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## PUBLIC AND PRIVATE FUNDING OF MUSIC

Music is one of the largest and most important fields in Germany's cultural sector. Its importance is generally acknowledged by German society, as is apparent in music's broad-based and highly ramified infrastructure. Germany can boast of more than 80 publicly funded music theatres, around 130 professional symphony orchestras, over 900 public music schools, countless music festivals, music libraries and museums as well as subsidies and projects for professionals and amateurs alike.

To maintain and expand this diversity, the Federal Republic of Germany has at its disposal a highly evolved system of music subsidisation. It includes not only the public funding of music, which is borne by funding entities at the federal, state and municipal levels, but a large number of non-profit and private agencies that

make an indispensable contribution to the funding of music through donations, foundation resources, membership fees, corporate sponsorships and many other forms of support.

To estimate the approximate orders of magnitude involved in Germany's musical life as a whole, let us begin by presenting the basic data on funding in the music sector.<sup>1</sup>

- Public funding of music is carried out by the public sector (federal government, federal states and local municipalities) at a level of € 2.4 billion.
- Private funding of music is borne by donations, foundation resources, membership fees, corporate sponsorships and similar forms of support at an estimated volume of at least € 400 million.

In Germany there is a widespread social consensus that public funding of music is an essential constant for large parts of musical life. The quality and diversity of its opera houses, orchestras and public music schools is inconceivable without the basis of substantial public funding, which creates conditions that can be guaranteed neither by non-profit or private agencies, nor by the commercial music market. The public funding of music is therefore a *sine qua non* for Germany's large and varied concert and operatic repertoire and for the stability of Germany's musical institutions. It vouchsafes the possibility of long-term planning, provides viable employment for musicians and performers, and grants experimental leeway for the creation of musical art, without which the entire music sector would be severely stunted.

But who underwrites the public funding of music of Germany? A financial volume of € 2.4 billion is made available from the public purse, i.e., by the federal government, the federal states and local municipalities. However, expenditures on culture belong to the so-called 'ex-gratia payments' of the states and communities, which is to say that they are not obligatory. Moreover, the significance and stature of the funding entities are decisively marked by Germany's federalist structure. In this respect the situation in Germany differs from that in many other European countries.

In Europe, it is a widely held view that the bulk of expenses on music is borne on the national level, which, in Germany's case, would be the federal government. Most 'state operas' or a major symphony orchestras in Europe are sustained and funded on a national level. In Germany, however, this is not the case. The state operas in Berlin, Hamburg and Dresden, for instance, are sustained solely by their respective federal states, and thus by their respective regional governments. The contrast with normal practise in Europe becomes still more clear when we consider the level of municipalities, i.e. towns and cities. It is the municipal budgets of Leipzig, Munich and Cologne that finance such important and internationally renowned orchestras as the Leipzig Gewandhaus Orchestra, the Munich Philharmonic and the Gürzenich Orchestra in Cologne. In no case does the federal government itself underwrite a significant ensemble or state opera house. Its responsibility for the direct funding of music is restricted by Germany's federalist structure.

Taken as a whole, Germany's federalist regulatory structure has strengthened the role of municipalities and states in cultural and musical policy. As a result, the history of Germany's music has always been marked by fruitful competition among its cities and states. The diversity, professionalism and broad social recognition granted to music is thus a result of the country's cultural federalism.<sup>2</sup>

## PUBLIC EXPENDITURE ON MUSIC

Despite the acknowledged importance of facts and figures in debates on cultural policy, it remains difficult to obtain precise data on the scale of public expenditure on music. True, there is a large amount of useful statistics on culture as a whole, given its highly institutionalised forms. But statements on various areas of musical life are frequently so interwoven with other forms of culture that they are only partly or indirectly useful for presenting accounts of music. Moreover, the constant structural changes in Germany's cultural sector have led to a broad and varied array of legal forms, types of organisation, funding strategies and species of projects, posing further obstacles to the use of empirical data.

For this reason, the quantification of public expenditure on music given below merely provides a few benchmark figures for cultural policy and the public subsidisation of music. It is designed to illuminate the funding structures of Germany's

Figure 13.1

» Expenditures from public cultural and musical budgets by funding body (federal, state and municipal), 2006

Funding body	Expenditures in € million	% of total	Difference between 2006 and 2003 in %
Expenditures on culture <sup>1</sup>	7,951	100.0	- 0.1
Federal government	731	9.2	2.7
State governments <sup>2</sup>	2,962	37.3	- 13.1
Municipalities <sup>2</sup>	4,258	53.6	10.9
Expenditures on music	2,419	100.0	0.1
Federal government	31	1.3	-0.9
State governments <sup>2</sup>	1,014	41.9	1.5
Municipalities <sup>2</sup>	1,374	56.8	- 0.8
Percentage of music in cultural expenditures	30.4	-	-
Federal government	4.3	-	-
State governments <sup>2</sup>	34.2	-	-
Municipalities <sup>2</sup>	32.3	-	-

Note: All financial data refer to net expenditures.

<sup>1</sup> Subdivisions taken from the 2008 report on cultural funding, based on official financial statistics. Includes adult education centres but not cultural subsidies outside Germany. According to the official financial statistics for 2006, expenditures for cultural work abroad amounted to € 280 million from federal funds.

<sup>2</sup> States include half of the city-states (50 %); municipalities include half of the city-states (50 %).

Sources: Compiled and calculated by Michael Söndermann from *Kulturfinanzbericht 2008* and *Staatliche Finanzstatistik 2009*, ed. Federal Statistical Office (Wiesbaden).

musical life, a sub-area that numbers among the major fields of cultural life in Germany.<sup>3</sup>

It should also be borne in mind that, in addition to the direct financial support of musical culture by the public sector, parliaments and governments on the federal and state levels can decisively influence the evolution of musical life through their legislation and administrative measures. At the federal level, for example, there are regulations in tax and social policy, or in youth, legal, economic and foreign policy, that impinge on culture. Examples include the legal handling of foundations and donations. Similarly, the subsidies paid by the federal government into Germany's social security scheme for artists and journalists has direct and indirect economic repercussions, thereby contributing to the funding of musical

life. However, the financial orders of magnitude involved in these areas could not be taken into account in the present article.

### *Music Expenditures by Political Level*

In 2006 Germany's federal government, 16 federal states and the municipalities provided a total of € 2.419 billion for the funding of music (see Figure 13.1). Of this, the federal government supplied € 31 million, the states € 1 billion and the municipalities (cities) € 1.4 billion. Owing to Germany's federalist structure, the contribution from the federal government is restricted and amounted to 1.3 percent of all expenditures on music. However, it should be noted that the federal government makes further expenditures in addition to the figure shown above for so-called 'nationwide' projects, including expenditures for musical work abroad as well as others where the portion devoted to music is very difficult to determine (e.g. the musical activities of the Stiftung Preußischer Kulturbesitz or the Berlin Festival). As a result, only minimum values can be given for expenditure at the federal level.

Germany's federal states, including the city-states of Berlin, Bremen and Hamburg,<sup>4</sup> registered a total of € 1.014 billion in music-related funds in their budgets, thereby attaining 41.9 percent of total expenditure on music. Unlike the report of the Parliamentary Investigative Commission on 'Culture in Germany',<sup>5</sup> the expenditures of the city-states are divided on a 50-50 basis between the state and municipal levels. In debates on cultural policy it has been pointed out again and again that Germany's city-states primarily maintain musical and cultural infrastructures that should be assigned to local or municipal rather than state-level expenditure. Nevertheless, if we exclude the city-states from the expenditures on music by Germany's federal states, we still find that regional states contribute nearly a third of the total funds.

The financial commitment of Germany's municipalities, including the 50-percent portion from the city-states, amounted to € 1.374 billion. Thus, 56.8 percent of the total funding of music takes place at the municipal level, that is, by cities, communities and districts. Of the municipalities' total expenses on culture, some 32.3 percent of the funds are invested in music.

All in all, the absolute amounts shown in Figure 13.1 clearly reveal the predominance of cities and communities in Germany's funding of music. It is not the state operas, state orchestras or other state-level musical activities of Germany's federal states that make up the bulk of its expenditure on music, but rather the countless music theatres, the municipal orchestras and the nation-wide network of public music schools in urban and rural areas alike. Taken as a whole, they require a far greater volume of subsidisation and are funded at the municipal level throughout the entire country. That this major funding activity at the municipal level is by no means obligatory in countries with a federalist structure becomes clear when we compare it to Germany's neighbour Austria, where 32 percent of the funding of music and theatre is borne by the federal government and 37 percent by the nine federal states. Less than a third is sustained at the municipal level.<sup>6</sup>

The evolution of musical subsidies has tended to vary. While expenditures at the federal and municipal levels declined, Germany's states managed to attain a growth that offset the decrease on the other two levels. Compared to 2003, with € 2.416 billion, the total expenditure on music has stagnated with a slight gain of 0.1 percent.

### *Music Expenditures per Subsidised Area*

When broken down by subsidised area (see Figure 13.2), the highest budgetary items for 2006 were, not surprisingly, the funding of music theatres maintained by states and municipalities. Some € 606 million went to music theatres from state-level budgets, but still greater amounts went to them from municipal budgets, namely € 777 million. Our analysis covers a total of 83 music theatres, of which 16 were devoted entirely to music theatre (opera, dance, operetta and musicals) and 67 were multi-purpose theatres. On the whole, music theatre expenditure in the period under comparison (2003-06) was stagnant with a slight upward trend. However, there are divergent trends at the state and municipal levels: whereas the states raised their expenditures on music theatre by some € 16 million, the municipalities lowered theirs by € 4 million.

*Figure 13.2*

## » Music expenditures per subsidised area broken down by federal, state and municipal budgets, 2006

Area of funding	Expenditures in € million			Difference in % 2006/2003	
	Total	Federal gov't <sup>1</sup>	Federal states <sup>2</sup>		Municipalities <sup>3</sup>
1. Total expenditure on music and theatre	2,965	21	1,097	1,847	- 0.7
Amount spent on music	2,153	21	795	1,337	0.5
Music theatres <sup>3</sup>	1,385	2	606	777	1.0
Orchestras <sup>4</sup>	244	10	93	141	12.3
Music festivals	(29)	(8)	(11)	(10)	(-)
Public music schools	394	-	60	334	- 5.5
Choruses, clubs, ensembles <sup>5</sup>	(101)	(1)	(25)	(75)	(-)
2. Total expenditure on museums <sup>6</sup>	1,582	364	368	850	22.1
Amount spent on musical holdings	(10)	(2)	(2)	(6)	(-)
3. Total expenditure on libraries <sup>7</sup>	1,100	149	269	682	- 13.5
Amount spent on music-related items	(32)	(4)	(7)	(21)	(-)
4. Total expenditure on tertiary-level art education	417	10	406	0	- 3.0
Amount spent on schools of music <sup>8</sup>	203	-	203	-	-
5. Total expenditure on adult education centres <sup>9</sup>	176	-	63	113	- 9.0
Amount spent on music courses	(13)	(-)	(3)	(10)	(-)
6. Total other cultural expenditure <sup>10</sup>	1,712	187	758	767	- 4.1
Amount spent on music <sup>11</sup>	(8)	(4)	(4)	(-)	(-)
<b>1. - 6. Total expenditure in cultural budget</b>	<b>7,951</b>	<b>731</b>	<b>2,962</b>	<b>4,258</b>	<b>- 0.1</b>
<b>Amount spent on music<sup>12</sup></b>	<b>2,419</b>	<b>31</b>	<b>1,014</b>	<b>1,374</b>	<b>0.1</b>

Note: Subcategories taken from the 2008 report on cultural funding, based on official financial statistics. Includes adult education centres but not cultural subsidies outside Germany. Figures enclosed in parentheses ( ) are based on relatively vague estimates. Discrepancies in the figures result from rounding.

<sup>1</sup> Excl. funds for Germany's cultural policies abroad.

<sup>2</sup> States include half of the city-states (50 %); municipalities include half of the city-states (50 %).

<sup>3</sup> Incl. theatre orchestras, theatre choruses and corps de ballet but excl. spoken theatre.

<sup>4</sup> Independent full-time professional orchestras, incl. federal funds for Berlin's organisation of radio orchestras and choruses (Rundfunk Orchester und Chöre GmbH Berlin) in 2006. By adding five orchestral budgets previously excluded from the orchestra statistics, the total expenditure for orchestras rose from € 217 million in 2003 to € 244 million in 2006. If these five orchestras are excluded, the orchestral outlays would have declined from € 217 million in 2003 to € 210 million in 2006.

<sup>5</sup> Incl. miscellaneous purposes. Further funds are found in other budgets, such as youth, education etc.

<sup>6</sup> Incl. scholarly museums, memorial sites and archives. The federal funds are too high compared to 2003 owing to transfers from the library budget.

<sup>7</sup> Incl. scholarly libraries. The federal funds are too low compared to 2003 owing to transfers into the museum budget.

<sup>8</sup> Tertiary-level schools of music (Musikhochschulen), but excl. music-related fields of concentration at universities, technical colleges etc.

<sup>9</sup> Only 50 percent of expenditures on adult education centres (Volkshochschulen) applied to cultural education (incl. language courses), excl. other continuing education programmes.

<sup>10</sup> Incl. other art and cultural programmes, culture administration and monument conservation, but excl. cultural policies outside Germany.

<sup>11</sup> Various musical offerings at multi-purpose festivals or similar events are listed under miscellaneous culture.

<sup>12</sup> Total expenditure on music in 2006, amounting to € 2,419 billion, has risen slightly compared to 2003 owing to the addition of five new orchestra budgets. If these additional orchestra expenditures are excluded, the comparable total outlays on music in 2006 would be € 2,338 billion. Compared to the year 2003, this would amount to a decline of € 28 million, or 1.2 percent, in the total expenditure on music.

Sources: Compiled and calculated by Michael Söndermann from *Kulturfinanzbericht 2008* and *Staatliche Finanzstatistik 2009*, ed. Federal Statistical Office (Wiesbaden).

Figure 13.3

» Total music expenditures from federal, state and municipal budgets broken down by subsidised area, 2006

Area of funding	Music expenditures in € million	% of total outlays per music area
Music in theatres, orchestras and festivals	1,666	68.9
Music theatres <sup>1</sup>	1,385	57.3
Orchestras	244	10.1
Music festivals and similar events	(29)	(1.2)
Multi-purpose festivals <sup>2</sup>	(8)	(0.3)
Music education	407	16.8
Public music schools	394	16.3
Adult education centres	(13)	(0.5)
Musical training (tertiary level)	203	8.4
Amateur music in choruses, clubs and ensembles <sup>3</sup>	(101)	(4.2)
Documentary services for music	42	1.7
Museums	(10)	(0.4)
Libraries	32	1.3
<b>Total</b>	<b>2,419</b>	<b>100.0</b>

Note: Figures enclosed in parentheses ( ) are based on relatively vague estimates. Discrepancies in the figures result from rounding.

<sup>1</sup> Including theatre orchestras, theatre choruses and corps de ballet, but excluding spoken theatre.

<sup>2</sup> Music at multi-purpose festivals or similar events that are registered under miscellaneous culture.

<sup>3</sup> Including miscellaneous purposes.

Sources: Compiled and calculated by Michael Söndermann from *Kulturfinanzbericht 2008* and *Staatliche Finanzstatistik 2009*, ed. Federal Statistical Office (Wiesbaden).

For years Germany's public music schools have occupied second place after its music theatres in the financial ranking of institutional music subsidisation. Of the € 394 million available for the funding of public music schools in 2006, the municipalities provided more than four-fifths from their own financial resources, i.e. € 334 million. That said, among all music institutions, it was the public music schools that suffered the sharpest decline in public subsidies between 2003 and 2006. In absolute figures, they lost some € 22 million.



The towering importance of Germany's municipalities for independently-budgeted orchestras (as distinct from theatre and opera orchestras) is unquestioned. With more than € 141 million, the funding at the municipal level is substantially higher in this respect than the comparable outlays of the states, which provided approximately € 93 million in 2006. Apart from a € 10 million commitment from the federal government, which has a participating interest *inter alia* in the funding of Berlin's organisation of radio orchestras and choruses (Rundfunk Orchester und Chöre GmbH Berlin),<sup>7</sup> the funds for independent full-time professional orchestras are focused on a few regional states. Almost 80 percent of the public funds for these orchestras came from four regional states: North Rhine-Westphalia, Bavaria, Saxony and Berlin. All in all, funding of orchestras reached a volume of € 244 million in 2006, a clear increase over the € 217 million for 2003. However, this does not mean that the orchestras' financial situation has improved: it has only risen owing to the addition of five orchestral budgets not included in the earlier figures.

The funding of amateur music-making (choruses, orchestras and ensembles) and related musical organisations, though especially important for the grass-roots cultivation of music, can only be calculated on the basis of vague estimates. As the resources employed in this area are frequently disbursed to projects or isolated events, it is safe to assume that, in recent years, Germany's amateur ensembles, societies and organisations have had to make do with much lower budgetary figures than facilities with guaranteed institutional funding. In 2006 the estimated expenditure for the grass-roots cultivation of music attained a volume of approximately € 101 million. It is becoming increasingly difficult to quantify this type of broad-based subsidisation, especially as resources for amateur music-making are provided in other budgets (youth, social work, etc.).

In sum, the structural distribution of public expenditure on music looks as follows (see Figure 12.3):

Of the total of € 2.419 billion spent on music, € 1.666 billion were made available to music theatres, orchestras and festivals, which thereby take up more than two-thirds of the total music budget. In second place are funds spent on education at public music schools and adult education centres, which amount to 16.8 percent of the total music budget at roughly € 407 million. Far beneath this are the

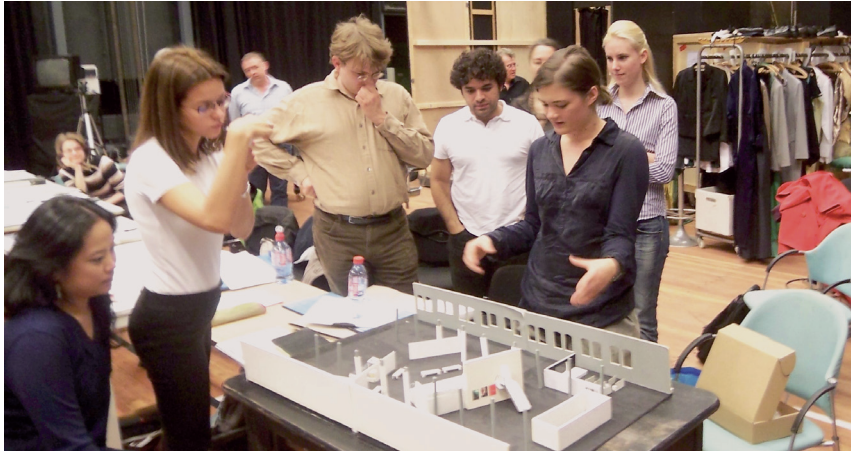
amounts set aside for musical training at tertiary-level schools of music (Musik-hochschulen), which account for roughly € 203 million or 8.4 percent, whereas amateur music-making takes up an estimated € 101 million, or 4.2 percent of the total amount spent on music by the federal government, states and municipalities. To this must be added documentary services, for which approximately € 42 million were made available, or roughly 1.7 percent.

## PRIVATE FUNDING OF MUSIC

In addition to the public funding of music, private funding has always been an indispensable foundation for the cultivation of music in Germany. Private funding of music covers a broad array of donations and grants: donations from private individuals as part of their civic commitment, corporate donations (with nothing expected in return, which distinguishes them from sponsorships), membership fees in voluntary associations, grants from private and non-profit foundations and sponsorship funds from companies.<sup>8</sup>

The volume of private funding for culture and music is difficult to ascertain. The final report of the Parliamentary Investigative Commission on 'Culture in Germany' assumes that private funding of culture reaches an order of magnitude between € 830 million and € 2.6 billion annually.<sup>9</sup> The great distance separating these two figures already suggests the difficulties involved in quantifying this area. The same problems also apply, of course, to the rough figures given here for the private funding of music.

The percentage taken up by private music funding in the total subsidisation of culture by the private sector has been derived on the basis of the following assumptions. A study conducted by the Association of Arts and Culture of the German Economy at the Federation of German Industries (Kulturkreis der deutschen Wirtschaft) on corporate funding of culture in Germany revealed that by far the most popular area for corporate subsidisation in the cultural sector is music and music theatre.<sup>10</sup> A full 71 percent of all companies polled in the study claimed to subsidise projects and institutions connected with music or music theatre. True, this says nothing about the amounts involved. But institutions such as music theatres, orchestras, music festivals and so forth are usually the most cost-intensive recipients



The 'Academy Opera Today' (Akademie Musiktheater heute), funded by the Deutsche Bank Foundation, supports prospective cultural managers, conductors, dramatic advisors, directors, stage designers and composers

of public subsidies, and this fact is probably reflected in the private subsidisation of music as well. Moreover, it can be assumed that amateur vocal and instrumental music-making alone has the highest degree of organisation among all fields in the cultural sector and most of the cultural clubs and societies are devoted to music.

Drawing on the estimates supplied by the Parliamentary Investigative Commission on 'Culture in Germany' regarding the private funding of culture, we therefore assume that roughly half the funds are directed toward music. It follows that the funding of music by Germany's private sector, relative to the figures for cultural subsidisation as a whole, ranges from a minimum of some € 400 million to a maximum of some € 1.2 billion.

## CONCLUSION

All in all, at least € 2.8 billion were made available for the public and private subsidisation of music in Germany in 2006. This figure ensures a broad-based musical and cultural infrastructure in many urban and rural areas and supports a large number of initiatives and individual projects. Moreover, the public and private subsidisation of music also gives a very wide range of impulses for the private

music industry, which, after all, achieves a turnover amounting to some € 6 billion every year. Viewed in this light, the public and private subsidisation of music is a necessary investment, not only from the standpoint of cultural and educational policy, but from the standpoint of business. Yet it invariably requires a social consensus for its future prospects.



The Reichstag building in Berlin: seat of Germany's parliament

Given the current state of the public budget, this consensus is more urgent than ever. As a result of the recent financial crisis and economic downturn, the whole of Germany's publicly sustained and funded subsidisation of culture is fraught with uncertainty. The burden of public debt has put pressure especially on *ex gratia* payments not required by legislation, among which are, of course, expenditures on culture. Many towns and municipalities, and even the federal states, have announced and in some cases implemented drastic cutbacks. Notwithstanding the generally acknowledged social significance of music, musical institutions and projects are also affected by the financial crisis in the public sector. It is against this backdrop that the debate on anchoring culture as a national goal in Germany's Basic Law has again attracted greater attention. However the debate happens to turn out, the funding of culture by the public sector is essential, for it has been a self-evident part of German society since time immemorial.

- <sup>1</sup> Data valid as of 2006. No more recent data were available by the time this article went to print.
- <sup>2</sup> A deeper discussion of this point can be found in Council of Europe/ERICards, ed.: *Compendium Cultural Policies and Trends in Europe: Country Profile Germany* (2009), available at [http://www.culturalpolicies.net/down/germany\\_082009.pdf](http://www.culturalpolicies.net/down/germany_082009.pdf) (accessed on 20 July 2010), especially pp. 4 ff.
- <sup>3</sup> As expenditures on music are often listed in mixed items in public budgets, we decided to calculate their structure and scale on the basis of official sources, drawing on estimates as necessary. Expenses for music instruction in Germany's state school system and music education in degree programmes at universities, teacher training colleges and polytechnics had to be disregarded.
- <sup>4</sup> In Germany's federalist system the city-states (Stadtstaaten), though they encompass the geographical area of a single city (Berlin, Hamburg) or two cities (Bremen and Bremerhaven), are granted full stature as federal states.
- <sup>5</sup> Final report of the Parliamentary Investigative Commission 'Kultur in Deutschland', *Bundestagsdrucksache 16/7000* (Berlin, 2007).
- <sup>6</sup> See *Kulturstatistik 2006*, ed. Statistik Austria (Vienna, 2008).
- <sup>7</sup> This umbrella organisation includes the following musical institutions: Rundfunk-Sinfonieorchester Berlin (Berlin RSO), Deutsches Symphonie-Orchester Berlin (German Symphony Orchestra Berlin), Rundfunkchor Berlin (Berlin Radio Chorus) and RIAS Kammerchor (Chamber Choir of RIAS, the broadcaster in the former American sector of Berlin). The funding entities are the two broadcasting corporations Deutschlandradio and Rundfunk Berlin-Brandenburg as well as the federal government and the state of Berlin.
- <sup>8</sup> See Rainer Sprengel's article 'Private Musikförderung' [private subsidisation of music] in the Music Subsidisation portal of the German Music Information Centre at [www.miz.org](http://www.miz.org).
- <sup>9</sup> Final report of the Parliamentary Investigative Commission 'Kultur in Deutschland', *Bundestagsdrucksache 16/7000* (Berlin, 2007), p. 179.
- <sup>10</sup> *Unternehmerische Kulturförderung in Deutschland: Ergebnisse einer umfassenden Untersuchung des Kulturkreises der deutschen Wirtschaft im BDI in Kooperation mit dem Handelsblatt und dem Institut für Handelsforschung an der Universität zu Köln* [Entrepreneurial cultural patronage in Germany: results of a comprehensive study conducted by the Kulturkreis der deutschen Wirtschaft im BDI in co-operation with the Handelsblatt and the Trade Research Institute at Cologne University], ed. Kulturkreis der deutschen Wirtschaft im BDI e.V. (Berlin, 2010).

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