
B'ham Sym & Town Halls	3,174	1,930	0	494	67	666	17
London Kings Place	1,834	827	0	0	580	427	0
London Cadogan Hall	1,834	827	0	0	580	427	0
Bristol Colston Hall	1,662	738	0	470	171	279	3
St. George's Bristol	1,305	417	0	142	362	384	0
London St. John's Smith Sq.	578	474	0	0	41	62	0
St. Martin-in-Fields, London	268	57	0	0	15	195	1
Birmingham Hippodrome	0	[Already included above]					
Edinburgh Usher Hall	0	[Already included above]					
Glasgow Royal Concert Hall	0	[Already included above]					
Wales Millennium Centre	0	[Already included above]					
Cardiff St. David's Hall	0	[Already included above]					
Croydon Fairfield Hall	0	[Already included above]					
Basingstoke The Anvil	0	[Already included above]					
Belfast Waterfront Hall	0	[Already included above]					
Nottingham Royal	0	[Already included above]					
Leeds Grand Th. & Opera	0	[Already included above]					
Sub-Total	**89,878**	**26,696**	**0**	**27,721**	**11,759**	**22,110**	**1,592**

TOTAL LIVE PERFORMING	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
	573,929	186,712	9,722	201,263	91,026	77,651	7,554

Appendix 6G: Recording

Organisation	TOTAL
	£000
Total Recording (per BPI)	**23,376**

Appendix 6H: Broadcasting

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
BBC Radio 3 (exc. orchs.)	54,300	0	0	54,300	0	0	0
Classic FM	10,887	0	0	0	0	10,887	0
Sub-Total	**65,187**	**0**	**0**	**54,300**	**0**	**10,887**	**0**

Appendix 6I: Music Schools

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Trinity Laban Con	22,221						
Royal College of Music	20,190						
Royal Academy of Music	18,938						
Royal Northern College	16,858						
Birmingham Conserv.	8,073						
Guildhall School	14,625						
The Royal Ballet School	10,641						
Chetham's School	9,670						
Royal Conservatoire of Scotland	9,872						
Royal Welsh Coll. Music&Drama	5,838						
Purcell School	5,313						
Yehudi Menuhin School	4,208						
English National Ballet School	1,852						
Leeds College of Music	8,622						
National Opera Studio	553	20	0	167	240	126	0
Sub-Total	**157,474**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

TOTAL ALL PERFORMING	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
	819,965	**186,732**	**9,722**	**255,730**	**91,266**	**112,040**	**7,554**

Appendix 6J: Other Educational

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
ABRSM	11,835	0	0	0	0	11,835	
Trinity College London	5,910	0	0	537	0	5,373	
Music Mark (UKAMusEd)	6,355	0	0	6,250	52	49	
Universities	22,650	0	0	0	0	22,650	
Private music teaching	40,500	0	0	0	0	40,500	
Sub-Total	**143,459**	**0**	**0**	**47,826**	**10,124**	**83,796**	

Appendix 6K: Museums

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Handel House Museum	698	92	0	0	356	250	0
Horniman Museum & Park	208	79	0	0	68	58	2
The Musical Museum	70	0	0	0	53	0	17
Finchcocks Musical Museum	53	22	0	0	32	0	0
Sub-Total	**1,029**	**193**	**0**	**0**	**508**	**308**	20

Appendix 6L: Publishing/Instruments

Organisation	TOTAL	Box Office	O'seas	Gov'ment	Donors	Commercial	Other
	£000	£000	£000	£000	£000	£000	£000
Books	167	0	0	0	0	167	0
Scores	10	0	0	0	0	10	0
Magazines	205	0	0	0	0	205	0
Instruments	21,200	0	0	0	0	21,200	0
Sub-Total	**21,582**	**0**	**0**	**0**	**0**	**21,582**	0

Appendix 6M: Other

Organisation	TOTAL
	£000
Performing Rights Society	2,531
Orchestras Live	1,236
Live Music Now	1,144
Making Music (National Federation of Music Societies)	819
National Centre for Early Music/York Early Music Foundation	880
Organisation for New Music and Sound	848
National Operatic and Dramatic Association	880
Streetwise Opera	675
Royal Philharmonic Society	617

London Music Masters	587
Brighton and Hove Philharmonic Society	416
Hackney Music Development Trust	317
Young Classical Artists Trust (YCAT)	0
Friends of Diva Opera	151
Countess of Munster Musical Trust	138
Carmathen and District Youth Opera	80
English Pocket Opera	83
Independent Opera Charitable Trust	77
Leeds Philharmonic Society	75
Royal Musical Association	58
The Yorke Trust	62
Jubilee Opera Trust	42
Connaught Opera	37
Leeds Youth Opera	30
Midland Music Makers	22
Music Education Council	22
Bollington Light Opera Group	19
Hampstead Garden Opera Trust	14
Opera Da Camera	12
Opera Integra	11
Havant Light Opera	9
Opera Nova	6
Opera and Music Theatre Trust	5
Anglo-Russian Opera & Ballet Trust	0
Association of British Orchestras	0
British Academy of Songwriters, Composers & Authors (BASCA)	0
Music Publishers Association	0
Musicians' Union	0
Sub-Total	**11,907**

TOTAL OTHER (Non-Perf)	**177,978**	**193**	**0**	**47,826**	**10,882**	**106,162**	**1,773**

Grand Total

Organisation	**TOTAL**	**Box Office**	**O'seas**	**Gov'ment**	**Donors**	**Commercial**	**Other**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
GRAND TOTAL	**997,583**	**186,925**	**9,722**	**303,556**	**102,148**	**218,202**	**9,327**

Appendix 7: Comparative prices for alternative UK entertainments

Appendix 7A: Comparative prices for alternative UK entertainments (2014)

Event	Entry-price	highest price
Rolling Stones, O2 Arena (2012)	£90.00	£375.00
Tosca, Royal Opera, ROH Covent Garden	£9.00	£195.00
One Direction, Wembley Stadium	£43.00	£149.00
Kate Bush, Hammersmith Apollo	£49.00	£135.00
FA Cup Final 17 May, Wembley Stadium	£45.00	£115.00
The Phantom of the Opera, Her Majesty's Theatre	£25.00	£115.00
Curious Incident of the Dog in the Night-Time, Gielgud Theatre	£15.00	£85.00
Madama Butterfly, Scottish Opera, Theatre Royal Glasgow	£11.00	£74.00
Wicked, Kings Theatre Glasgow	£20.00	£72.50
"Clubs and drugs" night out, east/south London	£60.00	£60.00
War Horse, Wales Millennium Centre	£15.00	£60.00
The Thebans, English National Opera, Coliseum	£10.00	£60.00
Lovebox 1-day ticket, Victoria Park	£55.00	£55.00
The Libertines, BST Hyde Park	£55.00	£55.00
King Lear, National Theatre	£15.00	£50.00
Singin' in the Rain, Grand Opera House Belfast	£36.50	£49.50
La Bohème, Opera North, Leeds Grand Theatre	£15.00	£49.50
West Side Story, Leeds Grand Theatre	£15.00	£46.00
Chelsea Football Club, home match	£41.00	£41.00
Macbeth, N.Ireland Opera, Gd.Opera Hse Belfast (Feb 2014)	£18.00	£40.00
Moses und Aron, Welsh National Opera, Wales Mill. Centre	£10.00	£40.00
Buckingham Palace, state rooms, mews and gallery	£35.75	£35.75
Life on the Moon, English Touring Opera, Hackney Empire	£10.00	£33.00
London Eye, Southbank	£26.55	£26.55
The view from the Shard, Southwark	£24.95	£24.95
London Comedy Store, Piccadilly	£23.50	£23.50
London Zoo, Regent's Park	£23.00	£23.00
Tower of London, City of London	£20.90	£20.90
Godzilla, Odeon Leicester Square	£18.50	£18.50
Vikings, British Museum	£16.50	£16.50
Matisse, Tate Modern	£16.30	£16.30
Royal Botanic Gardens, Kew	£15.00	£15.00
Fashion World of Jean-Paul Gaultier, Barbican Gallery	£14.50	£14.50
Veronese, National Gallery	£14.00	£14.00
Italian Fashion, Victoria and Albert Museum	£13.50	£13.50
Royal Philharmonic Orch./Dutoit, RFH Southbank Centre	£10.00	£10.00
Orch. of the Age of Enlightenment, QEH Southbank Centre	£9.00	£9.00

Source: https://thepassacagliatest.com/2014/05/11/three-simple-things-to-wish-for-in-the-opera-discourse-13/

Appendix 7B: Comparative prices for alternative UK entertainments (2015-16)

Event	Entry-price	Highest-price
Rugby World Cup Final	£150.00	£715.00
F1 British Grand Prix, Silverstone, 2016 (Sunday admission)	£119.00	£409.00
Royal Edinburgh Military Tattoo, August 2016	£30.00	£305.00
Die Meistersinger, Glyndebourne Festival, Lewes, May 2016	£10.00	£300.00
Cavalleria Rust. & Pagliacci, Royal Opera, December 2015	£10.00	£250.00
Elf, Dominion Theatre, November 2015	£30.00	£240.00
Cunning Little Vixen, Glyndebourne Fest., Lewes, June 2016	£10.00	£230/200/165
Carmen, Royal Opera	£11.00	£215.00
Madonna, The O2 Arena, December 2015	£47.50	£195.75
Royal Ascot, June 2016	£24.00	£188.00
Wimbledon Championships, June 2016	£15.00	£175.00
Eugene Onegin, Royal Opera, December 2015	£10.00	£175.00
Cheltenham Gold Cup, March 2016	£35.00	£174.00
Romeo and Juliet, Royal Ballet	£6.00	£127.00
La Boheme, English National Opera	£13.75	£126/100.75
Force of Destiny, English National Opera, November 2015	£13.75	£126/100.75
The Mikado, English National Opera, November 2015	£13.75	£126/100.75
FA Cup Final Wembley Stadium, May 2016	£50.00	£125.00
The Nutcracker, Royal Ballet, December 2015	£6.00	£117.00
Barry Manilow, The O2 Arena, June 2016	£25.00	£114.75
Tough Mudder London West, runner's partic. fee, April 2016	£102.05	£102.05
London Marathon, runner's registration fee, April 2016	£50.00	£100.00
Arsenal FC home match, 2015/2016	£29.10	£99.10
The Phantom of the Opera, Her Majesty's Theatre	£23.30	£95.00
War Horse, New London Theatre	£15.00	£95.00
Chelsea FC home match, 2015/1026	£43.00	£89.00
Morgen und Abend, Royal Opera, November 2015	£5.00	£85.00
Le Corsaire, English National Ballet, January 2016	£15.75	£80.75
Ariodante, Scottish Opera, Glasgow, February 2016	£14.35	£80.35
Farnborough Air Show (2014)	£38.00	£79.00
Barber of Seville, Opera North, Leeds	£15.00	£68.00
Kovacevich/Argerich, Wigmore Hall, November 2015	£17.00	£62.00
As You Like It, National Theatre	£15.00	£55.00
Sweeney Todd, Welsh National Opera, Cardiff	£18.50	£53.50
Philharmonia Orchestra/Salonen, RFH, November 2015	£12.75	£51.75
Kiss Me Kate, Opera North, Leeds	£15.00	£49.50
Winter Wonderland, Package, Hyde Park, December 2015	£48.50	£8.50
London Symphony Orch./Pires/Harding, Barbican, Dec. 2015	£13.00	£43.00
Marriage of Figaro, Welsh National Opera, Cardiff, Feb 2016	£5.00	£41.00
Buckingham Palace, state rooms, mews and gallery	£35.60	£35.60

Years and Years, Wembley Arena, April 2016	£28.50	£32.75
Arditti Quartet, Wigmore Hall, November 2015	£12.00	£32.00
The view from the Shard, Southwark	£25.95	£25.95
Tower of London, City of London	£23.10	£3.10
London Zoo, Regent's Park	£22.50	£22.50
Spectre, Odeon Leicester Square	£20.00	£20.00
London Eye, Southbank	£19.35	£19.35
London Comedy Store, Piccadilly	£19.00	£19.00
The Celts, British Museum	£17.50	£17.50
Ai Weiwei, Royal Academy	£16.00	£16.00
The World Goes Pop, Tate Modern	£14.50	£14.50
Royal Botanic Gardens, Kew	£14.00	£14.00

Source: https://thepassacagliatest.com

Note: The blogger Chacano at The Passcacaglia Test points out in the post for the 2015-16 data that:

- The October 2015 comparison looks at ticket prices for staged productions by large opera companies, in their home theatre. (Ticket prices for opera performances on tour are partly outside the control of the opera company, depending on the receiving theatre fees.)
- The comparison with other arts performances produced mostly by large-scale or national companies, with gallery and museum special exhibitions, pop music concerts, musicals, tourist attractions, and a range of sports events and games, is a selective list – but consistent in mainly covering productions, events and attractions which have a large number of professional performers or operational staff, or which require considerable logistic effort to prepare
- All locations are in London, unless stated
- Some events have a single ticket price, which is shown both in the entry- and highest-price columns
- All prices shown are for October 2015 events, unless another date is specified. The prices are for standard adult online tickets. Booking fees and venue improvement levies are included where it is not possible to opt out from paying them
- The ticket prices for all items in the comparison do not include any extras such as travel costs, food and drink, programmes (mostly), baby-sitter fees, accommodation, or clothing (£72 for a football shirt and scarf, for example)
- The discounts available from classical music venues for students, young people, and other special groups, are not included

Appendix 8: Arts Councils' analysis: Sources and assumptions

Aside from the detailed research involved in analysing 70 years of expenditure by the UK's various Arts Councils, there are a wide range of issues that emerged which have required a series of assumptions and choices. Different choices might have been made by another researcher, although I believe that her main conclusions would be the same. This appendix explains the approach that I have used, the main sources and assumptions, and some of the issues which have arisen.

As with most of the other subjects covered in this thesis, almost all the data comes from public sources, except for one item mentioned below. In this case the data has been the grants provided by the Arts Councils and the main sources have been those Arts Councils' Annual Reports since the very first report by the Arts Council of Great Britain in 1945/46.

If it were simply a question of copying down a figure from every report for the last 70 years, this task would be relatively simply. There have been many issues, however, of which the following are just a selection:

- Over the 70-year period since 1945/46 there have been several organisations responsible for distributing taxpayers' money to the arts. From 1945 to 1994 the main body was the Arts Council of Great Britain, although from 1948 onwards this was done via Scottish and Welsh Committees which from 1966 were named Councils until fully separated 30 years later. From the mid-1990s ACGB was replaced by the Arts Council of England, the Welsh Arts Council, the Arts Council of Northern Ireland, and the Arts Council of Scotland which in 2010 was renamed Creative Scotland when the Scottish Executive also took over direct responsibility for funding the five largest arts organisations in Scotland (Scottish Opera, Scottish Ballet, Royal Scottish National Orchestral, Scottish Chamber Orchestra and the National Theatre of Scotland)
- Each of these organisations has been issuing their own annual reports and accounts. When I started collecting the data I had to go to the British Library to find them. Recently, however, all the ACGB and ACE reports from 1945/46 to the present day have been made available much more conveniently in PDF form at http://www.artscouncil.org.uk/annual-reports/annual-reviews-archive, last accessed 14 August 2017. The more recent reports for the other Arts Councils are also available on-line (http://www.creativescotland.com/resources/our-publications/annual-reports, http://www.arts.wales/c_annual-reports, http://www.artscouncil-ni.org/about-us/customer-service/annual-reports, but unfortunately I was not able to obtain the reports for the years 1994 to 1999 for which I have therefore made (hopefully intelligent) assumptions in order to avoid distorting trend data
- My decision to exclude the arts funding which has been available from the proceeds of the National Lottery since 1995 may be seen as a matter of judgement rather than an entirely objective decision. I have two reasons for doing this: firstly, that lottery funding was always intended to be a

supplement to Arts Councils' funding and not a substitute; and secondly, that the source of funds is different. Arts Councils' grant-in-aid is an allocation by the relevant government of the mandatory tax payments of all the country's citizens comparable to spending on healthcare or defence, whilst Lottery Funding is the net proceeds from the voluntary purchases of a selection of citizens as part of a semi-gambling process. It should also be noted that Grant-in-Aid and Lottery funds are structurally different in the sense that the former usually needs to be spent in the year of receipt from the UK Treasury, while funding from the National Lottery can be carried forward and spent on projects lasting several years

- Although the core funding responsibilities of the various Arts Council may have remained substantially the same over the least 70 years, a few changes have brought into question what may be considered to be "Arts Council spending". For example, should occasional one-off capital grants be included, such as £10.8m (= £20.2m in 2015 prices) for the purchase of the lease of the ENO's London home the Coliseum in 1992? What about the special allocations of an additional £0.5m (= £14m in 215 prices) for the Festival of Britain in 1951? Or, closer to our own times, what about the distribution of educational funding under Music Education Hubs for which ACE was recently made responsible? In general I have included most of these "anomalies" if they are recorded as part of the Income & Expenditure Statements of the Arts Councils or are primarily artistic in purpose, but I have excluded items which have been clearly designated as "restricted". Music Education Hubs are the most prominent recent example of this, and I should like to draw attention to the statement on p. 56 of the Arts Council England's 2015-16 Grant-in-Aid and Lottery distribution annual report and accounts: "During the year we awarded grants to our National Portfolio Organisations of £279 million (2014/15: £332 million restated). In addition, we spent £56 million (2014/15: £27 million restated) through grants and direct expenditure on strategic initiatives and £76 million (2014/15: £58 million restated) on restricted activities, mainly Music Education Hubs." I have excluded the capital cost of purchasing the lease of the Coliseum from 1991/92 figures, and of "certain freehold property in the Covent Garden area of London, upon which it is hoped eventually to build an extension to the present Royal Opera House building" (ACGB *Thirtieth Annual Report and Accounts 1974/75*) from 1974/75 figures (£3.150m = c. £23.836m in 2015 prices)
- From 1968/69 onwards ACGB started to distribute some funds via Regional Arts Associations (renamed Regional Arts Boards in 1993). These include Associations of Great London, Lincolnshire, Midlands, Northern, North West, Southern, South West, Yorkshire and North Wales. I have not been able to access the records for each of these or other devolved sub-organisations. Since their funds were included within the overall total of ACGB funding this makes no difference to the total arts funding, but it may to some extent slightly distort my analysis in the second article covering particular areas of music within that total
- One particularly relevant example of the complications resulting from devolving ultimate distributive responsibility to sub-organisations is that of London orchestral music. As a result of the findings of the 'Goodman Report' issued by the Committee of Enquiry on London Orchestras in 1965, an

"independent autonomous" body was established called the London Orchestral Concert Board which became responsible for the distribution of government funds to the London orchestras from 1966 until the demise of the Great London Council (GLC) in 1986. Similar issues surround the money granted to the South Bank Board, which again used to be the responsibility of the GLC since when it has fallen within the purview of ACGB and subsequently ACE. In both cases these issues affect the more detailed analysis of the funding (e.g. which orchestra received what funding and when) rather than the total figure. That total is distorted, however, in that total artistic and classical music expenditure in 1986/87 was suddenly boosted by the new grant by the ACGB to the South Bank Board of £8.9m (= £23.1m in constant 2015 prices), an item which continues in subsequent years. In principle, it may be possible to identify the amount allocated by the GLC to the South Bank (although those figures were not readily apparent when I looked at the GLC reports of the early 1980s in the London Metropolitan Archive) but in any case, including them would go against the principle that the data discussed here are the national allocations (including England, Scotland, Wales and Northern Ireland) not local expenditures

- There is a similar but distinct classification issue relating to Sage Gateshead (North Music Trust). This now incorporates the Royal Northern Sinfonia, but is not exclusively dealing with classical music. It has not been possible to separate classical music from other areas of the arts, so after 2002 when its Arts Council increased significantly, I have included all its grant in the same category as the South Bank. Prior grants to the Royal Northern Sinfonia and Northern Sinfonia Concert Society have been included with other orchestral music grants
- The availability of data is variable. As a generalisation, and counter-intuitively, the older the data the easier they are to obtain. This is because at the beginning there were only a few organisations receiving ACGB funding and their nature was pretty clear. As time went on, however, the number of grant-aided organisations grew dramatically, and it has also become increasingly difficult to classify these. This is not to say that this is a bad thing, but simply that it makes it more difficult to track expenditure on an individual category, such as classical music. Individual recipients may also have many different artistic strings to their bows, e.g. festivals such as Aldeburgh or Cheltenham. Prior to 2004/05 all grant recipients were listed in the Annual Reports of ACE (if not in those in all of the Councils) along with the amounts which they received. And then they vanished. The reader will search the 158-page 2006/07 ACE Annual Report in vain for a list of grant recipients, or for that matter the 148-page 2015/16 Annual Report, although oddly they still find space to inform the reader of how many cubic meters of water was used by ACE (p. 34), how many people over the age of 60 it employs (p. 51), or the annual rate of increase in salaries of the West Yorkshire Pension Fund (p. 77). One would have to question whether the reader would really prefer to know these last points as against receiving more information about the core activities of the Arts Council. It is likely that the ACE would say in response that the reader can find the data for grant recipients somewhere on its website. This may be true for current grants, but it is not the case historically. Regrettably I had to apply under Freedom

of Information legislation to get the figures for selected organisations from 2006 onwards, although I later discovered a website that Companies House has just started to make available in beta format to provide access to the accounts of the last 20-25 years for many organisations (https://beta.companieshouse.gov.uk/search/companies) so I then cross-checked these data with the accounts of the recipient organisations. There is still a problem with data for some organisations. For example, I have been unable to find data for the Ulster Orchestra Society Limited prior to 2000/01 which results in a leap in the figures for orchestral music in that year

- Possibly the single biggest problem from the point of view of the researcher in disaggregating data has been the endless reclassifications of organisations and of their funding data and the constant re-formatting of statements, which results in quite a challenge in ensuring the use of comparable data from year to year let alone decade to decade. Money for the same organisation can appear under several different categories in a single year without any consolidation; for example, Welsh National Opera might have received funds as part of the English base funding, the English touring programme, the Welsh Arts Council's distribution (even prior to separation in 1994), and several specific programmes for artists or composers. A large organisation such as the Royal Opera House may be split between Opera and Ballet in some years but not in others, may sometimes be classified as Music and sometimes as a special National Company. And of course individual organisations are constantly appearing, disappearing and reappearing as the funding situation changes
- There has been a significant increase in recent years in expenditure on areas of the arts other than classical music. In 2004/05, which was the last year when the Arts Council provided the information about individual recipients of grant-in-aid awards in its published Annual Review, over 1,000 organisations received amounts in excess of £25,000 of the total £316m distributed by Arts Council England alone, with an unspecified number of other organisations receiving grants under £25,000 which together totalled a further £16m. This contrasts with around 100 listed 50 years earlier in 1954/55. The larger organisations in 2004/05 ranged from 27a Access Artspace (£27K) and Acme Studios (£186K) through Bury St Edmunds Art Gallery (£137K), Camden Arts Centre (£640K), the Crafts Council (£2.8m) and Hull Time Based Arts (£217K) to the Youth Justice Board (£300K) and Zap Art (£55K). My analysis of classical music in that year covered 67 separately listed organisations as well as some other pooled funds, so classical music organisations are a fraction of the total pool of recipients
- The figure for the number of UK councils mentioned was obtained from: http://www.lgiu.org.uk/local-government-facts-and-figures/#how-many-councils-are-there, last accessed 14 August 2017

Appendix 9A: Opera unit costs: Sources and assumptions

More information relating to the sources and assumptions used for the calculation of the unit costs per performance and per audience member for selected opera houses are set out below. To ensure completeness and for consistency the figures used are for the 2012-13 season throughout.

The following are the sources which have supplied the data used in this chapter:

- The relevant sets of accounts for each of the UK organisations considered can be found at the website of the Charity Commission (https://www.gov.uk/government/organisations/charity-commission) and are not further referenced below. In each case the figure used is for Total Resources Expended. Figures for numbers of performances at UK opera houses are as follows:
  - Royal Opera House: *Season Guide 2012/13.* Figures include performances of both opera and ballet at the main house but exclude concerts and performances at the Linbury Studio. No adjustments have been made to exclude the cost of these performances nor those of Education & Outreach from the financial figures. It should perhaps be noted that there were some 22 more opera performances (i.e. 17% more) in the following year 2013/14 perhaps because the 2012/13 season commenced with 4 cycles of Wagner's *Der Ring des Nibelungen*, although even in this 2012/13 season the Royal Opera House was second only to the Paris Opéra (which has two separate large venues) in the number of performances staged. No figures are available for the numbers of opera and ballet audiences, so the actual audience has been assumed to be 95% of capacity as per the ROH's Annual Review 2012-13 p. 5
  - English National Opera: Report and Financial Statements for the year ended 31 March 2013, p. 4. No adjustments have been made to exclude costs/income from other sources or performances, such as renting the theatre to visiting companies
  - Glyndebourne: Directors Report and Financial Statements for the Year Ended 31st December 2013 for Glyndebourne Productions Limited, p. 7. Since the costs associated with staging a Festival and Touring production are different and (unlike WNO and ETO) the two stagings are not the same, the Glyndebourne Touring Income (donations and tickets sales totalling £3.657m) has been eliminated from the total expenditure figure and correspondingly not included in the number of Touring performances or attendees. I have also not included the numbers of performances relating to Glyndebourne's Education programme (including in 2013 performances of *Imago*) although the associated costs will have been included
  - Welsh National Opera: Annual Report and Financial Statements for the Year ended 31 August 2013, p. 13. The numbers and audiences of concerts and youth and community programmes have not been included, although the associated expenditure will be included in the financial figure

- Garsington: Garsington Opera at Wormsley 2013 Programme Book. Garsington also has some education and community programmes, but no adjustments have been made to financial figures to reflect these
- English Touring Opera: Report and Financial Statements for the Year ended 31 March 2013, p. 3. Performance figures includes only staged opera, but financial (and audience?) figures include the costs for a further 120 education/outreach performances and 10 recitals

- The figures for Germany are taken from *Deutscher Bühnenverein Theaterstatistik 2012-13*. For performance numbers I have used the figures in Section 2 Column 01 (Oper), 02 (Tanz), 03 (Operette), and 04 (Musical), but eliminated Columns 05-11 ("Schauspiel, Kinder und Jugendtheater, Konzert, Figurentheater, sonstige Veranstaltungen, theaternahes Rahmenprog. & Gastspiele fremder Ensembles"). Where possible I have matched the performance figures with the financial figures, which are taken from Section 6 Column 38, since the latter incorporate less detail, and have usually included only the main opera house. More specifically the performances included for each opera house cover the following: Berlin Deutsche Oper Hauptsaal (only opera venue), Berlin Komische Oper (only opera venue), Berlin Staatsoper Großer Saal im Schiller Theater, Dresden Sächsische Staatsoper Semperoper, Düsseldorf Deutsche Oper am Rhein Opernhaus Düsseldorf, Frankfurt am Main Städtische Bühnen Großes Haus – Oper, Hamburgische Staatsoper Großes Haus, Leipzig Oper Leipzig Großer Saal Opernhaus, Munich Bayerische Staatsoper National Theater & Cuvillies Theater & Prinzregententheater, and Stuttgart Württembergische Staatstheater Stuttgart Opernhaus. Although concerts might typically use the full orchestra, the marginal cost of a concert will be relatively low compared with that of a stage performance so they have not been included. Each city and venue of course has special characteristics; it is worth noting, for example, that the figures for Frankfurt may be distorted by the large number of non-classical performances at the Schauspielhaus and Kammerspiele which are included in the financial figures. Visitor numbers are from Section 3 Column 18 and thus exclude foreign guest performances (auswärtige gastspiele)
- Norwegian Opera: Den Norske Opera & Ballet, *Årsrapport 2013*, pp. 11-12. Total opera and ballet performances and associated audience numbers for the main stage (Hovedscenen) only. Financial figures include subsidiary venues, concerts, and other performances (Sum Driftskostnader, p. 16)
- Paris, France: *The Paris Opera in 2013*, p. 6. Performance figures and audiences include opera and ballet at both the Opéra Bastille and Opéra Garnier. Financial figures also include concerts, recitals and studio performances
- Vienna, Austria: *Wiener Staatsoper Geschäftsbericht 2013-14*, pp. 82-87, 100-101. Performance and audience figures include both opera and ballet. Financial figures may also include some concerts, recitals and studio performances
- Zurich, Switzerland: *Geschäftsbericht Opernhaus Zurich 2012-13*, pp. 30-32, 45-47. Performance and audience figures include both opera and ballet. Financial figures may also include some concerts, recitals and studio performances

- Barcelona, Spain: Gran Teatre del Liceu *Memòria 12/13*, pp. 170, 174. Performance and audience figures cover operas and ballets staged in the main auditorium. Financial figures include some concert and small stage performances
- Australia: Performance and audience figures from Opera Australia Annual Report 2013, pp. 21-22. Financial figures from Opera Australia and Its Controlled Entities Financial Report for the Year Ended 31 December 2013, p. 9. One musical, *South Pacific*, accounted for 48.4% of the total performances included and 45.4% of the total audiences included. For theatre size I have used the capacity of the Joan Sutherland Opera Theatre at the Sydney Opera House (c. 1,500 seats), rather than the larger capacity of the State Theatre of the Melbourne Arts Centre or a weighted figure, even though it only accounted for 166 out of the 275 performances included
- Canada: Canadian Opera Company Annual Report 2012-13. All figures from p. 12, including Box Office Total Attendance, and Condensed Statement of Operations and Net Deficit
- Figures for numbers of performances, financials and audiences for US opera houses as shown below:
  - New York Metropolitan Opera: The Metropolitan Opera New York Annual Report 2012-13, Summary p. 18 and Financials p. 22. Numbers of opera performance are "New York Season Opera Performances", i.e. excluding "Other Opera Performances (parks, tours, concerts)" (11) and "Presentations" (64). Audience attendance figures based on total capacity of (3,800 seated + 195 standing =) 3,995 multiplied by 79% attendance figure reported at: http://www.nytimes.com/2014/01/29/arts/music/met-opera-reports-falling-attendance.html., which is 10% higher than the equivalent financial figure "Percent of box office capacity" on p. 18 of the AR. Figures for the Met's *Live in HD* season for 2013-14 are from the 2013-14 Annual Report. The quote about profits from WCLV from http://wclv.ideastream.org/wclv/met-general-manager-peter-gelb-launch-new-live-hd-season
  - Lyric Opera of Chicago: Performances figure for 2012-13 from the performance archive at https://www.lyricopera.org/about/production-archives/2010-2014-performance-and-cast-archive/2012-13-performance-and-cast-archive, including one musical but excluding Chicago Unlimited performances. Ticket sales figures from: http://articles.chicagotribune.com/2013-06-17/entertainment/chi-lyric-opera-finances-20130617_1_anthony-freud-president-kenneth-g-lyric-opera. Expenditure figures from Financial Statements for Year ended June 30, 2013, p. 4. Although the Lyric Opera of Chicago changed its accounting year in 2012-13 and the figures therefore cover 12 rather than 14 months, I have used the 2012-13 figures as the total is only 5% below the corresponding figure for 2013-14
  - San Francisco: 2012-13 performance numbers counted from San Francisco Opera archive page at http://archive.sfopera.com/qry1operalist.asp. Financial figures from San Francisco Opera Association Financial Statements for the Year Ended July 31, 2013, p.4 including Total operating expenses and Fund-raising

expenses. I couldn't find figures for audience numbers/ticket sales, so the occupancy is assumed to be the same as the average figure of NY Met (79%), Chicago (c. 92%) & Houston (92%), namely 87%
    - Houston: 2012-13 performances numbers from Press Release on 26 January 2012 at: https://www.houstongrandopera.org/globalassets/publications-media--news-items/press-releases/012612_hgoseasonannouncement.pdf. Audience numbers from Press Release on June 3 2014 at: https://www.houstongrandopera.org/globalassets/publications-media--news-items/press-releases/2014_05_30_annual_meeting.pdf. Expenditure figure from Houston Grand Opera Association, Inc. Consolidated Financial Statements and Independent Auditors' Report for the year ended July 31, 2013, p. 4 Total expenses
- Historical exchange rates as at 31 December 2012 from: http://www.xe.com. Values are: £1=€1.233, USD1.626, NOK 9.048, CHF 1.489, AUD 1.564, CAD 1.621
- Figures for musicals from the Society of London Theatre Box Office Data Reports in Figure 51 Summary of Key Results by Genre
- On Manchester United: For total and matchday revenue in 2013 see Deloitte Sports Business Group – All To Play For: Football Money League, January 2014. For numbers of matches see: https://en.wikipedia.org/wiki/2012–13_Manchester_United_F.C._season. The followers figure comes from its Form 20-F filing with the United States Securities and Exchange Commission for fiscal year ended 30 June 2013, p. v
- On Liverpool FC's recent experience in trying to raise ticket prices, see for example BBC Sport on 10th February 2016 "Liverpool owners scrap £77 ticket and apologise to fans" at http://www.bbc.co.uk/sport/football/35546090

Appendix 9B: Some reasons for different opera company costs

There is a wide range of reasons why the costs per performance and per audience member may differ between different opera houses. As discussed in the text, these can be used as a reason for not addressing cost differences, but it is also important to recognise that many of the concerns expressed have validity. The most common and relevant reasons for differences in costs are as follows:

- **Venue**: Some opera houses and other venues are inherently expensive to maintain and run, some have multiple venues the information for which is not necessarily available separately, some may enjoy below-market rents, and different theatres have different machinery and back-stage facilities with different operating costs
- ***Stagione* vs. repertory**: Some companies operate a *stagione* system with a run of several performances in a short period of time so sets can be kept on hand, whilst others operate a repertory system where a production will recur throughout the season requiring sets to be brought in and out regularly
- **Structure of productions**: In general a larger number of new productions and a larger number of productions overall will usually result in higher costs, although in some cases these may be partially mitigated by co-productions with another opera house
- **Season duration**: Many companies, including both seasonal and some regular companies do not operate full-time, but still require some staff and other 'overheads' throughout the year but earn no income during that time
- **Touring**: Some companies tour, and touring has different costs
- **Complexity**: The size, length, and resource requirements of different operas varies widely. Compare Wagner's *Ring* tetralogy with Poulenc's monologue *La voix humaine*
- **Ensemble**: Some opera companies use almost all their own singers who are paid a relatively ordinary salary while others rely on more expensive guest and star singers
- **Ballet and opera**: Many companies offer both ballet and opera performances and don't usually separate the costs, but ballet is generally cheaper so the average performance cost will be lower for companies with more ballets
- **Positioning and overheads**: The up-market positioning of the major opera houses usually requires higher staffing levels. On the other hand, they may also have greater commercial opportunities (e.g. food & beverage), albeit at a high cost
- **Local labour, social and other practices**: Despite globalisation, each country has its own specific practices in areas such as labour, social welfare, remuneration, and accounting, which may have significant cost implications
- **Outreach and educational**: The outreach and educational activities of all musical organisations are becoming ever more extensive and are not necessarily reflected in financial or performance statistics
- **Digital activities**: Streaming, public relays, video and other digital activities incur costs. Some of these are recoverable or even profitable, such as the

Met Live series, but others are not and are increasingly seen simply as part of the remit (and cost) of a responsible public organisation

- **Concerts**: Some opera companies use their orchestras to give occasional or regular symphony concerts, although these have been excluded where possible since they are not a 'core product' and their average cost is much lower
- **Foreign exchange**: Comparative figures go up and down with changes in the exchange rate. Revenues are usually local, but not all costs are controllable locally or in local currencies which is a particular issue for the international companies
- **Artistic considerations**: And last, but definitely not least, opera companies may simply decide as a matter of artistic choice that their forte or selling point is to provide a regular new supply of elaborate stagings of grand operas with large casts and top singers, and cost is a secondary consideration.

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