

The “Uneconomics” of Ballet

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Haskell (1977) described the life of a ballet dancer as:

“She lives definitely for her art, and not for what it can bring. Its rewards are painfully meagre; many years of overwork at a bare living wage, a very generous share of applause from a small public, a few press cuttings with her name misspelt, bouquets, photographs, with the end almost inevitably a school, and the grind all over again, this time vicariously.”

Despite the “meagre rewards”, millions of people around the world, given half the chance, are enrolled in ballet classes, many aspiring toward a career in dance almost from the first lesson. My personal interest in this topic began with my own foray into beginner’s ballet several months ago. After personally experiencing the rigors of ballet – the intense physical and emotional demands, and willingly bearing the tremendous cost in lesson fees and appropriate gear (despite knowing that my own career as a ballerina is virtually nonexistent), the economist in me was motivated to discover the intrinsic desire fuelling ballet dancers to pursue their ambition - behaviour that could be considered economically irrational but which makes sense within the cultural context (Plattner 1998).

A History of Ballet

The origins of dance can be traced back to the beginning of mankind.

Anthropological evidence of civilised societies show proof of its existence in daily living, theatre and religious rites; with gods and goddesses of the fine arts - music and dance in particular - being revered, reflecting the esteem in which it was held. The type of dance referred to as ballet originated in the fifteenth century

Renaissance period. Derived from the social ballroom dances of men and women at court (e.g. the minuet) the movements evolved into an elaborate dance-form to be performed on stages (Fonteyn 1979). Beginning in northern Italy, ballet spread widely throughout Europe during the reign of King Charles VIII of France, after he invaded Italy (Schimmelpfennig 2003).

Ballet began to stagnate throughout the next few centuries until its revival during the Romantic Movement at the beginning of the nineteenth century. Over the years, with developments in dance styles and choreography, ballet gained popularity and ballerinas gained pop star-like status. Ballet today is a living and evolving art form and is the foundation upon which myriad other dance-forms have been developed. This is clearly reflected in the programming schedules of leading ballet companies around the world involved in the performance not only of famous classics such Swan Lake and Nutcracker but also the creation of new works.

Dating back to its history as court entertainment, however, ballet is often considered a “luxury item associated with social status and the desire of the wealthy for conspicuous consumption” (Throsby 1994).

Ballet as an Ailing Natural Monopoly

At first glance, the stage ballet industry seems economically lucrative and incredibly attractive. Dancers are a part of large productions, which run for several months or years, in major cities around the world, and tickets are priced so high as to be almost elitist. In Australia, for example, tickets for the ballet are priced at a minimum of \$40 and can reach the hundreds. However, the reality is far from this. A combination of high production costs, not necessarily covered by ticket sales, low patronage, and government subsidies or donations becoming increasingly difficult to attain, means that ballet companies around the world are struggling to survive (Gantz 2003).

Ballet companies and productions can be seen as natural monopolies - fixed costs are considerable (ranging from the orchestra and dancers to the stage set and technicians) and production is labour intensive, but costs for additional performances are negligible (Schimmelpfennig 2003). The cost of a single production (i.e. one season) can run in the vicinity of 1.6 million; only a small proportion of this going to dancer's wages, most going to stage design and costumes (Hertzman 1998). It doesn't take an economist to recognise that a production of such scale would be impossible for all but the largest of companies to achieve simply because the role of scale economies is crucial for costs to be recovered and a positive rent to be earned. This suggests that for most ballet companies the Minimum Efficient Scale of operation is very large forcing a market structure that tends to natural monopoly.

Throsby (1994) stated that the average cost facing companies is greater than demand, with no ticket price that can cover costs, even where differential ticket pricing is offered for different parts of the theatre to extract consumer surplus more effectively. The additional revenue required for production must therefore, be obtained from voluntary donations or government subsidies. With the exception of France (known for its bohemian culture and artist's haven) whose federal budget includes vast allocations for the arts, few companies around the world receive the kind of subsidies that they require. Furthermore, because few performances are ever sold out, companies are forced to cut costs, scale back productions or cancel seasons (Higgins 2003).

Ballet companies, at the whim of politics, policies and varying demand, are forced to forego the classics in favour of modern and contemporary works and lower ticket prices in order to "counter accusations of elitism and secure future subsidization because of ballet's increased popularity" (Schimmelpfennig 2003) despite evidence that classics earn better revenues.

Where the ballet company is part of a larger organization, costs can be reduced by using the same stage, and sharing administrative and artistic resources with the other branches e.g. the opera company. However, this also means internal competition for stage time and space. The case for opera and ballet is unique as operas sell better and are more commercially viable (Schimmelpfennig 2003); thus, every ballet performance results in opportunity costs of foregone higher earnings from an opera performance instead.

Ballet and the Dancers

It is worthwhile also considering the supply of labour to the ballet industry. A dancer is accepted into a company in one of several ways: a) by invitation because of exceptional talent but mostly, by b) audition or c) graduating from the school attached to the company (Fonteyn 1979). Major companies e.g. Australian Ballet Company have their own schools to recruit and train young dancers, carefully assessing talent and physique for future roles in the company. After exorbitant fees and years of hard work, only a handful of dancers are accepted and the rest must audition elsewhere.

Production doors are rarely, if ever opened to new dancers. Ballet companies employ artists, even principal artists on a contract basis rather than on a performance basis; and offer negligible substitution opportunities for artistic personnel (Schimmelpfennig 2003). The majority of dancers spend their entire careers as *corps/chorus*, never progressing to soloists or principals.

While “making a living as a dancer usually means joining a union” (Brittney 2004) it could prove to be the biggest hindrance to a dancer’s career. Unions such as the Actors’ Equity Association (which covers musical theatre performers including dancers) protects the rights of its members by setting standards and regulations, negotiating minimum salaries, securing health and insurance benefits, improving work conditions and finding out about and getting their members into auditions.

This works to the exclusion of non-union dancers who are allowed to attend an audition but are not guaranteed an audition spot (Brittney 2004) as producers choose to employ only union performers.

In addition, joining a union means dancers and performers are prohibited from participating in non-union productions, effectively reducing job opportunities and toughening the competition they face (Britney 2004). Performers face hefty fines and severe punishments such as being barred from future productions should they break union rules.

Ballet knowledge and the “Superstar”

Throsby (1994) described ballet as a “higher” performing art, including in that description opera, classical music etc. and echoed Marshall’s (1891) sentiments “that the taste for “good music” was an acquired taste that would increase over time with exposure”. This is illustrated by the learning process in the arts – appreciation develops with knowledge, and knowledge in turn, is often gained through other knowledgeable individuals.

Ballet in general has never lost its air of elitism primarily due to cost and its inaccessibility to the uninitiated. Until recently, few initiatives were taken to build interest in classical dance forms, educate people in its appreciation, change the way it was promoted and bring it into popular culture - hosting free concerts or performing “interesting” pieces. Post initiation, the question remained as to why all consumers would choose to know the same performers and “stars”.

Adler (1985) suggested that consumers would “forego some fields of interest for the sake of greater knowledge in a specific field of interest” and ballet is no exception. Within a specific field, consumers then choose to have substantial knowledge about a few performers instead of scant knowledge of many performers. He emphasised the importance of the need to discuss with other knowledgeable individuals; discussion would not be possible where each individual was

knowledgeable about a different artist. Therefore, most would patronize the same artists that others do, as it, in effect, reduced the cost of searching for knowledgeable discussants. In effect this creates a knowledge network not unlike a network for any other product with associated knowledge requirements. Membership to such a network itself has real value (owing to the product itself *and* the knowledge embodied in the network) which partly explains why patrons of the arts (or avid sports fans for that matter) are willing to pay higher prices than the uninitiated.

Adler (1985) posited that because consumption requires knowledge, the “superstar” phenomenon could occur even where no difference in performers’ talent existed. Rosen (1981) described the phenomenon of superstars as “relatively small numbers of people who earn enormous amounts of money and dominate the activities in which they engage”. The superstar phenomenon can describe people in all professions - business, sports, arts and entertainment being the most common. Regardless of profession, two elements remain common. The first, being the positive relationship between personal reward and the size of one's own market. The second, being the strong tendency for both market size and reward to be skewed toward the most talented people in the profession; so that there is a substantial difference in income between the “best/superstar” performers and the “second best” performers (Rosen 1981). The fundamental economic condition underlying this phenomenon is the *imperfect substitution* of performers (Rosen 1981); even though performers may be only marginally different in skill levels and the average consumer is unable to identify the difference “lesser talent is often a poor substitute for greater talent” (Rosen 1981). The superstar’s talent will be universally preferred, by reason of which, “small differences in talent become magnified in larger earning differences” (Rosen 1981).

It is of no wonder then that ballet companies maximise the popularity of the industry’s “superstars” by hosting their performances, inviting them to be

principals/soloists or accepting them to the company permanently. Such an alliance will be beneficial for both parties as a dancer cannot dance without a production, and a production is naught without its dancers. Large companies such as the Australian Ballet Company also have the size and scope to bring out the best of the dancer's talents through choreography, the varied productions, regular performances etc. In addition, the appeal of the popular dancers will increase the likelihood of drawing in audiences. Throsby (1994) suggested that demand may be price inelastic if the quality of performances is more important to consumers.

However, the key difference between ballet "superstars" and for example, business or sport "superstars" is that the former don't receive the kind of salaries that the latter enjoy presumably owing to the size of their market.

Ballet as Psychic Income

Throsby (1994) observed that the realities of labour markets in the arts meant that performing arts firms would not have to match increases in wages seen in other sectors of the economy in order to attract or retain an adequate supply of labour. His findings showed that the primary motivation for artists to supply the labour market was their desire to create art, and up to 70% of artists would turn down lucrative opportunities in order to fulfil this desire.

This behaviour is explained in economics by use of the term *psychic income*, to describe the personal reward that one may gain from his or her career itself e.g. self respect and identity confirmation; in the face of which monetary income and wealth may be considered secondary – beyond cash incentives is the fulfilment of basic emotional needs (Miller 2006). Like artists and academics, ballet dancers "rationalize their lower income by affirming their identity as cultural producers advancing the public cultural heritage instead of economic producers advancing their private economy" (Plattner 1998). Therefore, given a choice between a career with higher remuneration, and an artistic career with one's self identity retained,

the ballet dancer is likely to choose the latter, even if it means “near poverty”. To the dancer, one single moment on stage, executing the perfect *pirouette*, makes everything worthwhile.

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