

PRICING OF THE ART AND THE MUTUAL STUDY OF EUROPEAN UNION (EU)-TURKEY BY THE MEDIATION OF THE STRUCTURE OF ART MARKETS: BRITISH ROYAL BALLET (BRB) AND ANKARA STATE OPERA AND BALLET (ASOB) CASES

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Abstract

The condition of a product is determined by two fundamental criteria: Market and price. Same situations also is being valid for 'service' which is a sort of product. As it is known markets separate 'monopoly' and 'perfect competition, a product's/a service's pricing is differentiated because of different market structure.

The formation of the markets is intertwined by developing the sector of those products/services economical, sociological and historical. In this study we will examine the art sector in specify Ankara State Opera and Ballet (ASOB).

We are not only limited by ASOB, we will handle the subject with an example choosing from European Union (EU), British Royal Ballet (BRB), comparatively as well. Although both institutions are in the same sector, they differentiate because of the different market structure. ASOB is mostly a monopoly, BRB is exactly in a perfect competition market.

Therefore, the price of art which is in the sector will be a differentiated service as its market. In this field, it is important and necessary to examine which is economical, sociological and historical consequences of the markets why the the structure of the markets have been existed very contrary of EU and Turkey.

Key Words: *perfect competition market, monopoly market, pricing, art*

JEL Classification: D41, D42

1. INTRODUCTION

1.1 The effects of modernisation to the markets

The first concern regarding our case should be how the art market be formed, whereas the structure of the market affects buyers and sellers attitudes.

We can find the answer in the different modernisation processes of Europe and Turkey. Art, education, healthcare are the three basic steps of modernisation. Every step spontaneously commenced in modernisation has affected the art by the mediation of the factors developing, creating etc.

In that case, the first concepts on which will be concerned are 'modernisation, modernity, modernism' that indicate different situations from each other.

Modernisation: It conveys the transition of traditional or pre-modern society to modern society. In this context, modernisation means capitalism and industrial development in respect of economical meaning, individualism and a secular world opinion in respect socio-cultural meaning, much more of a differentiation in society structure, developing of scientific opinion (Yüksel, 2002: 5, 18).

Modernity: It implies the new social structure in this process. An obvious lifetime is occurred 'pre-modernisation' or 'traditional' is the former, the latter is a different structure which has essential difference of the former (Yüksel, 2002: 5, 18).

Modernism: It tells the thoughts and knowledge system, the cultural and the artistic structure which has been occurred in the modernity era. The main indication is the principle of modernity rationalism (Yüksel, 2002: 5, 18).

The conclusion of those concepts which we have understood, if the art market will be a perfect competition or a monopoly, is closely related to these concepts.

2. THE CHARACTERISTICS OF THE PERFECT COMPETITION AND MONOPOLY MARKETS

2.1 What determines the structure of a market?

The art market slides much more monopoly to perfect competition in terms of when modernisation approaches capitalism in economics, in terms of when modernity approaches the 'traditional' society type or 'modern' society type, in terms of when modernity approaches 'rationalism' instead of customs which is valid for pre-modernisation idea.

When we look in the way of our sample we can observe that British Royal Ballet (BRB) slides to perfect competition market, whereas Ankara State Opera and

Ballet (ASOB) slides to monopoly market. The reason of this, there are so many large and small ballet companies in the England in spite of that BRB is the eldest ballet company. For this reason, BRB hasn't got a power to determine the price in the whole art sector. Because of the audiences have a choice to watch a ballet show more than one option they haven't got a power to determine the price. ASOB which was accepted as a monopole, it is sub-institution of General Directorate of Opera and Ballet (GDOB), is one of the six opera and ballet institutions in Turkey.

The reason why we accept it as a monopole, ASOB was ex-general directorate. It was removed by 'General Directorate' to the 'Directorate.' And it is the only opera-ballet seller in Ankara. So, it is a monopole.

As it is known, the process providing to come that level has been commenced from Renaissance. The essence of Renaissance is the exact reverse idea of which Medieval had. (Güvemli, 1968: 62).

Besides, the point never have been forgotten, the process which had begun with Renaissance opened the way of modernisation. One can remember that Britain is the youngest country who had lived the modernisation, because of the conclusion of the evolution to capitalism in economics, the art sector would be the perfect competition. Regarding Turkey, it is one of the countries that lived the modernisation process very late, and also she has been constantly stuck between modernisation and anti-modernisation conflicts. Unless Turkey passed capitalism in economic area, because of the individualism and the secular world ideas hasn't been fixed strongly yet, her art sector has been perpetually determined as a monopole.

"The structure of market means the attitudes of buyers and sellers in it." The distinguishing characteristic of perfect competition market and monopoly market is the decisions of buyers and sellers which do not affect on price in perfect competition, on the contrary, because of being one buyer or one seller in the monopoly market, there is an affection on market price. An economist must understand this when discussing 'competition': Individuals and actors in the market aren't able to determine the amount of demand and supply in the market. Accordingly, they cannot determine the price. They have to admit specified price. A consumer is determined by budget line, market price is a parameter, as much as goods or services are consumed, there is no effect on market price. Whenever market price changes, then firms and consumers are affected balanced price and balanced amount changed (Berg, 2010: 120, 121).

With the light of these information, BRB is a corporation which exists in the perfect competition market, as it wouldn't determine the price. Although, BRB is the eldest ballet company in Britain, there are different more companies in it like: Birmingham Ballet, English National Ballet, Northern Ballet etc. And it is not able to keep its ticket prices so high.

As it is known, the demand curve is horizontal because of the price is accepted as a parameter in the perfect competition market. Four necessary conditions must be occurred for this situation:

- There should be many firms in the industry,
- The products of firms should be in the almost same standard,
- If buyers have imperfect knowledge about the quality of the products, the firm can undergo a change on its product. For this reason, it is assumed that the buyers have perfect knowledge about the quality the product,
- Inflow and outflow is free in the market. "Even current firms rise their price by cutting their products, it will be provide that new firms come into the market because of the subsistence of free inflow-outflow. Because, rising profit and gains will come to attractive for new firms." Coming with the entrance of new firms, total supply will increase and prices will decline. This process can come into extent in reverse way. In other words, the firms which loses money will be closed, total supply will decrease and so the prices will increase (Berg, 2010: 121, 122).

If we investigate those four conditions mentioned above in terms of BRB and ASOB, we can see why one institution is exactly suitable for perfect market and the other is exactly suitable for monopoly market:

- If we look at both institutions which can be evaluated by service sector in terms of quantity: Aforementioned, other than BRB, there are other companies like Birmingham Royal Ballet, English National Ballet, Northern Ballet etc. Those are independent to each other and private sector companies. As for that ASOB doesn't have a competition any other companies like İstanbul, İzmir, Mersin, Antalya, Samsun. Because all of them are monopole institutions, which are the segments constitutes GDOB. Since all of them are public services, the price chosen for the play, all kind of management problems would be defined by monopole.

- The opera-ballet institutions are private sector companies in Britain and they couldn't have been worked as a public sector approach. For example, every dancer

hasn't got a determined salary by public. Moreover, if a good dancer doesn't like her/his salary, she/he has a freedom to work any other companies. The plays are the products of the institutions in this sector. For this reason, every company has to display the plays which are close to other and have a similar standards. ASOB is a public sector institution. Its workers are civil servant. Even under the circumstance that a dancer is a principle dancer or a soloist dancer, she/he is paid same salary. Besides, there is no wage difference between people who work hard or not hard. If it has audiences or not, the institution has an obvious income. There is no rival between companies, like İstanbul vs. Ankara, etc., to reach their audiences. Because, all they are the solid opera-ballet institutions where they have settled down. Shortly, as being a monopole, ASOB submits its products by an obvious price.

- It is necessary to accept one truth. Europe could expose solid arts who found these arts with its own intelligence without the need of Eastern paradigm. Even today, these kind of arts have audiences all around the world. Because, these kind of arts are accepted 'high-level' arts and the audiences are defined as being over a specific level of standards, income, education. Moreover, European audiences have much more information about the play of which they will audit. Because, consequently these arts are a part of Europe culture. Thus, buyers-audiences have exact perfect information about play-product. So, BRB is an exact perfect competition institution. On the contrary, the audiences of ASOB are watching an art which added as a part of modernisation not having their culture.¹ So, they are more or less informed about the plays than European audiences. As it is known, the audiences in the monopoly market have less information about the quality of the product.

- There will be opened new opera-ballet companies in the available circumstances in Britain. It can be a reverse circumstance. The companies which don't take new audiences will be closed. So, BRB is a perfect competition market. As to ASOB, even one/ more than one companies open, there will be no rival area. Because the new institutions will be a member of GDOO. If a new institution will open the total supply don't rise and the prices don't decrease. On

¹ Of course, one cannot absolutely understand the meaning that Turks don't understand these kind of arts. Contrary to there have been increasing audience crew to there have been increasing audience crew thorough the years who are well-educated, well-paid and able to understand the elements which haven't their own culture. For example, 'The Swan Lake' ballet was played sellout before one-two years ago.

the contrary, if available institutions will be closed, the total supply don't decrease and so the prices don't rise. Thus, ASOB is a monopole. As we mentioned above, a perfect competition firm doesn't have a power to determine the price. Contrary to, a monopoly firm have these one of three choices:

- Narrow price discrimination
- Goods discrimination
- Market discrimination (Bulmuş, 1994: 359).

If demand flexibility doesn't limitless, the consumers will have annuity cost at the end of the exchange. This is what it is in the monopoly market. It wants to sell goods in different prices instead of only one price. This is called in its broad sense price discrimination." (Bulmuş, 1994: 359).

Broad sense price discrimination can be occurred in three ways: 1. Narrow sense price discrimination 2. Product discrimination 3. Market discrimination

- Narrow sense discrimination: A market can be divided two or more sub-markets. So, the same goods can be sold by different places to different people. But, some goods and services consume as sold as they gets. There is no possibility to storage, to cover, to carry somewhere else of these kind of products or services. Like electricity, natural gas, passenger carrying, cinema, theatre etc. products and services are these kind of class (Bulmuş, 1994: 359).
- Product discrimination: "If a monopole could not have chosen to divide the market into sub-markets which are entirely insulated from each other, then it would differentiate the goods sold." (Bulmuş, 1994: 366). It will make minion alteration in its goods or service. For example, the only cinema of a city can sell its seats in different prices (Bulmuş, 1994: 367).
- Market discrimination: "If there is a change in other goods or services', prices', there will be a drift in goods' and service's demand curve which are sold in the monopoly market. This kind of drift will change also the price flexibility of demand in the monopoly market. Once, if price flexibility changes in the markets existing price will loose its character of maximising the profit of the monopoly firm any more. [...] The other goods and services' prices are different in either in time or in different places. In these kind of circumstances, applying different prices it will try to maximise its profit. This is a market discrimination." For example, Railway line applies different prices in the winter season or in the summer season (Bulmuş, 1994: 370, 371).

Because of the service sold by ASOB is art, it applies goods discrimination. It is applied this by the way of selling the first and the second banks for higher fee, discriminating student-civil audiences. The other choices is not be applied by the institution.

3. CONCLUSION

As a conclusion of economical, sociological and historical events, market have been formed. These events are very closely related with modernisation, modernity process. So we can say that these concepts are determined by the structures of market in a country.

In our opinion, if a country lives modernisation process her economic market areas are much more slides to perfect competition market. Unlike a country lives modernisation process late, her markets slide to monopoly much more at least in some markets. Because modernisation is related to economic growth.

The first thing we can say about why a market shows perfect competition features or a monopoly market features associated with modernisation.

The other causes why one market is determined a perfect competition and the other one is determined monopoly will be appointed to these four characteristics below standard:

- If a market has a lot of firms in it, we can say that market is a perfect market.
- If all products are almost in a same standard, it will be a perfect competition market.
- Every buyer has a perfect knowledge about the product, it will be a perfect competition market.
- If inflow and outflow are free in market, it will be a perfect competition market. So, every inflow-outflow no firm have a power to determine the price by itself, it will be a perfect competition market.

In our case, we have chosen two different institutions in art sector to explain why some opera-ballet institutions show perfect competition market features some other else show monopoly market features. Our cases are BRB and ASOB.

BRB is an institution in Britain. Britain is the country who lived modernisation very early. The first issue is the reason of BRB is a perfect competition market. The others are, BRB there are lots of opera-ballet institutions, their products-plays are almost in a same standard, the audiences of these arts have perfect knowledge

what they will see, if there will be one/ more than one opera-ballet institution/s open/close it will not give a power to one institution to determine the price.

Unlike Britain, Turkey lived her modernisation process very late. Also, she has some problems about it. So, her art sector shows monopoly features. Also, of course there are six main opera-ballet institution in Turkey, all are member of GDOO. Thus, each of them is monopole per se. Every play, is determined by GDOO, their audiences haven't enough information about what will see, if one/ more than one new opera-ballet institution/s as a big monopole GDOO will determine the market price for example product discrimination like selling the bank for a different price.

Consequently, in art sector BRB is a perfect market institution, ASOB is a monopoly market institution.

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