

Three-quarters of top US orchestras in the red

Detroit Symphony Orchestra faces \$2 million deficit

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“We can’t afford a cascading deficit. We cannot fail to stem this serious leak,” James B. Nicholson, who succeeded Peter D. Cummings as chairman of the DSO board on December 10, told the *Detroit News*. “Getting out of the situation does not require genius. There are only two things you can do—increase revenues and decrease expenses.”

Emil Kang, the orchestra’s president and chief executive director, said that the DSO would slash its marketing budget and possibly cut staff salaries, according to the Associated Press.

In a December 9 DSO press release, Kang stated: “Financially we acutely felt the impact of the down economy, which magnified the existing challenges facing arts organizations today. In the past season, we had significantly lower investment earnings, and a reduction in foundation and government support.

“We are taking proactive steps to plan for adversity, and in the current season have reduced our administrative and operational costs, by streamlining wherever possible, and by cutting marketing and administrative budgets. This next season will be one of austere belt tightening... These are tough times for cultural institutions everywhere. Everyone is suffering.”

In March 2003, Democratic governor Jennifer Granholm reduced arts grants for the state by 50 percent to \$11.8 million, out of which the DSO received a paltry \$1.5 million.

In 1991, the DSO was close to bankruptcy with a \$9 million deficit on a \$17 million budget. Musicians were forced to reopen their collective bargaining agreement and accept a pay cut. That same year, newly elected Republican governor John Engler cut arts funding by 46

percent.

“In the early 90s, we had to cut artistic initiatives and education programs, and those are the places we’d have to go again if we can’t replace state dollars,” Kang told the *Detroit Free Press*. A key element in mitigating the state’s funding cuts and turning around the orchestra’s financial difficulties in the 1990s was the launching of Orchestra Place, a \$220-million urban expansion project in the heart of economically collapsed downtown Detroit. The city’s depressed real estate market enabled the DSO to purchase three acres for a mere \$1.5 million. In addition to housing the historic Orchestra Hall, Orchestra Place is home to the Detroit Medical Center, one of the largest providers of medical services in the state.

In a further attempt to diversify and attract new audiences, in October 2003 the DSO opened the Max M. Fisher Music Center and a \$60 million extension of Orchestra Hall, creating an entertainment hub extending beyond the classical music traditions. Although the DSO purchased the plot for the “Max” from the city for \$1, the orchestra is carrying about \$76 million in long-term debt and a \$54-million bond that financed the new music center.

“For an organization like ours, this is one heck of a bet in real estate,” Paul Ruthven, senior vice president for finance and development, commented to the *Free Press*.

The Detroit Symphony Orchestra’s monetary woes are not unique. According to the American Symphony League, more than three-quarters of the top 25 orchestras in the US reported deficits, even though overall income from ticket sales has increased by 53 percent during the course of the last decade.

Roughly half of all professional orchestras cannot balance their budgets, and recent casualties include orchestras in Miami, Florida, and Colorado Springs,

Colorado.

The Tulsa Philharmonic, Oklahoma's only full-time orchestra, shut down in September 2002 after 53 seasons. Last summer, the San Antonio Symphony announced it would not be able to meet payroll for its symphony staff and orchestra members, and would have to file for Chapter 11 bankruptcy. Also, during the summer, the 123-year-old San Jose Symphony played its final concert, leaving San Jose, California, the largest US city without a symphony orchestra.

In September, musicians from the Pittsburgh Symphony Orchestra approved a three-year contract that called for pay cuts and reduced overtime.

Even the world-renowned Chicago Symphony Orchestra expects to close its fiscal 2004 with a deficit of about \$4 million. The Houston and San Francisco orchestras each reported deficits in excess of \$3 million this year and multimillion-dollar shortfalls also face orchestras in Minnesota and Cleveland. Since 1999, the venerable Philadelphia Orchestra has run in the red, and its accumulated deficit now totals some \$14 million.

Last spring, musicians from the Baltimore Symphony Orchestra took a pay cut and made other concessions after their "five-year" contract was renegotiated after only two and a half years.

This deplorable state of classical music institutions that function as crucial centers of cultural influence will only worsen as budget proposals now on the table call for steeper cuts in 2004. Arts funding was already down in 42 states in 2003, and there are proposals to eliminate arts funding entirely in New Jersey, Arizona and Missouri. Between 2002 and 2003, states imposed arts funding cuts nationwide by 13 percent, with Massachusetts slashing a massive 62 percent and California axing 51 percent.

The cuts in arts funding, including arts education in the public schools, to starvation levels take place against a backdrop of billions of dollars flowing daily through the stock and currency markets and massive increases in spending on current and future wars. The DSO's budget deficit of \$2 million is mere pocket-change by these standards: the price of four Cruise missiles and less than that of two Bradley Fighting Vehicles. Each Apache Longbow Helicopter costs about \$22 million, and each B-1 Stealth bomber more than \$2 billion.

Philistine and insensitive by nature, the powers that be in the US are instinctively hostile to serious artistic efforts. An educated and cultured population would inevitably adopt a more critical attitude toward the increasingly reckless and criminal activities of the

American government and corporate elite.

A WSWs reporter spoke to Jill Woodward, director of public relations at the DSO:

"The challenges are enormous and are exacerbated by a difficult economy. Detroit leads the nation for loss of jobs and manufacturing, and yet more people are attending the symphony than at any other time in history. People are attracted to the thoughtful nature of classical music. It's also a misconception that young people do not attend concerts. We have as many subscribers as the Tigers [baseball team].

"But when we poll our subscribers to see why they have not renewed, the reason is always economic. Today an orchestra cannot simply stay as it is, it must grow and experiment. The purpose of Orchestra Place was to forge ties with the city, get involved and improve the neighborhood.

"We are partnering with the schools systems of southeast Michigan. We had 26,000 students come to concerts [last season] and we have four youth orchestras. We have offered our Educational Concert Series for school groups since the 1920s. We work with music teachers and design strategic measures to teach history and music concepts.

"The 'Max' is a new business model and musically we have all kinds of arts partners. We had 14,000 stream in at the Marshall Field's Day of Music which featured Arabic drumming and dancing, Gospel music, sitar and many others. The DSO seeks to draw on Detroit's rich jazz history, which is very distinct. We found out that more of our patrons drive longer distances to attend concerts than any other orchestra.

"But there is a lot of risk involved in big projects like the Max. It is very fragile. Things can turn on a dime. Today the environment is grow and change, or die."



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