

The social construction of quality in Brazilian Classical Music market

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1 Introduction

In order for the final product of an orchestra, the concert, come into existence e reach its destination, the public, a number of actors engage in multiple cooperation processes and mobilize multiple resources building a production network system, or what Howard Becker would call an “Art World”. To Becker (2008, p. 1), “the existence of art worlds, as well as the way their existence affects both the production and consumption of art works, suggests a sociological approach to the arts”.

On the other hand, if we pay attention to the common market dynamics, what we can perceive more easily is a highly competitive environment. The mentioned phenomenon is approached by Lazega (2009) from a different perspective: in the competitive world, actors constantly see themselves in situations where they seek market’s stability making it viable. This does not happen simply because of the law of supply and demand but from producers positioning in a quality scale that differentiates their products. For this to be possible, full competition is not viable since there is some interdependence between producers. This vision is anchored on the relational prespective which conceives markets as social structures and enterprises, states, etc. as network structures (WHITE, 2008; WHITE, 2002; LAZEGA; HIGGINS, 2014).

The main goal of this work is to uncover the classical music market. This market still remains out of the common sense interest of economists, sociologists and other market scholars, maybe by chance, maybe by its high complexity and specificity. Before presenting our research questions and our goals, it is necessary to do an immersion in the specific literature in order to make a theoretical review as deep as possible. Afterwards, we will try to extract from the observation of the literature (considering what is already postulate and, above all, the identified gaps) the direction of our investigation.

Therefore, we will begin our work presenting the results of our biliographic research. It was made in two of the main abstract bases in sociology and economics¹. We found that the

¹ Sociological Abstracts and Econlit.

scientific research on music market in the last 30 years is almost nonexistent. Afterwards, we will investigate what is already settled on cultural goods seeking to understand the challenges put by our research object. In the third chapter, we will present the theoretical framework adopted for the analysis, Social Network Analysis. In the fourth chapter, we will present the research design explaining what kind of data we intend to collect, the adopted procedures, the analysis and the expected results. Finally, we present a preliminary investigation with one of the orchestras in Belo Horizonte as well as the final discussion of this project.

2 Results of the Bibliographic Investigation

In order to investigate the “state of the art” in the research field that involves music market and music economics, we researched abstracts of published works between 1983 and 2014 ($n = 44$). To do that, we used seven keywords² in Sociological Abstracts and Econlit. 86.36% of the work found are research articles, four are doctoral dissertations and two are published books. Table 1 lists the types of study found. Table 2 lists the research methods used.

Table 1 – Type of Study

Case Study	6
Experimental Study	2
Exploratory Study	1
Historical Study	6
Qualitative	1
Quantitative	5
Economic Sociology	1
Institutionalist Economic Sociology	1

Source: Elaborated by the authors.

Table 2 – Research Method used

Multivariate Regression Analysis	1
Big Data	1
Big Data + Word Count	1
Comparative Analysis	1
Comparative Historical Analysis	1
Discourse Analysis	1
Economic Method	1
Field Theory / Organizational Theory	1
Documental Research	1
Rationalization	1
Social Network Analysis	3
Survey	1
Web-based Experiment	2
Interviews + Documentation Analysis + Statistics	1
Interviews + Music Journals + Promotional Literature	1

Source: Elaborated by the author.

² Music Market, Classical Music Market, Symphony Orchestras, Orchestra Market, Classical Music Economics, Classical Music Production and Music.

The investigation themes appear on the revised works on a very diffuse way. We found some publications approaching cultural aspects that influence music market, musicians labor market, gender relations and labor division, financing and patronage, music consumption and the variable that explain it, musical taste, aesthetic standards, cultural identity and national/folk music, social history of musicians, the musical repertoire canon, conductor's leadership and participation/satisfaction of musicians, ancient music, digital revolution and music industry.

3 Os produtos culturais

Our first challenge lies in the fact that we are dealing with an object that defies the majority of economic theory assumptions. Let us begin establishing some fundamental differences between common goods and cultural goods. According to Tolila (2007), goods are understood by four objective criteria, namely, its physical properties (which, in this case are directly related to the quality of the product), date and local where it is available and what conditions its delivery in a certain universe, i.e., without uncertainties. The quality of a good, in this perspective, can be decomposed in a bunge of objective elements, i.e., clearly measurable e hierarchical. Moreover, in neoclassical economic theory every good is considered a "private good" and, therefore, "exclusive and rival" in consumption. To cite an example, "a coffee, a sandwich, a shirt, a pair of shoes, a chair, etc., are exclusive because it is possible to stop me from getting them (...); on the other hand, each of these goods is exclusive because in the moment I enjoy it, no other person can enjoy it as well" (TOLILA, 2007, p. 29). Cultural products in general are not exclusive; one can, for instance, admire a beautiful historic building without having to pay for it. Neither they are rivals in consumption; the pleasure of attending a concert is not diminished by the presence of other people.

This sector of the economy is defined by its logic towards production, unlike market of consumer goods. States and public collectives has shown growing interest on cultural industry, what can be verified by policy making, by specialized administrations, allocation of resources directed specifically to this sector and the emergence of a whole network of institutions and professionals acting in this sector, most of them financed by public resources (TOLILA, 2007).

Musical performances have also another peculiarity regarding the nature of its existence in which resides a large part of the methodological difficulties that surround them. Tolila (2007) explains it: "What is music? The score? No. The orchestra musicians? No. The conductor? Neither. In fact, it is almost impossible to define music as a "thing" because it only exists in fact in the very moment it is heard, that is, in a relation with the listener" (TOLILA, 2007, p. 109).

Thus, music (as well as dance and theater) assumes a special mode of existence that involves the participation of all the elements of actors mentioned, that is, the score, the musicians, the conductor, etc., in the construction of its materiality which only exists (and can only be consumed) in the listening moment. According to Benhamou (2007, p. 54), "competition takes a paradoxical form of a competition between institutions the offer unique and ehpemeral goods"

where economic actors behavior tend to discriminatory monopolies. To the author, the sector is characterized by a constant fragility because of periodic cost elevations and the almost absence of productivity reserves. In fact, as we will see, the current paradigm, regarding the economic theory of live performances, points to an inevitable deficit state.

4 Baumol and Bowen's model – The Cost Disease

Baumol and Bowen did, under Ford Foundation demand in 1965, a research aiming to diagnose the economic situation of Broadway theaters (BENHAMOU, 2007). Their findings are considered valid to this day. To Baumol e Bowen (1966 apud BENHAMOU, 2007) economy is divided in two sector, (1) archaic and (2) progressive. Archaic sector does not have the possibility of generating productivity gains while progressive sector generates productivity gains from innovations, from scale economy and accumulation of capital. Live performance is part of the archaic sector because of the position that work has on it.

Baumol and Bowen's model is based on three hypotheses:

1. Economy is divided in two sectors, archaic and progressive. In archaic sector, where live performance lies, work productivity is constant or has little increases and the amount of work cannot be diminished without denaturing the product. Be $L_{1,t}$ the volume of work employed in archaic sector in moment t and a a constant value, the quantity of product in the archaic sector in moment t ($Y_{1,t}$) is obtained by

$$Y_{1,t} = aL_{1,t}$$

.

Be $Y_{2,t}$ and $L_{2,t}$ respectively the quantity of product in the progressive sector in moment t and the amount of work employed on progressive sector in moment t , be r the rate of increase in labor productivity and b a constant, the quantity of product in the progressive sector is obtained by

$$Y_{2,t} = bL_{2,t}[1 + r]^t$$

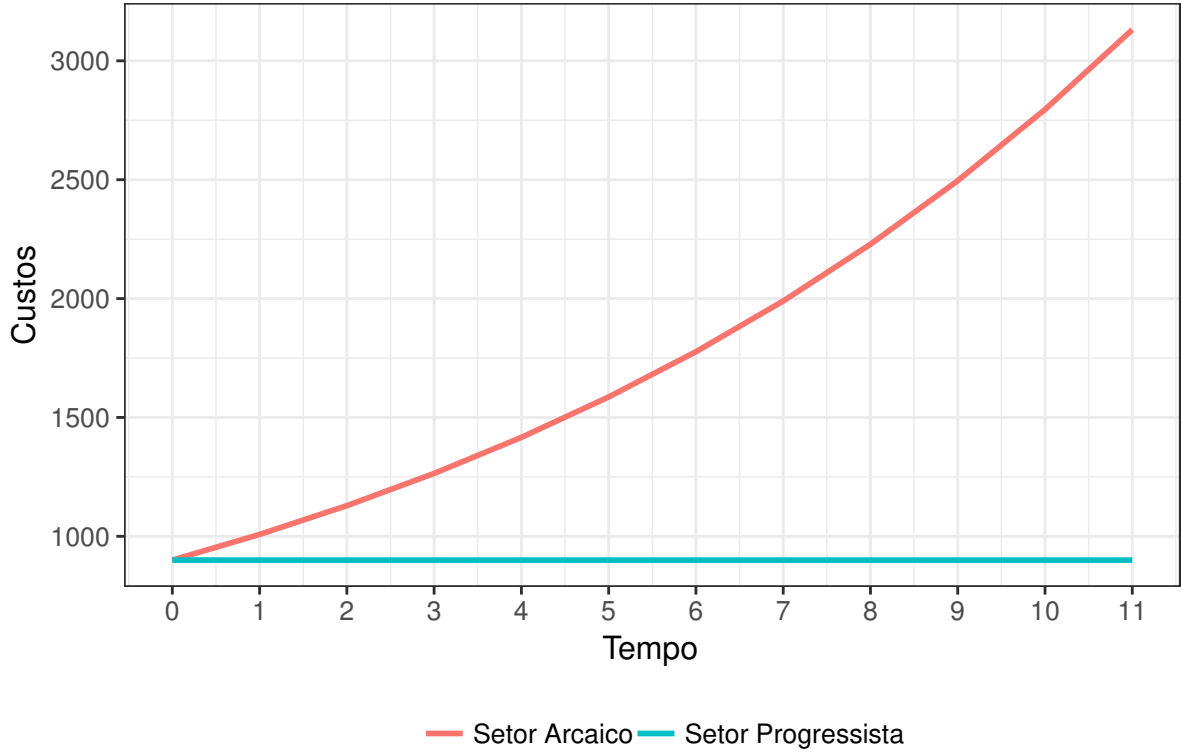
2. Production costs, compared only to wage costs (W), evolve in the same pace and direction that productivity in the progressive sector, that is, $W_{1,t} = W_{2,t} = W_t = W[1 + r]^t$. The relative costs of each sector are, therefore, given by

$$C_1 = \frac{W_t L_{1,t}}{Y_{1,t}} = \frac{W(1 + r)^t L_{1,t}}{aL_{1,t}} = \frac{W(1 + r)^t}{a}$$

$$C_2 = \frac{W_t L_{2,t}}{Y_{2,t}} = \frac{W(1 + r)^t L_{2,t}}{bL_{2,t}(1 + r)^t} = \frac{W}{b}$$

Thus, the cost by unit of product obtained raises indefinitely in the archaic sector and remains constant in the progressive sector. Production cost functions in both sectors is represented in Figure 1.

Figure 1 – Custos de Produção



Source: Elaboração do autor.

3. “The demand of live shows is elastic; any price increase leads to a public reduction” (BENHAMOU, 2007, p. 56). If the prices are proportional to the relative costs in both sectors, $P_1 = \alpha C_1$ and $P_2 = \beta C_2$, then

$$\frac{P_1 Y_1}{P_2 Y_2} = \frac{\alpha C_1 Y_1}{\beta C_2 Y_2} = Cte$$

or

$$\frac{C_1 Y_1}{C_2 Y_2} = \frac{W(1+r)^t \cdot L_{1,t}}{W(1+r)^t \cdot L_{2,t}} = \frac{L_{1,t}}{L_{2,t}} = K_0$$

and

$$\frac{Y_1}{Y_2} = \frac{a L_{1,t}}{b L_{2,t} (1+r)^t} = \frac{a K_0}{b (1+r)^t}$$

“When t increases, $\frac{Y_1}{Y_2}$ decreases and when $t \rightarrow \infty$, $\frac{Y_1}{Y_2} \rightarrow 0$ ” (BENHAMOU, 2007, p. 57). Thus, production in the archaic sector fatally decreases.

Complementarily to Baumol’s law, Throsby (1994) develops a function of live performance production which can be synthesized in this way:

The number of presentations in a given season must be fixed taking into account the capacity of the auditorium v . Be L^s and K^s the necessary work and capital to a production, be L^r and K^r the work and capital required by each performance of the production, the number of spectators

of the performance i of the production j , y_{ij} , such that $y_{ij} \leq v$, is given by

$$y_j = \sum_i y_{ij} = y_i(L_j^s, K_j^s, m_j, q_j)$$

where

the number of performances of the production j

$$m_j = m_j(L_j^r, K_j^r)$$

and q_j summarizes the qualities of the production j which, in this context, can be measured by the lavishness of the production. In this case, q_j is not independent of L^s and K^s . It is expected that

$$\frac{\partial y_j}{\partial m_j} > 0 \quad , \quad \frac{\partial^2 y_j}{\partial m_j^2} < 0,$$

that is, extend the season can decrease the spectators number in the margin.

According to Benhamou (2007, p. 59) “the conclusion of Baumol’s model is the ineluctability of the increase on deficit of live performance”. This model has been corroborated by many researches (THROSBY; WITHERS, 1979; LEROY, 1980; PEACOCK; SHOESMITH; MILLNER, 1983; BAUMOL; BAUMOL, 1984; DIAS, 2011, e.g.) and, to Benhamou (2007, p. 54), this sector characteristic is sufficient to justify the increase of public subsidies and the practice of patronage even in view of the fact that “this massive intervention, distributed in a very unequal way, is not enough to ensure to the sector a lasting financial equilibrium”. To Baumol e Bowen (1966 apud LUKSETICH, 2011, p. 320), “if one agrees that the performing arts confer general benefits on the community as a whole. . . the arts are public goods whose benefits demonstrably exceed the receipts one can hope to collect at the box office”.

Baumol’s analysis pointing the specificities of the sector contributed to both the development of the research program that we know today as economy of culture and the recognition of the necessity of binding live performances to the subsidized non-commercial sphere. Let us continue examining how brazilian cultural market obtains its resources and its main financing mechanism, the laws to encourage culture.

4.1 The laws to encourage culture

...

This research project aims to look into the market of classical music in the Southeast region of Brazil. The research is guided by two main questions: 1) Understanding that the orchestras’ market does not operate as an usual market, how does it work?; who are the actors involved and which are the actions that each one develops within the system? 2) Which are the conditions and social factors of the production of orchestral music quality standards, i.e., how this quality standard to which everyone is committed to is produced and sustained?

To develop our study, it is necessary to transcend the limits with which the economic theory encountered when addressing cultural products. In all it’s history, economic theory has anchored his main discoveries in two assumptions. The first leads to the idea of *homo economicus*, i.e.,

the rational actor who makes decisions aiming to boost profits and reduce losses. To do that, he has access to complete information and he is capable of processing them entirely. This assumption gives the economy the capacity of elaborating elegant models to explain people's choices and preferences but cannot incorporate a central part of social life: culture. Economic sociology has developed itself mainly addressing the gaps left by this assumption seeking to give account for how social norms, values, status systems and prestige influence economic action. Put another way, a sociological perspective makes possible to see relational factors that help to answer classical questions of economy while it brings the studies closer to reality even if it does not have such elegant models or such consistent logic (HIRSCH; MICHAELS; FRIEDMAN, 1987). Economic sociology is worried with contextual elements of economic trades, i.e., to analyze how interactions between actors bring out a market and how this interactions regulate and control the markets.

The second assumption is the general characterization of market products. The products are understood by four objective criteria, namely, their physical properties (which in this case are directly related to the quality of the concerned product), the date and the place where they are available and what determines their delivery within a certain universe, i.e., without uncertainties. The quality of a product, in this view, can be decomposed into a series of objective elements, i.e., clearly measurable and ordered. Moreover, in classical economic theory every good is considered a "private good" and therefore "unique and rival" in its consumption. To give an example, "a cup of coffee, a sandwich, a shirt, a pair of shoes, a chair, etc., are exclusive property because you can prevent me to get them (...); on the other hand, each of these goods is for exclusive consumption because in the moment that I enjoy it, no one else can enjoy it" (TOLILA, 2007, p. 29). However, the cultural products, generally, are not unique; You can, for example, admire a beautiful historic building on the street without having to pay for it. Nor they are rival in consumption; the pleasure of attending a concert is not diminished by the presence of other people in the audience.

The cultural industry is also defined by its supply logic turned to production instead of consumption, unlike ordinary goods markets. To Tolila (2007, p. 32), "this supply logic characterizes well, among others, the action of public policies in terms of investment, help, and the sustenance of cultural activities, from patrimony to live performance, and in terms of incentives to cultural practices". In fact, States and public collectivities have shown growing interest in cultural industry, which can be verified through public policies, specialized administrations, resources allocation driven specifically to this industry and the emergence of a whole network of institutions and professionals in cultural industry, most of them financed by public resources (TOLILA, 2007).

The symbolic value of cultural goods constitutes, for us, a central element in the comprehension of our study object, although, counteracting again the classic economic theory, it is not objective in its nature but relational and individual, i.e., it only exists when it is recognized by the individual in the moment of its consumption. For the symbolic value of a determined good to be recognized, there must be adequate cognitive structures to the comprehension and

fruition of the good, in other words, mental schemes acquired by previous artistic education (BOURDIEU; DARBEL, 2003).

The musical performances have still a peculiarity related to the nature of their existence in which lies much of the methodological difficulties that surround them. Tolila (2007) explains:

What is music? The written score? No. The musicians of the orchestra? No. The conductor? Neither. In fact, it is almost impossible to define music as a “thing” (a table, a chair, a house, etc.) for it only exists *de facto* in the moment that it is heard, i.e., in a relation with the listener³. (TOLILA, 2007, p. 109)

Thus, the music (as well as dance and theater, for instance) assumes a special mode of existence that involves the participation of all elements or actors mentioned, i.e., the score, the musicians, the conductor, etc., in the construction of its materiality which only exists (and therefore is only possible to be consumed) in the very moment of its hearing.

(KARPIK, 2009) treats the same object under the perspective of “économie de singularités”. To this author, singular goods and services “are unknown by neoclassical economic theory. They do not exist”⁴ (KARPIK, 2009, p. 163). The singularities are flagged by the presence of *good* in their characterization as a differential in a comparison between qualities, i.e., the *good* wine, the *good* music, the *good* orchestra, etc.

The singularities are goods and services *structured, uncertain and incommensurable*. Those three characteristics *combined* characterize all the singularities as unique, multiple and their material support prescind of industrial production, once their symbolic power is maintained and, consequently, their capacity of receiving an indetermined number of particular interpretations⁵. (KARPIK, 2009, p. 164)

According to the network theory, the definition of “good” emerge from the relations within a netdom (WHITE, 2008). We, therefore aim to investigate and explain the emergence of the quality standard with which the actors are committed to. This investigation puts a double problem. In the one hand we deal with interorganizational networks where the orchestras build relations (ties) with suppliers and other actors in a production system, and with intraorganizational networks where we can understand the social processes of status emergence and collective learning among musicians; on the other, we deal with multilevel structures where both orchestras and musicians build relations and trade.

First, we will map the production network of orchestral music in three state capitals of Southeast region of Brazil, namely, Belo Horizonte (Minas Gerais State), São Paulo (São Paulo State) and Rio de Janeiro (Rio de Janeiro state). We will track back the firms that negotiate

³ To the author, “in fact, in the social world, the real mode of existence of most phenomena is also that of the relation between human beings” (TOLILA, 2007, p. 110). Curiously, in this premiss is based all the neostructural paradigm in sociology also known as “relational perspective” or “social networks theory”.

⁴ (...) ils sont donc méconnus par la théorie économique néo-classique. Ils n'existent pas.

⁵ Les singularités sont des biens et services *structurés, incertains et incommensurables*. Ces trois traits *combinés* caractérisent toutes les singularités qu'elles soient uniques, multiples ou que leurs supports matériels relèvent de la production industrielle, dès lors qu'est maintenu leur pouvoir symbolique et, par voie de conséquence, leur capacité à accueillir un nombre indéterminé d'interprétations particulières.

and cooperate with these symphony orchestras and also the cooperation between them in terms of exchanging resources and sharing guest artists (conductors and soloists).

In Belo Horizonte, today, there are two major orchestras, namely, Minas Gerais Symphony Orchestra and Minas Gerais Philharmonic Orchestra. Both are professional orchestras but musicians of the former are public workers and musicians of the later have contracts that can be revoked any time. Their salary, therefore, is much higher. It is common sense among the audience in Minas Gerais capital, Belo Horizonte, that the Philharmonic Orchestra has a better performing quality than the other one. We could ask in a very objective way, why is that?

The main orchestra in Brazil is São Paulo State Symphony Orchestra (OESP) conducted by Mrs. Marin Alsop. This group was the first one in Brazil to go through a change in its administrative model going from an orchestra of public workers to hired musicians. Their musicians have the biggest salary and the orchestra has the highest budget in Brazil. They are also known as the “best” brazilian orchestra in terms of artistic quality and the one with the best international exposure. Besides OESP there are other two professional symphony orchestras in São Paulo, namely, São Paulo University Orchestra (OSUSP) and São Paulo City Orchestra.

Rio de Janeiro has three professional symphony orchestras: Brazilian Symphony Orchestra (OSB), Petrobrás Symphony Orchestra (OPES) and City Theater Symphony Orchestra.

After mapping the orchestral music production network, we also aim to investigate how social roles (identities) emerge for each actor. To do that, we will perform a stochastic blockmodel in order to build blocks (clusters) of actors who are structurally equivalent, i.e., actors who have the same relational profile and, therefore, perform the same “roles” within the network. We also aim to explain the tie formation process. We will model the emergence of the network as a function of its endogenous configurations and of exogenous attributes such as annual budget, amount of guest artists, amount of non-brazilian musicians, type of contract, etc. To do that, we will use exponential random graph models or p^* models (LAZEGA; HIGGINS, 2014).

Finally, we can point three reasons why this research should be conducted at CSO:

- a. professor Lazega has developed methods to analyze network data in multilevel structures (LAZEGA; SNIJDERS, 2016);
- b. professor Lazega occupies the front line in the developments and advances regarding research in interorganization and intraorganizational networks today;
- c. such collaboration will fortify the research network between France and Brazil.

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