

REPORT 2008

FINAL REMARKS by the Director Luca Dal Pozzolo

INTRODUCTION

It is impossible to comment on the results of 2008 without seeing them in the light of the profound crisis that has hit the world economic system, with serious consequences for the world of culture at the regional and local level. Even so, they need to be analysed and assessed together with other structural and economic factors that are inherent in the regional system. 2008 was characterised by phenomena of a highly contradictory nature, and even of direct conflict, which make it difficult to build up a unified and concise picture of the entire situation. On the one hand, two years after the Winter Olympic Games, the considerable structural investments made in the sector of culture and cultural heritage show returns and benefits that constitute important cultural resources within the region, with an appreciable increase in the quality of life for residents (this can be seen in comparisons with previous years), and in a significant increase in cultural tourism, with its economic impact, as illustrated in Chapter 1. On the other hand, government and administrative centres, debates, and newspapers all regularly bring into question the size, usefulness, and ultimate destination of economic resources that led to the creation of these mechanisms and that now need to maintain them. At the same time, we see a gradual reduction of resources for culture and this is currently beginning to have a profound impact not only on the level and volume of activities, but also on the assets of cultural institutions, threatening future sustainability. Even though the data on economic resources contained in this annual report refer to 2007, the basic mechanisms that affected all of 2008 emerge quite clearly, showing that they have simply been reinforced, partly as a result of the serious global economic situation. The current state of affairs is thus worth examining in a way that focuses on the various factors involved, the historic and contingent causes of the present situation, and the role played by the various actors in the system. It is important to leave aside any emotion or defence of particular positions, which may be almost inevitable in turbulent times, but which run the risk of leading to false interpretations and hindering the search for a practicable and rational way out.

THE REASONS FOR THE CRISIS

As from the mid-1990s, an investment strategy for cultural assets and activities was gradually built up and became a driving force also for the local economy, quite apart from the direct impact it may have had in cultural and social terms, with inter-institutional cooperation between the regional government, the city of Turin, and local authorities in Piedmont. This led to a period of large-scale investments and great restoration projects that brought about profound changes to the very structure of these cultural services, especially in the case of cultural assets and museums: since 1995, in the metropolitan area of Turin alone, more than 25 museums and cultural venues have been opened, either new or after important restoration work, and some of these are amongst the greatest attractions: one need only think of the national cinema

museum, Palazzo Madama, and the palace at Venaria Reale. A similar mechanism, however, came into play throughout the entire region. One need only mention the Savoy Residences and, in particular, the palace of Racconigi, which in just a few years became one of the most popular sites for visitors outside Turin, or the countless restoration operations on castles and forts, the inclusion of the Sacri Monti in the UNESCO list of World Heritage Sites, and the opening of important new museums and exhibition centres. These often came with funds from the State, Regione Piemonte, bank foundations, local authorities and the European Union, both in Turin and elsewhere in the region. It was fairly clear that expenses could not continue to rise indefinitely and the comments published in the previous reports of the OCP showed that there was a fear that the resources for culture made available at the time of the Olympic Games would gradually run out. The risk, which appears to have to some extent materialised, is that there would be insufficient funds to develop these investments in post-Olympic times, taking advantage of the media exposure and recognition obtained during the Games. The ability of the institutions to attract investments, with the participation and significant support of former bank foundations, and to launch countless building sites of all sizes to work on cultural assets and new museums, also involved a hike in everyday running costs as soon as the individual venues or museums were opened and started operating.

And it is indeed the running costs, which come up every year, that constitute the greatest burden on the budgets of local authorities and make it necessary for expenditure earmarked for culture to increase all the time. This is in marked contrast to investments, which may be huge, but that are limited in time and that may draw on the resources of authorities and institutions – such as the European Union through its structural funds or Interreg. Programmes – without involving running costs. Over time, great infrastructure investments have led to the need for increased current expenditure for the management of new cultural institutions, new museums, new restored assets, and cultural-activity venues. And, while to some extent we are currently at the tail end of this long period of investment (though not all the sites have been finished, nor are all potential sites fully up and running), one of the paradoxes is that there is still some – even though far more limited – margin for capital expenditure investments, while the crucial problem for most cultural institutions has become that of raising funds for day-to-day management. This means that, since the problem of covering running costs is growing increasingly rapidly, the most critical aspects hidden behind the positive growth in expenditure (for example, in the 2007 data) suggest a highly critical scenario that is currently contracting.

This mechanism of increased running costs as a result of the investments made is not the only reason for today's crisis, for the reduction in state funding for cultural activities and assets is adding even greater difficulties to this situation, and this is further compounded by the serious budget problems that the City of Turin has had to face since its urban development and Olympic programmes, which have led to painful cuts having to be made to its activities as a whole. This concurrence of phenomena, which is already complicated enough in itself, comes in addition to the global economic crisis which, amongst other things, has had a direct effect on the ability of former bank foundations to set aside resources. This makes it impossible to conjecture economic coverage in times of reduced public spending, even for a limited period of time

While the increase in supply and management costs is an internal phenomenon in the cultural sector over which those involved have some control, the economic difficulties facing the city of Turin have external causes that have nothing to do with the world of culture, just as the economic crisis is having a direct effect

also on the strategies adopted by the bank foundations, though their causes and mechanisms are outside of local control.

Despite this, the mix of these interrelated and mutually interfering elements, which are however to some extent the result of independent mechanisms and processes, constitute an alarming scenario of reduced expenditure, just when the management needs of a system that has expanded considerably over the years would actually require a quantum leap in terms of funding.

IS TOO MUCH SPENT ON CULTURE?

While the situation described above does give an idea of some of the main trends, we cannot fail to raise the question about the appropriateness of the expenses required and wonder if by any chance too much has not been bitten off, in view of the circumstances. In whatever way this question is formulated and posed, the only possible response is one “no” after another, as follows:

1) NO, in terms of overall size, if we consider the meagreness of state expenditure for culture as a whole (0.34% of the national budget), with regard to which Piedmont has certainly never enjoyed a privileged position in terms of its share. Even just comparison with France, where the state spends 2.2% of its budget on culture, gives a comparative idea, considering the size of the cultural heritage in Italy, as outlined in Chapter 2 of this Report. Given that the provinces have never played a key role in the economic support of culture, even the 0.68% earmarked for this sector by Regione Piemonte does not seem sufficient to change the situation all that much. It is of course true that, on average, Piedmontese municipalities spend 4.5% of their budget on culture, against a national average of 3.3%, yet French municipalities with over 10,000 inhabitants spend more than 8%. The City of Turin is a case apart: with 5.7% of its total budget devoted to culture and with € 138 per resident, it tops the ranking of metropolitan cities in Italy. But if we look at it from a European perspective, we can see that many other cities, which are Turin's direct competitors, have invested in culture with equal conviction and strength, and they spend significant proportions of their budgets on cultural assets and activities. Cases in point include Lyon, with 13.2% of its budget and € 256 per capita, and Glasgow, with € 299 per capita. It is worth mentioning, however, that other areas in Italy and abroad do not have such a substantial group of former bank foundations as Piedmont, where two of Italy's largest are based, providing fundamental support for culture throughout the region.

The actions of these actors can be summed up as follows: the strategy of investing in cultural assets and activities has indeed led to a gradual increase in expenditure, and this has in turn led to a huge increase in supply, but it has not reached alarming proportions and nor has it reached particularly high levels, especially when we compare the situation in Piedmont with that of other regions and cities in Europe. This endeavour to invest in culture has made it possible to regain a number of places in European rankings of cultural cities and to compete with other regional capitals, even though this of course cannot be considered exclusive to Turin alone.

2) NO, in terms of the need to pay off the public debt. We have already seen how cultural expenses account for small percentages – less than 1% both at national and regional level. Even the figure of 5.7% in the case of the budget of the City of Turin does not appear to offer particular margins for improvement when compared with the size of the debt. If we suppose for a moment that expenditure on culture were reduced to zero for twenty years – with the consequent loss of thousands of jobs in museums, libraries,

and cultural institutions – it would still not be possible to cover the budget deficit that has built up. This of course does not mean that there is not a problem of cost restraint and a need for savings and rationalisation also in the cultural system. On the contrary, the difficulty in securing resources requires a very prudent policy of savings and allocation of funds, but its effect on adjusting the budget would be no more than a drop in the ocean. On the other hand, since cultural expenditure generates indirect income that can be found only outside the cultural sector itself, it is worth assessing the areas of savings with the greatest of care, in order not to cause overall economic losses far superior to the savings and cuts made.

3) NO, with regard to strategic development needs. There is a minimum degree of plausibility in all the theories which state that in the increase of intangible and cultural components, and in the expansion of cultural and social capital, the competitive factors for strategic development of social and economic systems (what is otherwise referred to as the “knowledge society”) there can be hardly any doubt that investing in culture (and, obviously, in education too) plays a key role. It is indeed useful and only right and proper to consider whether or not the current situation of distributing expenditure guarantees the best results in terms of future development, whether or not it is necessary to fully re-examine the criteria adopted for allocating resources. It is also necessary to discuss the assessment and measurability of the results, but in any case it is unlikely that the conclusion will be that expenditure on culture should be drastically reduced. Here we find a distinctive local feature that is worth recalling. One of the weak points in the strategy of increasing cultural expenditure over the past decade is that of a difficulty in building consensus around it. As we can see in the position adopted by some opinion leaders, a large part of public opinion has remained extremely sceptical about developing cultural aspects of the city, considering them to be a superfluous and futile luxury next to the “real” activities of its industrial tradition, possibly even hoping that the “*movida*” will come to an end and that we can get back to “serious business”. This conflict between a futile, trendy Turin – a “grasshopper” city as opposed to an “ant” city that works in sullen silence, with all its moralising outpourings – is not only groundless but also an authentic cultural calamity. No contemporary city can do without considerable diversification in its activities and production capacity, nor is balanced, multi-sector development in any way equivalent to pitting one branch of activity against another. Quite apart from the fact that 35,000 workers in the region connected in one way or another to this sector are by no means negligible in terms of numbers, no one has ever thought that cultural activities can or should replace industry. The same is true of tourism – which in the past was particularly undersized, except in a few niche areas – for the city of Turin and for the region, for its huge potential deserves great attention for development. Indeed, in recent years it has shown positive signs of growth, partly by working in synergy with the cultural sector. Investment in cultural activities and assets over the past decade has certainly led to forms of rhetoric and promises that have generated excessive expectations in terms of economic results, and now the appreciable results that have begun to emerge run the risk of appearing to be disappointing. Then again, the huge media impact of the Grinzane Cavour award scandal may have bolstered the sceptics’ conviction that the sector is superfluous, uselessly expensive and self-referential. And yet neither the uproar over the scandal, nor any disappointment due to excessive expectations can invalidate the basic issue, which is that of how policies should be implemented to facilitate entry into a knowledge society, and in what way investments in culture help towards this strategic goal. Elimination of waste and careful planning capable of assessing results before, during, and after are essential for the world of culture, just as for any other sector, but the issues affecting cultural policy for the society of tomorrow, even in

times of limited resources, absolutely must be addressed and answers must be found both on the theoretical level and on that of experimentation and application. So if, even though at the end of a period of great investments, expenditure on culture has not reached levels comparable with those of other cities and regions in Europe, does this possibly mean that we are currently in an economic downturn and that it will soon be possible to start up a more positive trend? Unfortunately the only way this question can be answered is in the negative. Though to varying degrees, these financial difficulties affect all those involved in funding culture. The budget deficit of the City of Turin and the reduced regional government's resources for other municipalities are posing great problems of sustainability on expenditure not only for the cultural sector, but for all the activities they are responsible for. If confirmed by the Ministry, the repeated cuts to FUS (the state entertainment fund) are so severe as to bring into serious doubt the ability of the largest and historically best organised institutions to survive. Live entertainment as a whole thus appears to be one of the cultural sub-sectors exposed to the greatest degree of risk. Even though we do not have consolidated data, there are sufficient symptoms to suggest that the effects of the crisis will be keenly felt also in the raising of other resources, from cash and in-kind sponsorships to box-office takings. In view of this, other actors need to intervene to supplement funds by increasing their share of financing in order to maintain current levels of activity. This cannot be applied in the case of former bank foundations, which are experiencing significant reductions in the resources at their disposal as a result of the economic crisis, as well as because of possible strategic reductions in expenditure on culture compared with other traditional areas of intervention.

On the other hand, these foundations have always played a role in terms of planning and intervention that does not take into account supplementary and compensatory action to offset reductions in public funding. Lastly, it is highly unlikely that Regione Piemonte alone can cope with compensating for all the negative differences that will arise in the near future. So if it is indeed a result of the economic situation, it is hard to predict how long it will last, since all the mechanisms we see on a local scale are part of a global crisis whose dimensions are not clearly defined. This means that the period of crisis is unlikely to be very short term. What is however quite clear is that however cyclical the current situation may be, its effects appear to be of a structural nature and they risk having huge impact not only on the volume of cultural activities, but also on the wealth structure of these cultural institutions, in some cases threatening their very survival.

AN AGE OF TOUGH DECISIONS

So what should be done? The first thing is undoubtedly not to become reconciled to the idea that this reduction in public expenditure is a sort of natural event that cannot be prevented: however many reasons there may be for it, as we have seen, there are in any case policy-making decisions that can be dealt with and discussed. The sector of public opinion that has expressed its views against a strong role being played by culture is indeed a critical aspect that should not be underestimated. It means there is a need for the world of culture to create consent, to explain the reasons for its own activities, to illustrate in a transparent manner its own way of working and the results it has achieved, accepting a discussion on priorities as well as interaction outside of its own well-established audience. An underestimation of this sharing of strategies and decisions could prove to be an obstacle that is difficult to remove if resources earmarked for culture are to be revived.

It is essential to rationalise expenses on a case-by-case basis, to avoid waste, to monitor value for money and expected results in close detail. It must however be said this is already common practice among the great majority of those involved in the cultural sector and of those in charge of its administration.

Scandals are by no means the rule and are if anything the exception, and the economics of culture and of cultural assets often demands both meticulous and highly flexible management, giving few opportunities for personal enrichment, except of course in exceptional cases or through illicit actions. This simply means it is necessary to be even more vigilant, to make sure there are no exceptions or deviations from a process that is already under way and that involves all those who work in the world of culture. Nevertheless, rationalising expenditure also means reassessing the criteria for far-reaching policies and for allocating resources. A single example may suffice: over the past few years, partly as the result of European funds (Structural Funds, Interreg Programmes) culture has been seen not just in sectoral terms for its intangible contribution to knowledge and to the personal use of culture, but also as a driving force behind, and a component of, local development – both trans-sectoral and inter-sectoral, together with tourism and production, and rural and mountain economies. In similar cases, those involved in the culture sector have also worked outside their own areas, often supplementing that of others, but finding it hard to involve other sectors fully and in a synergic manner. Culture and tourism have long been part of debates, projects, and the work of culture administrators and operators, but they have involved those working on tourism planning and related activities to a far smaller degree. Cultural projects have been started up, maintained, and carried out with difficult interaction with non-culture-related sectors, partly as a result of the expected rapid growth of tourism, with the Savoy Residences leading the way. The difficulty of access to Stupinigi, with line 4 stopping two kilometres before the palace, problematic links to Castello di Rivoli, and problems of accessing the Reggia di Venaria Reale clearly illustrate the difficulties involved in integrated, inter-sectoral policies. In all of this, culture has often played a supplementary role, and although it has indeed solved incidental problems, it has not always managed to involve other sectors in mechanisms of growth. Its own growth has been made possible partly by an abundance of resources for investments: in the future, with reductions in expenses, this will no longer be possible. The resources and those who work in the tourism sector will need to be far more involved in those cultural projects that affect tourism, and their objectives will need to be discussed not in the offices of the culture commission, but in those of inter-sector programming, as part of overall development strategies that will need to include the economic participation of all sectors involved, bearing clearly in mind the difficulties that these processes entail and the time they take.

So, even though there are some margins for improved policies, for a rationalisation of expenditure and greater efficiency of its use, they do not appear to offer a suitable solution to tackle the current situation and the critical aspects that will affect the near future. Many cultural institutions have long since started reacting to the shortage of resources (which is paradoxically endemic in the cultural sector even during periods of growth) with considerable rationalisation of their own expenditure, introducing policies to contain costs and working to maintain levels of activity while having to maintain a careful balance due to the amounts and timing of public resources. We cannot neglect the fact that a gradual reduction of resources brings with it a real threat to the survival of these institutions, and that significant savings are out of the question unless profound structural reforms and redevelopment are implemented.

Precisely because these decisions are so difficult, far reaching, and challenging for the whole world of culture, it is more necessary than ever to introduce programmes that limit damage to the very minimum, and to find ways not to interrupt the cultural expansion of the region and not to waste the precious legacy that has been achieved through a great effort in terms of investment. Cuts cannot simply be made across the board and the decision as to who will survive these difficult times cannot be left to fate, without running the risk of inflicting heavy and uncontrolled structural losses to the entire world of culture. We are facing a period of tough decisions that need to be tackled in the right way and with a process that is accepted by all. The result of this process must be to decide what policies, actions, and operations need to be adopted but here, in this report, it is worth pointing to at least some of the conditions that should define the course of this process. Just a few concise indications are given here.

1) All those who work in the world of culture need to be involved in the decision-making process, which needs to involve forums and negotiations. Many decisions will have considerable impact on the activities and structure of cultural institutions. It is essential therefore that professionals should be involved in this decision-making process and that they should work towards realistic reform objectives, towards the construction of which they can make their own contribution, and as a result of which they will be able to adopt their own commitments.

2) The discussion must be transparent and must involve a reflection on policies, but also on the role to be played by individuals. There can be no actors or institutions whose role is not analysable, accessible, or open to question, irrespective of their size.

3) It is not advisable to start up decision-making processes that do not involve the large institutions and, subsequently, all those who work in the culture sector: the solutions need to concern planning for the entire world of culture, accepting possible conflict and competition, but avoiding contrasts and wars between categories of professionals.

4) Similarly, it is necessary to avoid having one forum devoted to Turin and its metropolitan area and another decision-making arena for the rest of the region. It is the cultural system as a whole that requires a new form of programming and the role of the capital, Turin, as the capital of the regional culture system is one of the issues to be tackled in the discussion.

5) It is necessary to calmly re-discuss and analyse cultural policies and the ways that resources are allocated, not because there is a need for a revolution at any cost, but because it is necessary to make an assessment that is free from contingent constraints and from the consolidated habit of establishing which margins can be used for some targeted innovations.

6) It is necessary to promote inter-sector planning and to bring together the resources of other sectors – from tourism to infrastructure – in all projects whose objectives include significant economic results for the development of an area. If the role of culture is purely ancillary, there is a risk of draining precious resources without achieving appreciable results.

7) Those working in the field of culture need to make a profound review of the mission of their institutions, the results they need to obtain, and the pact they have with their audience and they need to indicate the objectives of their actions and their expected results in a transparent manner. They also need to defend their core activities in times of great turbulence and adapt their objectives to contingent needs, without losing track of their cultural mission.

8) Through the media, a new communication policy aimed at the broader public needs to be introduced, acknowledging the changes that are taking place, and putting problematic areas into their right perspective also in economic terms: an entire year of culture in the region is equivalent in cost to a small piece of infrastructure such as a motorway junction.

Monitoring the effectiveness of expenditure and results is essential, but it is also important to avoid blowing things out of proportion and entering into non-existent conflicts such as those between a world of work that accumulates resources and a world of culture and of a “*movida*” that is superfluous and that squanders public money. Communicating without unnecessary rhetoric and without overestimating the role of culture, also in terms of economic development, is one of the conditions for removing and not provoking opposition to investments in culture. The results of a decision-making process that takes place within these limits cannot be foreseen, for otherwise it would simply be a form of communication and consensus-building around decisions that have already been made. As a result, it is difficult to assess whether or not this process can lead to suitable solutions for the changes we are subject to. We are however sure that, even though not sufficient, these are all necessary conditions for transforming a critical situation into an opportunity for a profound rethinking of cultural policies, their effects, and the role that those in the world of culture should play. In this scenario, even though it necessarily plays a service role between cultural practitioners and public and private financial backers of culture, the Osservatorio Culturale del Piemonte is not immune to these turbulent times, and it certainly does not wish to do no more than describe the mechanisms and scenarios it sees. In this process, the knowledge that has been acquired, the scenarios that have unfolded, or that are still to unfold, can play an important role in assessing and planning new missions. A willingness to share responsibility for imagining the future appears to us to be perfectly compatible with that of observing – and the Osservatorio is itself constantly observed and assessed, first and foremost by its own partners and financial backers, and here too it is possible to evaluate its real contribution and usefulness.

144 1 Source: ISTAT, see Chapter 2.