The Composer in the Market Place Revisited: The Economics of Music Composition Today

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Abstract The book *The Composer in the Market Place* by Alan Peacock and Ronald Weir was published in 1975. In the first chapter of the book the authors give an account of the ways in which composers work in a difficult economic environment. The present chapter considers whether the economic circumstances of composers have changed over the 40 years since the book's publication. The chapter outlines changes in the music market on the demand side, the supply side, and in the operations of the market itself. Some hypotheses are put forward about the nature of composers' economic behaviour which are tested empirically using data from a survey of professional composers in Australia undertaken in 2009. The chapter shows that, despite the radical disruptions brought about by the spectacular advances in technology that have affected the processes of music production, demand, supply and distribution, the resulting incentive structure facing professional composers has changed little, such that economic outcomes in terms of composers' labour supply decisions and their relative levels of income remain much the same as they were in 1975.

1 Introduction

In 1975 Alan Peacock and Ronald Weir published a book entitled *The Composer in the Market Place*, a work praised by Asa Briggs for its analytical approach; "it pioneers the application of economic theory—concepts and methods—to musical composition", Briggs wrote in a Preface to the book. His positive assessment has been confirmed in the years since by the honoured place the book has come to hold in the literature of cultural economics. The book went about its investigations into the working life of the composer from a particularly well-informed perspective. Alan Peacock was himself a composer of no small talent and although he had not been obliged through his career to rely on his musical earnings—which he

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described as 'meagre'—he was well aware of the creative processes involved in composing serious music and of the problems and possibilities for the professional composer in turning these processes to pecuniary advantage.

The book is primarily an historical account of the development of the music market in the twentieth century, with its main focus, not surprisingly, on the definition, codification and enforcement of composers' intellectual property rights in their creative work. The importance of copyright in music is a matter beyond the scope of this chapter.[1] Here I want to concentrate solely on Chapter 1, to which Peacock and Weir (hereafter P&W) gave the title 'The Economic Characteristics of Music Composition'. In this chapter they gave a detailed account of the ways in which composers work in a difficult economic environment. The question I address here is: to what extent do their conclusions hold good today, and in what ways have the economic circumstances of composers changed over the 40 years since the book's publication?

The present chapter is structured as follows. Section 2 reviews the first chapter of P&W in detail, followed in Sect. 3 by an account of changes in the music market on the demand side, the supply side, and in the operations of the market itself. Section 4 puts forward some hypotheses about the nature of composers' economic behaviour; these are tested empirically in the following section using data from a survey of professional composers in Australia undertaken in 2009. Section 6 contains a brief discussion of the prospects for composition of 'serious' classical music today, the area of the field in which Peacock's own efforts as a composer were engaged. The final section of the chapter contains some conclusions.

2 The Economics of Music Composition

In outlining the economic characteristics of music composition, P&W applied the same approach to their analysis as that used by Baumol and Bowen (1966) almost a decade earlier, summarised as follows: if we interpret the production, exchange and consumption of the arts in economic terms, how can the theory and methods of economic analysis help us to understand the ways in which these processes are carried on, and what recommendations might we, as economists, suggest to improve their operation? In fact Baumol and Bowen paid only cursory attention to the situation of the composer (1966: 107–109), pointing mainly to the inadequacy of earnings and the difficulties composers face in having their work heard. The treatment in P&W (1975: 14–32) is much more detailed, covering the characteristics of the musical product, the market environment, and the reactions of composers to the conditions in which they work.

The first requirement in any economic analysis of an industry is to define the product. The authors identify three distinctive characteristics of musical output.

[1] See further in Ruth Towse's chapter in this book.

First, music has traditionally been a perishable service, with a live performance existing only in the moment; in earlier times the only source of revenue beyond the performance came from the sale of sheet music, printed scores, etc. However the performance of music can now, of course, be stored, such that composers' rights extend well beyond those that can be exercised over the immediate performance and the printed manifestations of their work, to encompass also the reproduction and resale of performances of their compositions.[2]

Second, music performance in certain formats can be interpreted as a public good. For example, free-to-air broadcast music is both non-excludable and non-rival. This leads to the third characteristic of music. The combination of both private-good and public-good properties inherent in the fruits of musical composition means that ownership rights are only partially enforceable by the person or group composing and/or performing the music. A complete capture by the composer of the monetary value of a work will require more complex mechanisms.

The second section of Chapter 1 of P&W looks at the market environment of the composer. The nature of the product as described above indicates that individual composers will not be able to negotiate with potential users of their work; even if rights are clearly defined, "their negotiation and enforcement could impose costs on the individual composer which in most cases would far outweigh the expected financial return" (p. 19). Thus some form of collective administration of composers' rights would be necessary. The authors point to the fact that in the UK a major user of music rights at the time was the BBC creating a near-monopsony on the demand side for the licence to broadcast music:

> The reaction to this situation by the producers of music and the consequential development of the system by which rights are negotiated with the media provides a fascinating case study in market economics in which ... the inevitable result has had to be state regulation of the terms on which bargains are arranged. (p. 20)

In the third section of Chapter 1 the authors consider the reactions of composers, both 'classical' and 'light', to the market environment. They see these reactions as falling into three groups: individual, cooperative and collective, although the latter two overlap to some extent. Individual action includes diversifying output so that revenues are not dependent on just a single market. One such avenue for diversification, as often practised in the nineteenth century, is for composers to double as performers. Other musical activities such as conducting, teaching, reviewing etc. have also been common means for spreading the sources of finance, as have the variety of jobs that composers may take in other spheres altogether—the authors mention Borodin, Rimsky-Korsakov and Ives in this respect. The chapter goes on to present some statistics on the amount of composers' earnings in the UK in the early 1970s; we return to these data in Sect. 5 below.

An additional form of individual action identified by P&W is product differentiation. Composers can take steps to promote their music individually, through

[2] An extensive account of the historical evolution of the music industry can be found in Tschmuck (2006).

self-advertisement that seeks to distinguish their work from that of competitors, for example through the marketing of demonstration tapes, etc. Composers of sufficient eminence or popular reputation may develop a 'circle' of supporters; P&W mention Benjamin Britten as a case in point, but nowadays this phenomenon is more evident in the fan clubs and followers' groups that proliferate in the social media.

The second and third types of composers' reactions to the market environment discussed by P&W, cooperation and collective action, can be conveniently considered together. A particular means of insuring against losses and fluctuations in incomes is via risk-sharing, an avenue traditionally found in the history of music in the financial relations between composer and publisher. In the twentieth century, with the emergence of mechanical and performance rights that had not existed hitherto, some conflicts of interest between composers and publishers emerged over ways in which copyrights in musical works should be exploited. Nevertheless, given the impracticality of forming supply-side cartels in music provision, market realities led inexorably to the formation of collection societies to enable rights-owners to negotiate collectively with users. Such societies could access the scale economies available to what are essentially natural monopolies, and provide an efficient service to both providers and users of musical product.

P&W point out that their review of methods of collective action by composers would be incomplete if they failed to mention public support measures that are provided, they presume, because the benefits of music composition to society are not fully recognised in the commercial operations of the music industry. The two principal providers of such support for composers in the UK in the mid-1970s were the Arts Council of Great Britain and the BBC, although the contribution of these two sources of funds to composers' earnings appeared in aggregate to be quite small.

In the final pages of P&W Chapter 1, the authors draw several conclusions from their analysis of the conditions of music composition in the UK at the time of their writing. They note that at the beginning of their careers, composers are typically totally unprepared for the problems they will encounter in making a living. The universities and other institutions that educate professional musicians would serve their students better if they provided some form of training in how to manage the business side of their careers.[3] According to P&W, the trauma induced by this lack of preparedness helps to explain the pervasive suspicion amongst composers at the workings of the market which they see as aligned against their interests. Despite this, the authors observe that composers have been remarkably successful in developing their countervailing power to protect themselves against exploitation by powerful purchasers and against the threats of technical innovation. They conclude that, notwithstanding their economic naiveté, composers have developed "an intelligent appreciation of their own economic interests" (p. 32).

[3]On the need for educating classical musicians in managing their own careers, see Bennett (2008).

3 Music Composition Today

How have the economic circumstances of music composition changed in the four decades since *The Composer in the Market Place* was written? In 1975 P&W observed that the major external influence on music composition and the music market up till that time was rapidly changing technology. In 2016 we can make the same observation. It is axiomatic that technological change has had a profound influence on all aspects of the music industry in the modern era. But there is one sense in which the recent historical record is different from that of the past: despite the significant effects of the introduction of radio, the tape recorder, etc. in the pre-1975 world, nothing occurring then can compare with the impacts of the new information and communications technologies that have been developed in the period since. The advent of personal computers followed by the introduction of the internet and then the continuing growth in the use of social media have transformed the music industry in ways that could scarcely have been imagined 40 years ago.

These developments have affected both the demand and supply sides of the market, as well as the operation of the market itself. Let us consider each of these aspects in turn. First, shifts in consumers' demand for music have been driven by both extrinsic and intrinsic factors. Not surprisingly the major external influence has been the growth of the world-wide web, which has enabled ready access to an enormous range of musical product, some of which can be purchased legitimately but much of which can be illegally downloaded without payment. As a result the volume of music piracy has increased enormously, greatly facilitated by file-sharing across peer-to-peer (P2P) networks.[4] In these circumstances, composers and performers as well as publishers, i.e. all legitimate rightsholders, are denied the payments to which they are entitled.

A further external influence of changing technology has been the invention of new means for listening to music electronically. The development of a variety of hand-held devices such as iPods and mobile phones allows music to be consumed on demand anywhere and everywhere.[5] The availability of associated software for transmitting, handling and storing music files has served to accelerate the growth of these new methods of music consumption.

It is not clear whether these externally-induced changes in the music landscape lead or follow shifts in consumer taste. No doubt both are true to some extent. Certainly the balance between consumption of live and recorded music is affected by technological change, although the net effects are difficult to predict. On the one hand recorded music can act as a substitute for live performance, indicating that demand for the latter is likely to decline over time in relative terms. On the other hand, there is evidence that listening to recorded music can stimulate demand for

[4]On piracy, see Waldfogel (2012), Liebowitz (2013), Koh et al. (2014); on digital consumption of music and P2P filesharing, see McKenzie (2013), Waelbroeck (2013).

[5]See, for example, Nguyen et al. (2014), Leung (2015).

the live product, since attendance in a concert hall, entertainment centre, pub, club or other music venue provides a different sort of experience for the consumer. In such a case recorded and live music become complements, not substitutes.[6]

There are likely also to be intrinsic shifts in preferences for music that are not so much technologically induced as part of a longer-term evolution of musical taste influenced by fashion, social pressures, changing demographics, etc. For example, it is often argued that demand for classical music is declining[7]; however, although this may be true in relative terms given the rise in popular music consumption that has been the primary beneficiary of the technological changes discussed above, it remains unclear whether demand for live or recorded classical genres is falling off in absolute terms, or simply remaining steady (see further in Sect. 6 below).

Finally on the demand side we can point to the emergence of new uses for music that provide a possible additional revenue source for composers. For example, there appears to be an increased intrusion of background music into public spaces such as malls, airports, etc. and in such uses as music-on-hold. These sorts of now well-established means for using music are subject to monitoring and enforcement of appropriate licensing requirements.

Turning to the supply side, we can note a number of ways in which new technologies have had a direct impact on the processes of music composition and on the actions that composers can take to promote and sell their work. When composers are working at the drawing board—or more precisely, the keyboard—they can avail themselves of a range of computer-related technologies. Electronic musical instruments can reproduce precisely the sound of a range of actual instruments, as well as a host of new sounds that extend a composer's palette beyond the usual repertoire. In addition, notation software can remove much of the sheer labour of writing down notes on manuscript paper. Indeed some composers produce music direct to recording or via live electronics, bypassing the need for a notated record altogether. When a printed score is in fact produced, photocopiers and scanners can turn out parts in an instant, rendering the age-old occupation of copyist obsolete.

Also on the supply side, the advent of the internet has opened up a range of new communication options for composers. They can interact directly with other artists and with consumers of their work via web-forums, blogs, etc. More importantly they can build up their own individual presence in the local, national or global music market place through a personal website, enabling the establishment of a direct promotional and marketing interface with music distributors and with individual consumers.[8]

A further supply-related issue concerns the ways in which composers can have their work performed. Here a difference is apparent between composers of classical and popular music. Unlike the situation that prevailed half a century ago, popular

[6] Aguiar and Martens (2013).

[7] Although classical composers increasingly write for film and television, as discussed further in Sect. 6 below.

[8] See Bockstedt et al. (2006).

composers nowadays are often the performers of their own compositions, so the route from composition to performance (and to the associated promotional opportunities) is likely to be a direct one. Classical composers, on the other hand, mostly have to rely on others to perform their works. Moreover there is usually little prospect in classical music for the many repeat performances that popular composer/performers can count on. The march of technology over recent years has opened up ever widening opportunities for popular composers to pursue such a composition/performance/promotion strategy, in contrast to the options available to classical composers. Thus technological change can be seen in this respect to have had a differential effect over time on composers across the musical genres.

It is in the music marketplace at large where some of the most obvious impacts of new technologies can be observed. Ongoing developments in recording and transmission technologies have been affecting publishers and record companies for many years, but it has been the growth of the internet that has brought about the most profound changes in the business models of these companies. Efforts by the multi-national majors to stem the tide of piracy that was undermining their very existence have included legal action against P2P networks and cooperation with internet service providers to block user access to copyright infringing websites. However, these strategies have proved inadequate, leading the majors to turn towards trying to capture a share of the online market for themselves.[9] At the same time a number of independents have managed to carve out a niche for themselves in a difficult international market.[10] All of these developments have been accompanied by significant shifts in prices and in revenues for all players in the industry, both large and small.

In conjunction with the changing structure, conduct and performance of the music industry at both international and national levels, there have been many developments in rights administration which are beyond the scope of this chapter.

4 Hypotheses

How have all these changes affected the economic circumstances in which composers work? Our basic hypothesis in considering this question as it relates to composers writing music at the present time is that technological change remains the most important factor in influencing their economic situation, since it has fundamentally altered the incentive structure that composers face in the production and marketing of their creative work. It can be seen that this is essentially the same hypothesis as that underlying the analysis by P&W of the economics of music

[9]For an account of the actions of major recording and music publishing companies in attempting to capture a share of the on-line music market, see IFPI (2015).

[10]These observations are relevant to the survival of music industries in developing countries; for some examples, see Throsby (2002).

composition in the mid-1970s. Furthermore we can hypothesise that the outcomes are likely to be similar to those observed by P&W. In particular we propose that

- There is continuing pressure on composers to diversify their income streams
- There is continuing pressure on composers to differentiate their product; however
- Despite composers' efforts to respond to these pressures, their earnings from musical composition are likely to remain low.

Moreover it can be argued that if technology is indeed the primary driver of change, economically successful composers will be those who embrace new technology, not those who ignore it.

The above hypotheses provide some propositions that can be tested empirically, a matter to which we turn in the next section.

5 Empirical Evidence

In this section we examine the above hypotheses with reference to data from a survey of practising professional artists carried out in Australia in 2009 (Throsby and Zednik 2010). Just over 1000 artists were sampled in the survey, classified by artform into eight occupational categories, one of which was composer. Artists assigned to the latter category were those who described their "principal artistic occupation" (PAO) as composer ($n = 93$). They can be divided into:

- Composers of classical/contemporary-classical/new-music (24 %);
- Composer/songwriters in jazz, rock, pop, hip-hop or other contemporary genres (23 %);
- Composer/songwriters for film, television or radio (not advertising commercials) (14 %);
- Composer/songwriters of folk music (8 %);
- Other composers (31 %).

It should be borne in mind that composing music is an activity also undertaken by members of other PAOs, notably those artists who give their PAO as musician. Indeed the crossovers between the PAOs of composer and musician are quite significant. Of those who were identified primarily as composers in the survey, 38 % had also engaged in serious concert performance as an instrumental musician, and 22 % had similar achievements as a singer, while 41 % of those classified as musicians had composed music of one sort or another during their careers.

In the following analyses we focus our attention solely on those whose principal occupational designation as an artist is as a composer. Given that our coverage of musical genres includes classical and a range of popular styles as indicated above, it is presumably similar in scope to that of the group with which P&W were themselves concerned. We look at data on incomes, labour supply and the use of new technologies, and go on to estimate an earnings function for Australian composers.

5.1 Composers' Incomes

In Chapter 1 of P&W the authors present data from a survey of British composers undertaken by the Performing Rights Society during 1972. The data indicate the relatively small proportion of composers who could rely on their earnings from musical composition as making up a significant component of their total income; at the other end of the distribution, more than half of the composers in the sample received only 20 % or less of their total earnings from this source. These results for the early 1970s in Britain can be compared with those for the Australian composers in 2009. The comparison is shown in Table 1. It is clear that little has changed, especially for the "classical" or "serious" composers in the two surveys; in both cases fewer than 20 % of these artists were able to earn most or all of their income from their compositions. When the sample is extended to cover all composers (including 'popular' and 'light' composers in P&W's terminology), the outcomes appear somewhat better for both the British and Australian groups, since the earnings of these other composers improve the overall mean. Indeed in the Australian case the earnings distribution across all composers shows a significantly smaller number in the lowest earnings quintile, compared with the corresponding quintile in the UK data; this result probably reflects the wider range of lucrative alternative outlets available to composers nowadays compared to 40 years ago (see further below).

To summarise, the conclusion we can draw from the evidence in Table 1 is: *plus ça change*. These results imply that the conditions under which composers work today will impose the same sorts of pressures on their work choices as in the past. So the question arises as to whether their responses will be similar to those observed by P&W, including taking action to diversify their income sources. Table 2 provides evidence of this for the Australian composers. The two main sources to which composers can turn are other music-related activities—teaching music, performing, reviewing, etc.—and work outside music and the arts altogether. In common with artists in other artforms whose creative incomes are insufficient, composers have a strong preference for the former alternative, i.e. for finding additional work within their artform rather than outside (Throsby and Zednik 2011). It is apparent as a result that, notwithstanding the relatively low returns to original creative work,

Table 1 Earnings from musical composition as a proportion of total earnings: distribution of numbers of composers (per cent)

	Peacock and Weir (1975)		Throsby and Zednik (2010)	
Earnings from composition as proportion of total earnings	Classical composers	All composers	Classical composers	All composers
Less than 20 %	61	53	50	33
20–80 %	25	22	33	36
More than 80 %	14	25	17	31
Total	100	100	100	100

Table 2 Distribution of sources of income of Australian composers: 2009 (per cent)

Income source	Classical composers (%)	Songwriters (%)	All composers (%)
Creative income	25.1	62.6	56.6
Arts-related income	58.1	13.5	22.4
Sub-total arts income	83.2	76.1	79.0
Non-arts income	16.8	23.9	21.0
Total	100.0	100.0	100.0
Total annual income ($A '000)	36.3	75.6	49.5

composers on average are able to earn the majority of their income (about four-fifths) from musical work of one sort or another. This result is broadly similar to that found in the British survey.[11]

5.2 Labour Supply

The actions taken by composers to diversify their income sources can be examined from the perspective of their labour supply decisions. As has become standard in the analysis of data on artists' working conditions, we separate out the three labour markets which generate the categories of earnings described above, i.e. the market for creative labour, that for arts-related labour, and the market for non-arts work. Table 3 shows the average distribution of weekly working hours across these three labour markets for the Australian composers. Again the diversified nature of composers' work portfolios is clear.

The disjunction between labour input and earnings produced is apparent in a comparison between Tables 2 and 3. We note, for example, that composers spend on average two-thirds of their working hours on creative work, yet earn little more than half their income from this source. By contrast, they earn one-fifth of their income from work outside the arts, with a time input of only one-tenth of their total working hours. These observations are consistent with the so-called work-preference model which proposes that creative artists will prefer to allocate more time to original creative work than to more lucrative but less artistically satisfying opportunities elsewhere.[12]

[11] See P&W, Table 1.1, p. 23.

[12] See Throsby (1994), Steiner and Schneider (2013).

Table 3 Composers' mean time allocation to different labour markets: 2009 (hours per week)

	Hours/week	%
Creative work	26	66.7
Arts-related work	9	23.1
Sub-total all arts work	35	89.8
Non-arts work	4	10.2
Total working time	39	100.0

5.3 Composers' Use of New Technologies

As noted earlier, the development of digital technologies over recent years has had a profound impact on artistic practice across all art forms, not least in the field of music composition. In the Australian survey, 85 % of composers report using the internet for any purpose "frequently" or "occasionally", and the great majority use other technologies regularly for a variety of purposes. When it comes to the use of new technologies in their creative practice, the numbers narrow somewhat. Nevertheless Table 4 shows that the proportions of composers who use various technologies frequently or occasionally in their creative work are still quite significant. Apart from the use in running their creative practice generally, some use digital technologies specifically to create art works. For example, 19 % of composers report using the internet to create collaborative or interactive compositions with other artists, and 15 % had created artistic work using social networking websites. Smaller numbers had generated artistic work in virtual environments or virtual worlds (5 %), or had created collaborative or interactive works with non-artists (4 %).

These data paint a striking picture of the fundamental changes that have overtaken the practice of musical composition since the P&W book was written. Nevertheless further evidence from the Australian survey shows a consistency with the same product differentiation hypothesis that P&W put forward, even though the contemporary means for pursuing this strategy are radically different. Respondents to the survey were asked about their usage of the internet to promote their work. The results indicate that a clear majority of composers use the internet frequently or occasionally to promote and advertise their work, either through their own personal website (61 %) and/or through another party's website (70 %). Amongst other outcomes, such strategies have the effect of 'branding' an individual's work and giving it a distinctive edge in a competitive marketplace. Furthermore, this market is a truly global one, such that interest in a composer's work might be sparked and demand created from anywhere in the world.

To investigate further the various propensities of composers to adopt new methods, i.e. to act as 'innovators', we can construct a score for each individual in the sample by counting the number of different types of usage of new technologies he or she is or has been engaged with.[13] We identify ten such items covering

[13]The impetus towards innovation amongst composers has a long history; see Leap and Williams (2015).

Table 4 Frequent use of new technologies in creative work by Australian composers (per cent)

	Proportion of composers (%)
Sound recording devices	75
Sound manipulation software	62
Sound player devices	61
Electronic musical instruments	67
Music composition and notation software	62
Multimedia software	32
Internet	40

the usages discussed in this section, and rank the sample according to this innovation index. The distribution of the index is shown in Table 5. It is apparent that the majority of composers could be described, according to this analysis, as only moderate innovators who prefer by and large to stick with the traditional ways of running their creative lives. On the other hand, at the other end of the spectrum there is a smaller but still significant proportion of composers who lead the way in adapting to the new technological environment. Whether a willingness to embrace the new technologies bestows an income advantage on individual practitioners will be examined in the next section.

5.4 Determinants of Composers' Earnings

The data from the Australian survey can be used to estimate a standard earnings function for composers. In line with the conventional approach in the specification of an appropriate model, we hypothesise that an individual worker's earnings are a function essentially of his or her human capital and labour supply, with relevant socio-demographic and other control variables included in the estimating equation. Thus we define the following explanatory variables:

- *Human capital*
  - Experience (dummy for "established")
  - Music training (dummy for trained at music school or conservatorium)
- *Labour supply*
  - Time spent at creative work (per cent of working time)
  - Time spent at non-arts work (per cent of working time)
- *Socio-demographics*
  - Age (years)
  - Gender (dummy indicating female)
  - General education (dummy for completed degree)

Table 5 Index of propensity to innovate among Australian composers (per cent)

Innovation index	Proportion of composers (%)
0–1	30
2–3	28
4–5	21
6–7	15
8–10	6
	100

- *Music genre*
  - Composer of classical music (dummy yes/no)
  - Songwriter (dummy yes/no)
  - Composer for film/television (dummy yes/no)
- *Innovation*
  - Innovation index (scale 0–10 as defined above)

The earnings function was estimated using ordinary least squares with robust standard errors, with composers' creative income (cf. Table 2) as the dependent variable. Results are shown in Table 6. Of the human capital variables, experience appears far more important than musical training in generating income. Indeed coefficients on both the music training and general education variables show negative signs although both are non-significant. The labour supply variables show the expected signs—positive for time spent at creative work and negative for time spent working outside—although the coefficient on the latter is non-significant.[14] It is not possible to draw any conclusions as to the effects of age and gender. However there are striking differences between the earning potential of work in classical music, and that for songwriting and composition for film and television, with the results for the latter two indicating the very lucrative opportunities in these areas. Finally, although the innovation index coefficient shows a positive sign, it is not significant. We are thus unable to say decisively that innovative composers make greater creative incomes than the rest, *ceteris paribus*.

[14]There may be differences between popular and classical composers in the effects of musical education and training on their prospects of success. Classical musicians are unlikely to be able to follow a successful professional career unless they have undertaken specialised post-school musical education or training of some sort, whereas some popular musicians achieve success without such preparation. Nevertheless such a differential, if it exists, may not necessarily be reflected in relative incomes. The sub-sample sizes are not large enough to enable this proposition to be tested using our survey data.

Table 6 Earnings function for Australian composers (dependent variable:creative income): 2008–09

Explanatory variables		Coefficient	Robust standard error
Socio-demographics	Age	–1.333	1.71
	Gender	–5.499	9.53
	Education	–12.420	13.41
Human capital	Experience	33.490***	12.30
	Music training	–1.640	13.05
Labour supply	Time at creative work	0.512**	0.21
	Time at non-arts work	–0.142	0.25
Genre	Classical	3.410	12.96
	Songwriter	26.340*	15.23
	Film/TV	32.840**	12.67
Innovation	Innovation index	6.766	4.50
Constant		–30.290	30.19
Adjusted R-squared		0.442	
F statistic		2.87***	
N		87	

Notes:
(a) For definitions of explanatory variables, see text
(b) Some non-significant explanatory variables omitted
(c) *p < 0.1, **p < 0.05, ***p < 0.01

6 The Prospects for Classical Music

Evidence from the above analysis concerning the relatively poor income prospects facing composers of classical music raises questions about the future of this artform. If the financial rewards are so bleak, will composers continue to produce works in this genre? The first observation to make in addressing this question is that the revenues of classical composers have always been precarious, yet they have continued over centuries to pour forth a steady stream of fine music.[15] So the interesting issues relate to how the contemporary state of the world is affecting this genre of music production and consumption. Several factors can be seen to be at work.

In the first place are trends within the artform itself which have an effect, one way or another, on demand. The history of music, as with the other arts, is replete with examples of practitioners eager to serve a market by producing works which were guaranteed to sell or to please a beneficent patron. But artists also follow their own visions, and this may result in their creating art without regard for how the

[15]There are innumerable accounts of the lives of great composers and of the financial insecurities that they faced. Of course not all composers spent lives of unremitting poverty, including Mozart; according to a modern economic assessment, he enjoyed periods when he was actually reasonably well off—see Baumol and Baumol (1994). For an account of the evolution of composers' income sources between the seventeenth and nineteenth centuries, see Scherer (2001).

output is to be received. In classical music, for example, it seems unlikely that the development of serialism and 12-tone composition by composers such as Schoenberg, Webern and Stockhausen was seen as a crowd-pleasing move. Indeed it can be argued that such music is now looked upon simply as a stage in the evolution of music theory and practice that has run its course, and although contemporary composers still call on atonality in various circumstances, the overall trend in classical music writing in recent times appears to be towards works that are more readily understood by conventional audiences.

The second issue relates to competition for consumers' attention. In the marketplace for musical experiences, either live or reproduced, the extent of competition for the listener's ear has grown considerably, such that classical music has to compete with a wider variety of other musical genres and other avenues for cultural consumption than ever before. To some extent the expansion in the range of cultural media available to consumers has had an upside for classical composers—it has opened up opportunities for them to write serious music for use other than in the traditional concert hall or recording studio. Writing music for film, for example, has long presented a creative challenge to classical composers, one taken up by such major figures in the history of twentieth century music as Walton and Shostakovitch.

In addition, opera companies and symphony orchestras have responded to trends in consumer demand by diversifying their offerings in an effort to attract new audiences and to shore up their precarious finances.[16] It is not unusual these days to find opera companies including one or two musicals amongst their traditional programming of Verdi, Puccini and Mozart, whilst some of the world's great orchestras perform with stars from popular music, or play crossover or fusion music in addition to their conventional repertoire. Moreover a range of possibilities exists for presenters of classical music concerts to make their offerings more attractive to new audiences, including enhancing feelings of inclusion and accessibility for first-time attenders.[17] However none of these presenter-driven innovations is likely to have had much effect on opportunities for the current generation of composers.

Notwithstanding the fact that the relative position of the classical genre in the musical landscape may have declined over the long term, it could well be that there will always be a baseload demand that will maintain a minimum level of activity, not only in the niche market of recorded classical music but also in the similarly small market for live classical performance. This proposition is supported in respect of the former possibility by observation of trends in record sales of classical and operatic music in Australia over the 10 year period since 2005. Data show that the proportion of classical and operatic sales have fluctuated between 3 and 5 % of total sales during this period, but have shown no clear trend upwards or downwards over

[16]Broadcasters of classical music face similar issues of declining audiences and shifting tastes, and may adopt similar strategies to attract new listeners; see further in Letts (2015).

[17]For some empirical evidence, see Dobson (2010).

this time (ARIA 2015). Such evidence for a baseload demand for classical music is clearly limited in time and place, but it is at least suggestive of the possibility that demand will not actually die out.

Ultimately, however, it can be argued that the survival of classical music is not dependent so much on the economics of musical supply and demand as it is on the fundamental significance of the intrinsic aesthetic qualities of this genre of music which extends, it must be remembered, well beyond the confines of the Western cultural tradition. Such an argument relates to the importance of music as a repository of meaning, a purveyor of civilising values, and a vehicle for cultural transmission through time. It resonates with the efforts made by cultural economists to differentiate between the cultural value of art and its economic value.[18] These considerations suggest that, despite the vagaries of the marketplace, the essential nature of art which classical music embodies will in the long term prevail.[19]

7 Conclusions

In this chapter we have reviewed the economics of musical composition as seen by P&W and updated their analysis to account for developments in the 40 years since their book was written. We have shown that, despite the radical disruptions brought about by the spectacular advances in technology that have affected the processes of music production, demand, supply and distribution, the resulting incentive structure facing professional composers influences them in ways that have changed little. We find that the economic outcomes in terms of composers' labour supply decisions and their levels of income remain much the same as always, such that the conclusions reached by P&W are, broadly speaking, as relevant today as they were in 1975.

The book that we have revisited in this chapter was a pioneer in applying the principles and methods of economic analysis to musical composition. In the detail that it provides of the circumstances in which music was being written and marketed in the mid-1970s, the book is a vivid reflection of its era. At another level, however, it can be seen as timeless in its relevance to long-standing issues facing composers as they struggle to make a living.

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[18] See, for example Throsby (2001) and contributions to Hutter and Throsby (2008).

[19] These arguments are discussed at length in a number of significant contributions to the literature, including Johnson (2002), Ford (2005), Fineberg (2006), Kramer (2007).

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