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## 44 Opera

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Opera is always regarded as the most expensive of the performing arts. It often absorbs the lion's share of government subsidy to them, though it is the least widely attended. In the UK, for example, opera received five times the amount of subsidy per attendance compared to other Arts Council supported performing arts organizations, though it was attended by only 7 per cent of the population (Towse, 2001). The relatively higher costs of supply are usually held to be due to the nature of the art form, which requires the combination of the resources of a performing company of principal singers, chorus and full-size orchestra with those of a theatre. Often a ballet company is joined to the opera company, sharing the theatrical and orchestral facilities and supplying dance services to grand opera productions.

The costs of opera can be broken down into those associated with running the opera house, the fixed costs of maintaining the theatrical facilities (sets, lighting, stage management and so on), the orchestra, chorus and company principal singers (performers on a regular salary) and the music staff; the fixed costs of each opera production (sets and costumes, rehearsal time) and the marginal costs of each performance, chief among which are the fees to guest artists and other freelance performers, such as extra chorus and 'supers' (supernumerary spear carriers, tightrope walkers and the like). Below, more is said about the microeconomics of opera.

The underlying causes of high costs are, however, more complex and are intimately tied to the economic history of opera, the typical repertoire performed and the economic organization of performance. It is because opera is still so closely connected to the performance traditions and conventions of the nineteenth century that it is subject to high costs and prices and small audiences; if there were the demand for small-scale modern opera in 'ordinary' venues, there is no reason why it should cost considerably more than spoken theatre. It is worth noting that it is the combination of a 'fixed' audience demand for a 'high culture' repertoire with the fixed factors of production of performances that gives rise to Baumol's cost disease in opera as in the performing arts in general.

### **Economic history of opera**

The transition of opera supply from its initial court patronage in various Italian states to a highly developed private market which, in the eighteenth

century, spread to London, Vienna and St Petersburg and, in the nineteenth, to New York and Buenos Aires, has been analysed in glorious detail by Rosselli (1984). The 'impresario system' organized and financed the whole chain of operatic production from the commissioning of the libretto and musical composition to box rental in theatres. Most of the operas performed today were first produced under this system in opera houses that were purpose-built for them and that we continue to use. However, this operatic repertoire was created in social and economic conditions of abundant and relatively cheap orchestral musicians and chorus singers, with a few star principals, playing to capacity audiences of between 600 and 1500. Some of the impresarios even made it pay; nowadays, however, the combination of large labour resources needed for this repertoire and limited seating capacity of the old opera houses conspires to make opera formidably expensive, so that only very high ticket prices could cover costs.

The comparable economic history of German opera supply has not so far been analysed in the round. Today, Germany probably supports more opera companies than any other country among its 152 publicly owned theatre companies (King, 2001). Besides the 'A' houses – Munich, Berlin and Hamburg, for instance – where the company operates in its own house, there are many opera companies which share the city's theatre with spoken drama and other uses. The typical German opera company tends to offer a broader repertoire than would be found in opera houses in other countries, regularly performing operetta and musicals with their 'classically' trained singers.<sup>1</sup> A major feature of German opera, which is (or was) also to be found in some East European countries, is that all salaried company members, including the performers, are civil servants, either of state or of city, and enjoy the same job protection and conditions of work as other state employees. That includes principal singers who usually have a 'fest' contract. By contrast, opera houses in the USA and the UK have developed as private non-profit organizations, which are in receipt of a mixture of subsidy, patronage and sponsorship; in these countries there is an active market place for singers, conductors, directors and set designers working freelance with contracts that are specific to an operatic production. The present-day costs of opera are thus influenced by its institutional economic history.

### **Organization of opera performance**

An important determinant of the cost of producing opera is the system by which performances are organized – by the 'stagione' or in repertory. The stagione (meaning literally the 'season') is the classic Italian system whereby one opera is given a certain number of performances (usually six to ten) over several weeks, followed by a rehearsal period for the next opera (during

which the theatre may also be used for ballet, orchestral performances and chamber music), after which that opera is performed for its run, and so on. Over the performing season from late Autumn to the end of Spring, perhaps six or eight operas are produced sequentially. This system is still followed in most opera houses in Italy. Under the stagione system, principal singers are hired by the opera for the rehearsal period and the run of performances; to ensure good quality performance, the demands made on the singing voice by opera and the need to protect vocal health are met by having only three or four performances of the opera per week. This is costly, because it results in many 'dark' nights in the opera house and also the resident orchestra is not used much during the rehearsal period, unless for ballet.

The repertory system of opera performance, like its spoken theatre equivalent, has nightly alternating performances of several operas in the repertory over the performing season or year. This system is to be found in most German opera houses. It demands either a great deal from the company of singers or a larger company. It facilitates more performances (of each opera and likely of more operas), some portion being revivals from previous performing seasons.<sup>2</sup> Many opera houses in fact operate a mixed system of stagione and repertory, meaning that an opera enters the repertoire for a season and is performed alternately with several others over a period of time. This clearly calls for much more careful planning of resource use as well as greater use of guest artists to supplement company principal singers and possibly also a much larger chorus.<sup>3</sup>

There is one other type of performance organization – the opera festival; examples are the Bayreuth Festspiele, Glyndebourne Festival Opera (a private company in the UK), the Arena di Verona, the Rossini Festival in Pesaro, Santa Fe and Wexford. Festivals run for a short period of the year, often the summer, and may make use of performers from the regular houses during the summer break (Frey and Vautravers, 2000).

### **Repertoire**

Though thousands of operas have been written, many of which are even in performing editions, only a very small fraction of them is performed at all and of those there is a canon of the most commonly performed operas that are the mainstay of opera houses. *La Bohème*, *Madama Butterfly*, *La Traviata*, *Carmen*, *Il Barbiere di Siviglia* and *Le Nozze di Figaro* are regularly to be found in the performance schedule of every opera house from Stockholm to Sydney. These are the operas that are popular with audiences worldwide and are reliable income-earners. Audiences fall dramatically for modern opera, even at reduced ticket prices, which could not be performed without extra subsidy. The role of subsidy in encouraging the production of a wider and more risky repertoire has been analysed for the USA by

Pierce (2000); however, Heilbrun (2001) found that the repertoire of US opera houses was shrinking. Krebs and Pommerehne (1995) look at this question in the wider context of the incentive structure of German opera houses and argue that managers there can afford to ignore audience tastes and instead put on productions that enhance their professional reputation in their peer group, including the less popular repertoire. We return to this important study below in the context of the management of opera houses.

Besides its influence on demand and revenues, the choice of performed repertoire also has implications for costs. Some operas are more expensive to put on than others because they demand more star singers (Verdi's *Aida* is an example of an opera that can rarely be made to pay in a conventional opera house because of its casting requirements) and/or more principals, larger chorus, complex sets or lighting, a large orchestra, unusual instrumentation or effects, and suchlike. The opera management has some freedom to decide on the quality of performers it wishes to hire (and more freedom with the stagione system) but certain roles are difficult to cast with 'ordinary' company principals: for example, *Brunnhilde*, *Boris Godunov*, *Salome* and *Siegfried*. These roles invite star performance, and uneven casting shows up all too easily. With smaller roles there is some scope for hiring young singers or casting members of the chorus (for heralds and the like – 'Mach Platz'!) allowing cost savings but, by and large, the decision of repertoire dictates 'fixed factors' of singers (Towse, 1993). Because the demand for singers is a derived demand, the frequency of the performed repertoire determines the demand for principal singers; freelance principal singers, who have to finance their own learning of the repertoire (company singers/chorus are coached by house *répétiteurs*) tend to supply roles from the standard performed operas, making it more difficult and expensive to hire singers for roles outside the standard repertoire. Also some voice types are in shorter supply than others (for example, *Heldentenors*) and consequently receive higher fees.

### **Pricing policy**

All theatres, including opera houses, practise price discrimination according to part of the house, night of the week and so on. In opera, this is taken somewhat further, with prices being raised for a star singer or for some operas (for example, *Der Ring des Nibelungens*) or reduced to attract audiences to modern opera (Blaug, 1997). A difference arises here between those countries in which the subscription system of payment prevails and those where it does not (for example, the UK). When patrons subscribe for a whole season, a mix of repertoire is charged for in the package and this can 'cross-subsidize' less popular repertoires with popular operas. Nothing to my knowledge has been written on the economics of these two systems.

**Opera management**

All the points raised above are the subject of management decisions in each opera house. Different approaches have been taken to this topic: a purely management approach which considers the management structure and its ability to cope with decision making (Auvinen, 2000), a microeconomic approach, looking at the opera house as a firm (Blaug, 1997), and a political economy approach that analyses incentives and agency problems relating to the state subsidy of opera (Krebs and Pommerehne, 1995; Towse, 2001).

Using case studies of national opera companies in several countries, Auvinen (2000) shows that management structures differ markedly, though all have to make the same decisions and, with an international market for opera, managers face the same set of prices. Blaug's study of the Royal Opera House Covent Garden (ROH) for the financial year 1974/75 made this point very strongly, that to be an 'international' opera means paying international prices to international stars (without whom, however, there would be little difference between a 'national' opera and an international opera company). He concluded that the biggest cost savings could be made by reducing the number of international stars hired (including conductors and producers with singers) or, to put it another way, that to maintain the same 'quality', costs would inevitably rise and, unless subsidy were increased, prices would have to rise proportionately.<sup>4</sup>

By the time of a study of the market for singers and the outlay by opera companies in the UK on them (Towse, 1993), the proportion of the budget spent on singers had fallen. There are two explanations for this; first, during the 1970s, the rate of increase in performers' earnings had fallen well behind those in the economy at large, as the report on inflation in the performed arts in the UK (including data on the ROH) by Peacock *et al.* (1997) showed; second, the cost of managerial salaries and of items such as the materials for scenery that had risen with inflation increased, thus reducing the proportion of the budget on artistic personnel. Be that as it may, the fact remains that opera costs more than other performed arts, whatever choices managers make, and receives considerable subsidy. It is therefore inevitably controversial and has not always easily justified its higher than average grant allocations for its higher than average income audiences. Indeed, it has not always been called upon to do so very effectively or even determinedly (Towse, 2001).

Krebs and Pommerehne (1995) have argued that, in Germany, opera managers have little incentive to manage their budgets carefully because, as with all publicly controlled bodies, revenues in excess of costs are not retained by the opera house, and they have every incentive to squeeze as much out of the state or city administration as possible for 'their' company.

That has also been the case in Italy; now, however, opera houses are being 'privatized', meaning turned into non-profit organizations in receipt of subsidy, the typical model in the USA and the UK, instead of being state-owned and managed.

There is still much for cultural economists to study here that combines microeconomics, public choice theory and management. One topic is the debundling of the performing companies, opera and ballet, from the management of the opera house. *Het Musiektheater* in Amsterdam is an example of this; the opera company has to contract with the theatre for its performing slots and revenues. A further question could be whether to retain a resident ballet company and/or orchestra – an operatic 'make or buy' decision. Such possibilities call for comparative institutional studies.

### Notes

1. In 1998/9, there were 6961 performances of opera, 1854 of operetta and 3296 of musicals (and 2692 of ballet) (King, 2001).
2. Singers are protected by their conditions of work, which in Germany even stipulate what roles a singer may be required to sing in his or her 'Fach'; however, as many principal singers are on long-term contract, the management has the right to direct their services as it sees fit. On some occasions when 'substitute' operas are to be performed, principal singers may only find out a few days beforehand that they are expected to sing a major role in their repertory.
3. Opera houses in the UK work on a mixed system; the English National Opera, which performs six opera nights a week from September to June, giving around 200 performances (about twice as many as a major German opera house and four times as many as a provincial Italian one) requires two full-time choruses to supply this performance schedule.
4. The inverted commas are intended as a sarcastic comment; at the time, the ROH interpreted quality as meaning international, and that meant foreign singers, even though some, such as Joan Sutherland, were trying to make a career in Britain. See Lebrecht (2000).

### See also:

Chapter 10: Ballet; Chapter 11: Baumol's cost disease; Chapter 46: Participation.

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