

# AICGS Transatlantic Perspectives

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## “Particularly in Berlin” Cultural Policy in the Unified Capital

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What policies exist to promote Berlin as a creative city?

What structural reforms have allowed Berlin's cultural institutions to survive, despite limited funding?

When the two German governments negotiated the unification treaty in spring and summer 1990 they also had to tackle the cultural-political consequences of a unification process based on Article 23 of the German Basic Law. Although culture and the arts were seen as “foundations for the continuing unity of the German nation in the years of division,”<sup>1</sup> both sides were extremely aware of different cultural and cultural-political traditions in eastern and western Germany. Whereas in the West cultural sovereignty of the *Länder* had been developed into a cornerstone of the federal system, cultural federalism was unknown in the East. Promotion of culture and funding of the arts and cultural institutions in the GDR were centrally guided and directed by state and party authorities. With the economic and political collapse of the centralized system in 1989/90 the newly founded *Bundesländer* in the east were challenged with the consequences of cultural federalism. There was widespread concern that they would lack the necessary financial resources for preserving their cultural heritage and enhancing culture and the arts in the east.

Article 35 of the unification treaty mirrors these concerns by stating: “The cultural substance in the territory specified in Article 3 of this Treaty shall not suffer any damage. Measures shall be taken to provide for the performance of cultural tasks, including their financing, with the protection and promotion of culture and the arts being the responsibility of the new *Länder* and local authorities in line with the distribution of competence under the Basic Law. The cultural institutions which have been under central management to date shall come under the responsibility of the *Länder* or local authorities in whose territory they are located. In exceptional cases, the possibility of the Federation making a contribution to financing shall not be ruled out, particularly in Land Berlin.”<sup>2</sup>

The particular reference to Berlin and its history—as former capital of the Prussian Empire and the so-called Third Reich, and as a divided city during the Cold War with East Berlin as the capital and a major cultural center of the GDR and West Berlin a political and cultural outpost of the Federal Republic—was well-founded. Even with substantial parts of the Prussian cultural heritage in Berlin coming under the authority of the federally-funded Prussian Cultural Heritage Foundation in 1990, any Berlin Government would still be financially overburdened with the task of preserving and developing the city's cultural heritage and infrastructure on its own.

This was obvious for two reasons. First: During the Cold War Berlin became a culturally doubled city, with two highly developed cultural infrastructures on both sides of the Wall including—among others—two academies of arts; two state libraries; three opera houses;<sup>3</sup> nine high ranking, state owned, or government subsidized theatres;<sup>4</sup> two well known theaters for children and young adults;<sup>5</sup> eight top quality orchestras; numerous museums; and a vital cultural “alternative” scene in the Western sector. And second: While divided, neither East nor West Berlin ever had the economic resources to financially support this kind of cultural wealth on its own. While East Berlin was completely on the economic drip of the central government, up to 60 percent of the annual West Berlin budget was composed of federal transfers. This caused a kind of common Berlin mentality of entitlement which turned out to be one of the city's major challenges in the post-unification period. The problem got worse in the 1990s when East Berlin's industry collapsed, federal transfers were cut dramatically, and dreams of a self-generating economic upswing finally cracked down in the

Berlin banking scandal of 2001, leaving the city with more than €50 billion in debt. This was the background for cultural transition and unification in Berlin.

### **Beyond Entitlement—Cultural Development in Unified Berlin**

Looking back on twenty years of post-unification cultural policy, conflicting trends and overlapping developments are apparent. The annual cultural budget declined from over DM 1.4 million (€700 million) in 1994 to approximately €500 million in 2009. Against this 25 percent drop in public spending the cultural damage seems to be rather modest at first glance. Of the nine major state theaters mentioned above “only” three went out of business, two of them located in the west.<sup>6</sup>

This rather unusual two to one west-east failure margin indicates a general trend: The disproportionate decline of cultural institutions in the western part and the successful transition and re-birth of cultural institutions in the eastern part of the re-unified city. Whereas once-established West Berlin institutions like the Schlossparktheater, Hansa-Theater, Kudamm-Bühnen, or Deutsche Oper struggled to survive or faced declining popularity, former East Berlin institutions like the Deutsches Theater, Berliner Ensemble, Volksbühne, or Staatsoper gained unexpected importance by attracting a new audiences across the former border.

There seems to be a post-unification pattern in Berlin of eastern build-up and western cutback which can easily be extended from cultural policy to overall urban development. However, although there is still some merit to it, one should notice that the so-called “East” has changed into a New Center (Neue Mitte) characterized by a radical swap of population and respective cultural patterns that came along with it. Within twenty years the former East Berlin districts Mitte, Prenzlauer Berg, and Friedrichshain have changed from grey areas into collared hot spots for the young and international creative class. They are attracted by the emerging image of Berlin as a place to be, the city’s comparatively cheap rents and living costs, and the amount of room Berlin still offers in its inner districts. Public policy did not cause, but does everything to foster, this development with respective funding and cluster management for the expanding creative industries.

However, public funding still has to focus on both financing established cultural institutions and promoting the city’s lively non-profit art scene. They are the source and backbone of Berlin’s newly established creative image and future. Meeting respective expectations and demands do not only constantly drain the city’s financial resources. It also causes a permanent bargaining process between established institutions and the “alternative” scene over limited public resources. The imbalance is obvious: Over 85 percent of the Berlin cultural budget is spent on supporting big institutions like opera houses, theaters, orchestras, and museums.

Given the way German opera houses and theaters historically operate—with a permanent staff and daily changing performances—subsidies are a necessary pre-condition to cover labor costs alone. Normally only 20 percent of the budget is received at the box office or through sponsoring activities. Those proportions vary in time and from theater to theater, but the overall picture remains the same. Additionally, most of the big cultural institutions are in public ownership and therefore subject to general public wage agreements—not taxable by the theaters’ managements.

### **Structural Reforms**

Considering the historic “burden” mentioned above, structural reforms in the city’s cultural landscape were inevitable. And they took place in various ways. Berlin could have become the final argument in favor of generally restructuring cultural relations between the federal government and the German *Länder*. This was probably too much to ask for. But beyond that (structural level) the federal government and Berlin step by step agreed on practical solutions.

The first solution was friendly takeover. The federal government not only took charge of Prussian heritage at Berlin’s famous Museum Island. It also funds several other Berlin cultural institutions, such as the Jewish Museum or the Berlin International Film Festival. Altogether the federal government currently spends approximately €400 million per year for cultural institutions and projects located in Berlin.

It does so especially due to its undisputed responsibility for the German cultural heritage in Berlin. Eric Hobsbawm described the twentieth century as “The Age of Extremes.” For those who want to know what he meant, Berlin is the place to go. With its historical sites and memorials dedicated to the Holocaust,<sup>7</sup> Nazi-terror,<sup>8</sup> resistance,<sup>9</sup> communist dictatorship,<sup>10</sup> and its elaborate concept to remember the city’s division during the Cold War,<sup>11</sup> Berlin has become *the* international center for contemporary history. Additional federal funding goes into projects and institutions presenting Berlin as a window and hot spot of the international art scene.<sup>12</sup>

Another early example of structural reform is the so called “Rundfunk, Orchester und Chöre (ROC) GmbH,” established in 1994 and until then home to two famous East and West Berlin orchestras and choirs.<sup>13</sup> Shareholders are Deutschlandradio (40%), the federal government (35%), the State of Berlin (20%), and the Rundfunk Berlin-Brandenburg (rbb) (5%). This Company (LdT) is owned by the public (or in this case, by public institutions) but free to (partially) operate under market conditions. The model works, but not without subsidies. The same is true for other Berlin theaters like the Schaubühne, Berliner Ensemble, or GRIPS. They operate as private companies but rely on government funding,<sup>14</sup> agreed upon by the Berlin parliament every two years.

The most prominent Berlin structural reform occurred in the most reform-resistant cultural institution: the opera. No other city in the world has ever been asked to afford and subsidize three opera houses. But no other city in the world *has* three opera houses. This heritage is a unique cultural wealth. But still: one-fourth of the annual cultural budget goes into operas (€120 million). Given the city’s budget crisis it would have been both obvious and logical to decide for a merger of two opera houses or simply close one down. However, Berlin decided to continue funding all three opera houses but put them under the roof of a public foundation called the “Stiftung Oper in Berlin”<sup>15</sup> in order to save on overhead costs. Had it done otherwise, Berlin would have landed a fatal blow to the German cultural landscape. Prior to the establishment of the opera foundation the federal government was asked to take charge of the famous Berlin Staatsoper. This proposal was even advocated by then-opposition leader Angela Merkel, but strongly rejected by the federal government for both political and structural reasons. A federally-owned Berliner Staatsoper was seen as incompatible with German cultural federalism and could have caused similar demands by other *Länder*. Consequently, this idea did not materialize when Merkel took office in 2005.

Yet the federal government did have a strong interest in preventing the financially exhausted city of Berlin from closing or merging operas. It feared that this would set off a wave of similar actions by other German cities and regions. In a cultural treaty with Berlin (*Hauptstadtkulturvertrag*) the federal government agreed to help Berlin financially by taking over additional cultural institutions (like the Academy of Arts) but linked this commitment to the city’s obligation for its three opera houses as independently-operating cultural institutions, under the roof of a common foundation. The treaty was signed in December 2003 and served as a federal basis for the Berlin opera foundation established in 2004.

### **Creative City Berlin**

In the last twenty years since the fall of the Wall, Berlin has developed into a cultural hot spot. Berlin is known internationally as one of the most sought-after places for young urban artists to live and work. Culture and the arts are the most prominent cornerstones of the city’s national and international image. All this happened despite shrinking public expenditures. Instead other factors account for the city’s rising importance as an international center for the creative class: cheap rents and living costs; and plenty of empty urban space for artists and the creative class to move in, occupy, develop, and move out and on. According to the latest “cultural industry report” creative industries account for more than 20 percent of the city’s GDP today.<sup>16</sup> Berlin does a lot to strengthen this trend. Creative industries are one of the city’s mayor development clusters<sup>17</sup> and strongly linked to the promotion of culture and the arts. Five out of six reasons for visiting Berlin are based on the city’s cultural and creative image. All this has led to a rising awareness for culture and the arts in the political bargaining process over public funds and investments in recent years. After years of decline the city’s annual cultural budget starts rising again, with investments increasing to over 30 percent by 2011.<sup>18</sup>

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To be sure, there is never enough money in the cultural budget for all the institutions and artists worth funding and supporting. But given the financial circumstances of a nearly bankrupt city, the resume of cultural unification in Berlin is a positive one: With substantial federal aid Berlin has managed to preserve and restore its rich cultural heritage. Through structural reforms it preserved most of its cultural institutions and re-unified the city's cultural infrastructure. And thanks to the energy of its cultural scene Berlin is now the place to be for the creative class and artists from all over the world.

**NOTES**

- <sup>1</sup> Source: [http://germanhistorydocs.ghi-dc.org/pdf/eng/Unification\\_Treaty.pdf](http://germanhistorydocs.ghi-dc.org/pdf/eng/Unification_Treaty.pdf)
- <sup>2</sup> Ibid.
- <sup>3</sup> Staatsoper and Komische Oper in the East; Deutsche Oper in the West
- <sup>4</sup> Schillertheater, Freie Volksbühne, Hansatheater, Schlossparktheater in the West; Deutsches Theater, Berliner Ensemble, Volksbühne, Metropol Theater, and Maxim Gorki Theater in the East
- <sup>5</sup> Grips Theater in the West; Theater der Freundschaft in the East
- <sup>6</sup> The once famous Schillertheater was closed in 1993 and turned into a rental stage for visiting companies. The Freie Volksbühne lost its funding in 1992. Until 1999 the famous Bornemann building at the Schaperstraße survived as an independent house for guest performances until the federal government took charge of it in 2000. The East Berlin Metropol Musical Theater survived its first privatization until 1997 and stayed closed and empty for the next nine years. In 2004 the famous building at the Friedrichstraße was sold to a private investor and two years later re-opened as "Admiralspalast" in its early twentieth century tradition.
- <sup>7</sup> See: Holocaust Memorial (<http://www.holocaust-denkmal-berlin.de/>)
- <sup>8</sup> See for instance : Topographie des Terrors (<http://www.topographie.de/en/index.htm>), Haus der Wannseekonferenz (<http://www.ghwk.de/engl/kopfengl.htm>)
- <sup>9</sup> See: Gedenkstätte Deutscher Widerstand (<http://www.gdw-berlin.de/index-e.php>)
- <sup>10</sup> See for instance: Gedenkstätte Bernauer Straße (<http://www.berliner-mauer-gedenkstaette.de/index2.html>), Gedenkstätte Hohenschönhausen (<http://www.stiftung-hsh.de/>)
- <sup>11</sup> See: <http://www.berlin.de/mauer/index.en.html>
- <sup>12</sup> See: Capital Cultural Fund at: <http://www.hauptstadtkulturfonds.berlin.de/?L=1>
- <sup>13</sup> Deutsche Symphonie Orchester and RIAS Kammerchor (West) and Rundfunksinfonieorchester Berlin and Rundfunkchor Berlin (East)
- <sup>14</sup> For figures see the annual cultural budgets at: <http://www.berlin.de/sen/kultur/kulturpolitik/haushalt/index.html>
- <sup>15</sup> See: <http://www.oper-in-berlin.de/>
- <sup>16</sup> See: <http://www.berlin.de/sen/kultur/kulturwirtschaft/index.html>
- <sup>17</sup> Other clusters are: media, communication, science, life science, and service industries.
- <sup>18</sup> See: [http://www.berlin.de/imperia/md/content/sen-kultur/statistik/gesamthaushalt\\_kultur\\_2008\\_2011.pdf?start&ts=1253885321](http://www.berlin.de/imperia/md/content/sen-kultur/statistik/gesamthaushalt_kultur_2008_2011.pdf?start&ts=1253885321)

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