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# Accounting for Control of Italian Culture in the Fascist Ethical State: The Alla Scala Opera House

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## Abstract

- **Purpose** - The study focuses on the complex interaction between ideological beliefs, culture and accounting by identifying during Benito Mussolini's time in power the contributions of accounting to the Italian Fascist repertoire of power in the cultural domain. It emphasises the importance of accounting in making the Alla Scala Opera House in Milan a vital institution in the creation of a Fascist national culture and identity which was meant to define the Fascist 'Ethical State'.
- **Design/methodology/approach** - The study adopts the Foucauldian concept of discourse in analysing the accounting practices of the Alla Scala Opera House.
- **Findings** - Financial statements and related commentaries prepared by the Alla Scala Opera House were not primarily for ensuring good management and the minimisation of public funding in contrast to the practices and expectations of accounting in liberal States. Instead, the dominant Fascist discourse shaped the content and use of accounting and ensured that accounting practices could be a means to construct the Opera House as a 'moral individual' that was to serve wider national interests consistent with the priorities of the Fascist Ethical State.
- **Research implications** - The study identifies how accounting can be mobilised for ideological purposes in different ways which are not limited to supporting discourses inspired by logics of efficiency and profit. The paper also draws attention to the contributions of accounting discourses in shaping the identity of an organisation consistent with the priorities of those who hold the supreme authority in a society.
- **Social implications** - The analysis of how the Fascist State sought to reinforce its power by making cultural institutions a critical part of this process provides the means to understand and unmask the taken-for-granted way in which discourses are created to promote power relations and related interests such as in the rise of far-right movements, most especially in weaker and more vulnerable countries today.
- **Originality/value** - Unlike most of the work on the relationship between culture and accounting which has emphasised liberal States, this study considers a non-liberal State and documents a use of accounting in the cultural domain which was not limited to promoting efficiency consistent with the priorities now recognised more recently of the New Public Management. It presents a micro-perspective on accounting as an ideological discourse by investigating the role of accounting in the exploitation of a cultural institution for political purposes.

**Keywords:** Accounting, Ethical State, Discourse, Culture, State

**Article classification:** Research paper

## Introduction

Intervention in the artistic and cultural domain by States and powerful elites has traditionally been one of the most evident manifestations of political and religious power (Bigoni *et al.*, 2018; Blanning, 2003; Pick *et al.*, 1988; Vale, 2014; Zimmer and Toepler, 1999). States have long played an important role in promoting, funding and regulating the production and use of cultural artefacts. In the 20<sup>th</sup> century this phenomenon was particularly evident with the rise of totalitarian regimes in Italy, Spain, Germany and Russia where culture was a potent weapon in the pursuit of ideological goals (Berezin, 1991, 1997; Falasca-Zamponi, 1997). The Italian Fascists under Mussolini (1922-1943) very early realised the importance of enlisting culture as an implement of political power. They recognised that reliance solely or primarily on force and violence would not be sufficient to ensure acceptance of their political programmes by all classes in Italian society (Partito Nazionale Fascista, 1936). High quality theatrical productions, most especially opera, were believed by the Fascists to have the potential to make people aware that they belonged to a powerful, glorious Nation, thereby gaining the necessary devotion to Fascist values and aims (Ghirardo, 2013). The present study focuses on the complex interaction between ideological beliefs, culture and accounting to identify the contributions of accounting to the Fascist repertoire of power in the cultural domain. It does so by considering the most important Italian opera house during the Fascist era, the Alla Scala Opera House in Milan (hereafter the Alla Scala), which today is still one of the most renowned stages for opera in the world<sup>1</sup>. Accounting practices were enlisted by Mussolini and his followers to make the Alla Scala a vital institution in the creation of a Fascist national culture and identity which defined the Fascist State as an ‘Ethical State’, thereby strengthening and making manifest the power of the State itself.

The interrelation of cultural practices and accounting has become very obvious most recently with the diffusion of New Public Management (NPM) logics. This has been recognised by accounting scholars who have sought to identify the place of accounting practices in the cultural domain in promoting efficiency and accountability for the use of public funding, at the same time recognising that there can be an uncomfortable fit with artistic creativity (Christiansen and Skærbæk, 1997; Crepaz *et al.*, 2016; Ferri and Zan, 2014; Jeacle and Miller, 2016; Oakes and Oakes, 2016; ter Bogt and Tilema, 2016). This study extends the discussion relating to interventions by the State in the cultural domain beyond efficiency gains and cost savings to the use of accounting discourses for promoting political ideologies (Xu *et al.*, 2018; Yee, 2009, 2012).

To achieve its aim the study has drawn insights from the Foucauldian concept of discourse (Foucault, 1972, 1981). In his analysis of power, Foucault drew attention to the way in which discourses sustain power and in turn are supported by it, thereby ensuring the reproduction of existing power relations. Discourses “do not neutrally reflect our world, identities and social relations but, rather, play an active role in creating and changing them” (Phillips and Jorgensen, 2002, p. 1). Among different types of written and spoken discourses, accounting has the potential to objectify abstract phenomena and construct the objects it allegedly merely reflects. Shortly after

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<sup>1</sup> The Alla Scala was founded in 1778 to replace the Royal Ducal Theatre in Milan, which was destroyed by a fire in 1776. The building of the theatre on land on which had stood the church of Santa Maria alla Scala, hence the name of the Opera House, was financed by members of the aristocracy who previously owned boxes in the Ducal (Barigazzi, 1984).

Mussolini became Italy's Prime Minister in 1922, dominant political discourses in the country started to be influenced by values and beliefs propounded by the Fascist ideologist Giovanni Gentile<sup>2</sup> (Gentile, 1925, 1928a; Mussolini, 1955b; Mussolini and Gentile, 1961). These principles were to exert a decisive influence on the way in which accounting practices were used and interpreted in the operations of the Alla Scala Opera House as a vital institution in the creation of a Fascist Ethical State.

This study identifies in a novel, non-liberal context the manner in which accounting, instead of being primarily a practice which sought to place a monetary value on artistic production or promote an efficient use of resources, was used to create a discourse through which the Alla Scala was held accountable for its contributions to the construction of the Fascist Ethical State, thereby enabling the government to exercise political control. Unlike extant studies of the contributions of accounting to the diffusion of ideologies which consider almost exclusively the macro-level of standard-setting (Andrew and Cortese, 2013; Ezzamel *et al.*, 2007; Goddard, 2002; Xu *et al.*, 2014, 2018), this study provides a detailed micro-perspective of the use of accounting practices by a high profile cultural institution and how these functioned in the reproduction of ideological beliefs. To achieve this, the study is based on an extensive examination of primary sources located at the Historical Archive of the Alla Scala Opera House in Milan which encompass the artistic and economic life of the Opera House from 1815. The study also answers the call to further investigate the relationship between 'local' and broader discourses (Hardy and Phillips, 2004) by illustrating how accounting discourse can be used to construct a partisan reality which is consistent with the overarching ideological values which underpin its functioning (Cooper and Ezzamel, 2013; Ezzamel *et al.*, 2008). It shows that accounting discourses have material effects by identifying the manner in which political power incarnated in discursive practices is an important means by which organisations shape their identity (Leclercq-Vandelannoitte, 2011). The study thereby enriches our understanding of accounting during the Fascist regime beyond its use as an instrument in the persecution of Jews (Antonelli *et al.*, 2018), by businesses in the implementation of Fascist programmes (Cinquini 2007; Cinquini *et al.*, 2016; Sargiacomo *et al.*, 2016) and as a means of resistance (Papi *et al.*, 2019).

The next section introduces the theoretical lens adopted in the paper. The section that then follows presents a review of the literature on the interrelations between accounting, culture and ideology. The Fascists' conception of the State and the relevance of cultural interventions to this are subsequently introduced. This is followed by the description of the method used for this study. The importance of accounting practices in constructing the Alla Scala Opera House as an important element of the Ethical State that the Fascists sought to create is then presented. The final part of the paper discusses the main findings of the study and draws some concluding remarks.

## **Theoretical Framework: Accounting as Discourse**

Foucault's (1972, 1981) extensive analysis of the concept of discourse and its power implications has been highly influential in helping to "reveal the role of objective discursive formations, the impact of dominant discourses, and the interactions between

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<sup>2</sup> Giovanni Gentile has been one of the most renowned 20<sup>th</sup> century thinkers. As Professor of Philosophy at the University of Rome and Director of the Scuola Normale di Pisa, Gentile edited the first edition of the Italian Encyclopaedia and inaugurated the Fascist Institute for Culture. Throughout Fascist rule he was actively engaged in politics, serving as Minister of Education in Mussolini's first government.

large discourses and local discursiveness” (Leclercq-Vandelannoitte, 2011, p. 1252). Discourse for Foucault represents a means to actively construct a reality that is consistent with the aims of those in power. Discourse becomes the means by which individuals interpret their social world and therefore shapes an individual’s understanding of reality. A discourse does not simply mirror an external reality which is ‘out there’, ready to be easily understood and reproduced by means of spoken or written words. For Foucault discourses “are not a slender surface of contact, or confrontation, between a reality and language”, but rather they are “practices that systematically form the objects of which they speak” (Foucault, 1972, pp. 48-49). Discourse, therefore,

governs the way that a topic can be meaningfully talked about and reasoned about. It also influences how ideas are put into practice and used to regulate the conduct of others. Just as a discourse ‘rules in’ certain ways of thinking about a topic, defining an acceptable and intelligible way to talk, write or conduct oneself, so also, by definition, it ‘rules out’, limits and restricts other ways of talking, of conducting ourselves in relation to the topic or constructing knowledge about it (Hall, 2001, p. 72).

Language and discourse represent a subtle means of social control, one which makes existing power relations look natural and hence invisible to individuals (Leclercq-Vandelannoitte, 2011). Discourses constrain an individual’s possibility for speech and action by limiting the field of objects that constitute legitimate perspectives and set the norms for the elaboration of concepts and theories (Edgley, 2010, p. 563). Power and discourse are mutually constitutive whereby it is discourse that shapes “the system of power that exists in a particular context by holding in place the categories and identities upon which it rests” (Hardy and Phillips, 2004, p. 299). At the same time, it is power that influences discourse by privileging certain actors and forms of knowledge in the transmission of discourse (Foucault, 1981). Discourses evolve over time as they are linked to the socio-political circumstances of a certain social system and its ‘politics of truth’ (Foucault, 1972; Hook, 2001). When ruling elites succeed in infusing discourse with their values and beliefs and in influencing what is considered ‘accepted’ discourse a connection is created between power and discourse whereby meanings and values conveyed by written and spoken words help to reproduce dominant social and political power (Eagleton, 1991).

The importance of discourse in the reproduction of power relations has become an especially important focus of critical accounting and organisation scholars (Clegg, 1987; Cooper and Ezzamel, 2013; Raffnsøe *et al.*, 2019), in particular the constitutive properties of discourses and how the latter have power effects by shaping and objectifying subjectivities (Knights and Morgan, 1991). Discourses are therefore implicated in the generation and shaping of organisational realities which they allegedly merely mirror (Ashcraft *et al.*, 2009; Mumby, 2001; Putnam and Cooren, 2004). Accounting practices and systems are now believed to constitute a discourse which has material effects on organisations and on the way in which organisational actors understand their reality and act (Cooper and Ezzamel, 2013; Edgley, 2010; Ezzamel *et al.*, 2008; Gendron *et al.*, 2007; Khalifa *et al.*, 2007). Accounting discourses that spread by means of accounting reports (Abeysekera and Guthrie, 2005) and social and environmental reports (Spence, 2007; Tregidga and Milne, 2006) enable the objectification of the goals of those exercising power (Kosmala and McKernan, 2011) and ensure that these are presented as highly desirable by different organisational actors. Therefore, accounting and its language and meanings help to make political and

strategic questions look eminently technical, hence disguising their interested nature and minimising resistance (Farjaudon and Morales, 2013; McKinlay and Pezet, 2018; Papi *et al.*, 2019). Throughout history this ability of accounting discourses to help obfuscate the real effects and intentions of those in power and for this to go unrecognised, thereby to construct a reality which favours their interests, has not been limited to the more physical manifestations of power. Cultural values and cultural artefacts have been particularly potent weapons in propagating and helping to sustain power by the most successful regimes (Nelis, 2012). For Italy most famously this has been achieved with operas (Tambling, 1996).

## **Accounting, Culture and Ideology**

The role of accounting as a political ally within the cultural domain in the achievement of ideological goals of governments, most especially to sustain power has yet to receive a level of the attention by accounting scholars commensurate with the political primacy and historical importance of cultural artefacts. Accounting researchers have either focused on the functioning of accounting in the cultural domain or examined the connection between political ideologies and their economic and institutional requirements. As a result, until the present study research has not holistically explored the mutual connections between culture, accounting and ideological beliefs.

The relationship between accounting and culture has been mainly studied in the context of the NPM, with particular emphasis on the accountability relationship binding cultural institutions and public funding bodies and the valuation of cultural assets (Crepaz *et al.*, 2016; Zimmer and Toepler, 1999; Zorloni, 2010). The ideological and practical priority given by NPM reforms to the metrication of performance has caused an increasing focus by governments on efficiency in public spending in an attempt to lower costs and on the delivery of value for money by the recipients of public funding, including producers of culture (Christiansen and Skærbæk, 1997; Ferri and Zan, 2014; Oakes and Oakes, 2016; ter Bogt and Tilema, 2016). In this context, accounting found “its vocation, rendering the activities of arts organisations accountable through a host of predetermined performance measures” (Jeacle and Miller, 2016, p. 1). Producers of culture, therefore, have been forced to engage in accounting calculations to justify how they used State funding, even though the attempt to quantitatively evaluate artistic production and cultural assets may conflict with the creative freedom needed by artists (Carnegie and Wolnizer, 1995; Christiansen and Skærbæk, 1997; Jeacle and Carter, 2012; O’Brien, 2013; Oakes and Oakes, 2016; Provins *et al.*, 2008). Research has also investigated the accounting practices used to evaluate artistic production and cultural assets (Crepaz *et al.*, 2016; Hooper *et al.*, 2005), which have been demonstrated to be scarcely reliable (Donovan and O’Brien, 2016), and how they result in disregard for the cultural significance of heritage assets for a community (Ellwood and Greenwood, 2016).

Investigations of the interaction between accounting and ideological priorities have mainly focused on the macro level of broad accounting policies and the process of standard setting to appreciate the way in which different ideological underpinnings sustain different conceptions of accounting and its role in the context in which it operates (Andrew and Cortese, 2013; Ezzamel *et al.*, 2007; Goddard, 2002). Accounting is seen as a contested arena where conflict between different interests and powerful groups takes place (Arnold and Hammond, 1994). Thus, accounting practitioners and academics are often mobilised by governments and elite groups in promoting an

understanding of accounting that is consistent with their ideological goals (Yee, 2009, 2012). This is well represented by China's transition from Maoism to Dengism (Ezzamel et al., 2007; Xu et al., 2014, 2018). Under Mao, the primacy of the class struggle and the government's focus on central planning and public ownership meant that accounting was seen as a quintessential capitalist tool, which was therefore to be adapted to a socialist context (Xu et al., 2014). Following the opening of China by Deng to the western world, accounting "was recast as a crucial tool with roles to play in income distribution, resource allocation, and property protection" (Ezzamel et al., 2007, p. 695). The contributions of academics and practitioners were therefore essential to the transformation and legitimation of accounting as an eminently technical and neutral practice, devoid of any ideological essence, and hence fully consistent with the new social context of a rapidly developing China (Ezzamel et al., 2007; Xu et al., 2018).

Accounting professionals can be used to accommodate political ideals, most especially when State ideology is endangered by external threats (Mihret et al., 2017; 2019). Iran successfully resisted external pressure for adaptation of professional accounting to transnational neoliberal norms by promoting an ideological view of professional autonomy as independence from foreign influence (Mihret et al., 2019). Similarly, in Saudi Arabia alignment between government ideology and goals of professional bodies ensured the adoption of accounting standards that were consistent with *Sharia* law and only partially with American standards (Mihret et al., 2017).

Research is yet to explicitly consider at a comparable level to the ideological enlistment of accounting professionals and standard setting the use of specific micro-practices, such as financial reporting, in a State's attempt to expose large sections of its population to a culturally interested message that benefits those in power. At the same time, research has not offered a detailed analysis of the use of accounting in the arena of culture production which goes beyond ensuring efficiency and the minimisation of State financial contributions to cultural organisations. The ideological enlistment of accounting practices as a discourse of power can be given considerable potency without being obvious in the domain of culture. This was keenly and very effectively recognised by the Italian Fascists for whom cultural artefacts were to provide a very influential and less obvious means of embedding their political ideology in the Italian people.

## **The Fascist Ethical State and the Role of Culture**

Gentile saw the individual as a quintessentially social being who can realise their truest selves only when they relate to other individuals in a society of moral equals, which is embodied by the unifying will of his concept of the 'Ethical State' (Gentile, 1922b). Gentile condemned liberal Italy prior to the rise of the Fascists as the triumph of materialistic positivism where the sense of community and pride of belonging to a nation were lost in favour of a spreading individualism (Gentile, 1928a). According to liberal beliefs, the State must have limited functions to ensure that any unnecessary restriction of an individual's freedom is avoided. Moreover, when State intervention is kept to the minimum, liberals proclaim that the pursuit of self-interest by every member of society will maximise social utility (Arblaster, 1984; Kymlicka, 1990).

The Ethical State overturned the relationship between the individual and society. If in liberal beliefs society exists for the individual, for the Fascists the individual is there for society; the identity and existence of the individual is derived from society (Rocco, 1996). Thus, in contrast to liberal beliefs, self-interest was harshly criticised by Fascist doctrine. Mussolini and Gentile (1961, p. 117-118) pronounced that the State

must promote “a higher life, founded on duty, ... self-sacrifice, the renunciation of self-interest”. The individual can find their real essence by contributing selflessly to society’s progress (Gentile, 1925, 1929; Mussolini and Gentile, 1961).

Fascist doctrine identified society with the Nation, the repository of the fundamental values and interests of the community (Mussolini and Gentile, 1961, p. 122). The Nation is not just the sum of the individuals living in a specific territory at a certain point in time but a real ‘organism’ which includes past, present and future generations, with individuals representing its transient elements (Mussolini, 1955a, p. 175). This organism has a life and interests of its own which are separate from those of individuals and result from the coordination of aspirations and desires of current and future generations (Gini, 1927a, p. 102). Therefore, the interests of individuals, social categories and classes can be considered legitimate only if they do not clash with the preeminent aims of the Nation. Since the Nation as a living organism has its own needs which may differ from those of individuals, it is critical to have an entity which has the power to settle conflicting interests to secure the life of the Nation itself. This is the role of the State, the entity that embodies the Nation and that has to pursue the superior interests of the Nation (Gentile, 1925, 1929; Gini, 1927a, 1927b; Mussolini and Gentile, 1961).

The State is the moral order which rules the community (Mussolini, 1951, p. 66). It is “conceived and realised by Fascism (as a) spiritual and ethical entity for securing the political, juridical, and economic organization of the nation, an organization which in its origin and growth is a manifestation of the spirit... The State urges them to unity; its justice harmonizes their divergent interests” (Mussolini and Gentile, 1961, p. 129). To achieve these aims, the State must have a will of its own; the only one that matters. Crucially for Gentile (1925), the State is ethical in its essence and holds the supreme moral authority, thereby safeguarding the continuity of the community. As a result, this Ethical State operates with no boundaries nor can its functions be limited to enforcing order and keeping peace, as in the liberal conception of the State (Mussolini and Gentile, 1961, pp. 120-121). The Ethical State is necessarily totalitarian “with a singular, cohesive will” (Mann, 2012, p. 319). For Mussolini there could only ever be “all within the State, nothing outside the State, nothing against the State” (Mussolini, 1956, p. 425)<sup>3</sup>. As a result, the Ethical State has to shape the ‘modern’ individual so that they can actively contribute to society (Mussolini and Gentile, 1961). Within this process the importance of a shared culture could not be overestimated (Gentile 1928b).

Cultural artefacts have long played a crucial and irreplaceable role in constructing the discourse which has been the foundation of nationalist movements, a discourse of ‘us’ and ‘them’. Representing such boundaries as natural and self-evident is bolstered by cultural forms as a means for “codifying and reproducing social identities” (Jones, 2011, p. 2). Gentile (1928b) believed that culture was to make individuals conscious of their membership of a glorious Nation which has achieved much in the past and which must do the same in the future. Therefore, to the Fascists, the creation of culture was not an end in itself nor aimed simply at stimulating the intellectual pleasure of the individual but, instead, it gained its true value when it served a political purpose (Partito Nazionale Fascista, 1936, p. 4). Fascist artistic creation was to be based on “the worship of action, the exaltation of conflict, the continuous assertion of a man’s ability to control and transform reality and impose his will without limits” (Falasca-Zamponi, 1997, p. 14). Although the Fascists did not seek to closely dictate the

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<sup>3</sup> This description of the State was delivered in an important speech by Mussolini at the Alla Scala on 28<sup>th</sup> October 1925.

content and themes of artistic creations, they nevertheless demanded cultural products imbued with the key beliefs of national pride, unity, force and might promoted by the regime (Nelis, 2012). Cultural production was expected to diffuse ideas “about how society should operate and the roles of individuals within the collective” (Ghirardo, 2013, p. 88), thereby enmeshing aesthetics and politics. This was a highly symbolic means to suppress the existence of individuals as autonomous social spheres and merge them into the unitary whole of the Nation embodied by the State (Falasca-Zamponi, 1997).

Culture as “a shared way of life that includes values, beliefs, and norms transmitted within a particular society from generation to generation” (Scupin, 1998, quoted in Efferin and Hopper, 2007, p. 226) does not only act by reinforcing the bonds between different individuals which are part of the same community but represents “a conceptual system which, when combined with personality, sets the action and decision premises for individuals” (Birnberg and Snodgrass, 1988, p. 448). Culture creates discourses that shape people’s understanding of what is right or wrong, desirable or not and informs consistently and, almost unperceptively, the judgements and choices people make every day. Therefore, to the Fascists, influencing the key values which informed the feelings and decisions of people through the production of culture would have meant gaining the never-ending allegiance of the Italian people.

Theatrical performances were particularly revealing examples of Fascist intervention in cultural arenas in the pursuit of their ideology. They were conceived very early by Mussolini and Gentile as a fundamental means for forging the bonds of the national community in the new Ethical State (Berezin, 1991, p. 639). The Fascists proclaimed that theatre had the ability to “profoundly excite the soul of the people, awakening their best virtues” (Partito Nazionale Fascista, 1936, p. 31). Gramsci, one of the fiercest opponents of Fascism, emphasised how:

(t)o many common people, the baroque and the operatic appear as an extraordinary fascinating way of feeling and acting, a means of escaping what they consider low, mean and contemptible in their lives and education, in order to enter a more select sphere of great feelings and noble passions. ... Opera is ... pestiferous, because words set to music are more easily recalled, and they become matrices in which thought takes shape out of a flux (Gramsci, 2012, pp. 377-378).

The ideas and examples provided by theatrical performances were a powerful means which could be used by the Fascist State to influence individuals. Therefore, the Fascists knew that they could not afford to “lose interest in a phenomenon [theatre] which has so much importance for the evolution of customs, ideas, aspirations of a people. We cannot leave a powerful means of education and propaganda in the hands of any group without any control” (Partito Nazionale Fascista, 1936, p. 30). In this endeavour, the remarkable international and national reputation of the Alla Scala Opera House would ensure that it would be expected to make significant contributions after the Fascists’ early years in power when they sought to destroy all opposition and transform key public institutions into instruments of the Fascist Ethical State.

## Method

The history of the Alla Scala Opera House is documented most comprehensively with the materials kept in the Historical Archive of the Alla Scala. Of particular relevance to this study were the financial statements, budgets, audit reports and communications from senior management which were produced each year during the Fascist era. The financial statements of the Alla Scala and related attachments between 1922 and 1943 consisted mainly of statements of financial position and income statements. In addition, relevant statutes and related agreements were examined to fully appreciate the way in which the Alla Scala was managed and how this evolved over time. Particularly relevant were the statutes governing the life of the Alla Scala drawn up in 1921, 1931 and 1934 and the agreements between the Alla Scala, the Municipality of Milan and the government in Rome. In order to get further insights about the relationship between the Alla Scala and public bodies, most especially the Municipality of Milan and the central government, the correspondence between these bodies and the minutes of the meetings of the Alla Scala's Board of Directors were consulted.

Given the significant amount of information retrieved, the authors performed a qualitative text analysis as indicated by Kuckartz (2014). To fully appreciate the impact of Fascist policies on the Opera House the analysis started before the advent of Fascism, when the Alla Scala was set up as an "Ente Autonomo"<sup>4</sup> (Autonomous Body, hereafter Ente) in 1920. In the first nine years of the Alla Scala in its new juridical status, along with a statement of financial position and an income statement, two specific statements were drawn up to account for the repayment of the costs to set-up the Alla Scala as an Ente and for revenue and expenses specifically attached to boxes owned by the 'palchettisti' (box holders). These statements were complemented by statistical attachments which provided further details such as revenue and expenses for each performance or attendance. Also included were commentaries on the accounts and other aspects of the operations of the Alla Scala prepared by the Director of the Alla Scala and later by his successor the Superintendent.

The evolution of the costs and revenues of the Alla Scala and any significant variation in its assets and liabilities were analysed in detail. Moreover, the commentaries from the Director/Superintendent and the auditors, the minutes of the Board of Directors and the correspondence with public bodies were carefully examined to understand if the interpretation of the financial results by the management of the Alla Scala changed over time and how information was relayed to the Municipality and the central government in Rome. Particular focus has been given to the emergence and evolution of an 'accounting discourse' through which the Alla Scala was expected to account for its contributions to the construction of the Fascist Ethical State. To achieve this a link was sought between "organizational members' actions and interpretations of what happened with theoretical discussions to generate possible claims concerning what might have happened" (Golden-Biddle and Locke, 2007, p. 6).

To further appreciate the context in which the Alla Scala operated during the Fascist regime, secondary sources were used. Books on the history of Fascism and their use of culture were particularly useful, along with publications on the history of the Opera House, most especially Barigazzi's (1984) *La Scala racconta*. The digital versions of one of the main Italian newspapers, *La Stampa* ([www.archiviolastampa.it](http://www.archiviolastampa.it)), were checked for any reference to the performances staged at the Alla Scala and, critically, any mention of the release of financial information to the public. Another

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<sup>4</sup> An Ente Autonomo is an institution regulated by Italian public law which enjoys autonomy from other public or private institutions, with the aim to pursue the public interest.

source used was a collection of laws issued by the Fascists which determined the management of all Italian opera houses (Ente Autonomo Teatro Alla Scala, 1963).

## **Accounting Discourses at the Alla Scala Opera House**

### ***From Efficiency to Compliance: 1922-1936***

In 1920, immediately before the Fascists' seized power, the Alla Scala had been reorganised by the then socialist Milan Municipal Council as an Ente Autonomo which enjoyed a separate legal identity and autonomy from the municipal government of Milan. The funding of the Alla Scala at this time depended primarily on contributions from the Municipality, members of the wealthy elite who held private viewing boxes in the Opera House and private donors. To ensure that the Alla Scala remained a privilege of the wealthy, prices were kept high. During the early part of the period of the Fascist consolidation of power, from 1922 to 1929, when the Alla Scala was managed by both the Municipality and rich private citizens, the link between the Alla Scala's financial management and its ideological significance for the Fascists had not yet been fully appreciated. Thus, this period was referred to in the following years as the "Pre-Fascist Administration" (Letter from the Director to the Presidency of the Council of Ministers, 1933, p. 5). At this time the main purpose of the financial statements, which were regarded as "intuitive and rough" (Director Commentary 1922-1923, p. 2), was managing the Alla Scala in the form of an Ente Autonomo, providing it with the means to operate profitably. Unprofitable spring concerts were cancelled and there was an obvious focus on reducing costs, for example by changing suppliers and re-adapting stage clothes instead of buying new ones (Director Commentary, 1923-1924, p. 5 and 1927-1928, pp. 5-6). The outcome was clearly confirmed with excellent profit results for most years, peaking at 2.2 million lire in 1925-1926 (Income statement, 1925-1926).

An example of the income statements during the early period of consolidation of power is provided in Figure 1 which shows the income statement for 1925-1926 in which revenues for the season are shown to have been made up of four different items. Most important at this time were revenues from season and one-day tickets which contributed 79% of revenues. The report makes specific reference to the amounts paid by different types of seats, mainly to highlight the continued importance of support for the Ente by rich box holders. The third item, miscellaneous revenues, which included concessions, rent, sale of materials, interest, discounts and fines, accounted for 3% of revenues. The last item is subsidies from the government in Rome and from the Municipality of Milan. This represented just 18% of revenues. This funding structure was fully consistent with the legacy of the liberal priorities which had characterised Italy until the end of 1922, according to which State intervention in the economy should have been minimised.

### **Insert Figure 1 here**

By 1929, with a Fascist dictatorship now in place, Mussolini was ready to go "out to the people" (Thompson, 1991, p. 81). It was time to 'Fascistise' the Italians in order for the population to identify with the goals of the regime. To achieve this, propaganda initiatives were soon evident in the operation of the Alla Scala which was expected to take a leading role in spreading the values of the Fascist Ethical State. If in liberal Italy theatre was overwhelmingly a means to entertain the rich and bourgeois classes (Ferrara, 2004, p. 15), in Fascist Italy it gained a central role in the promotion of

a new sense of community among all classes. The first step to achieve this aim was to transfer the ownership of the Alla Scala from the rich aristocracy to the Municipality of Milan between 1928 and 1929. This was accomplished by dispossessing the box holders with Decree Law n. 562 of 26<sup>th</sup> February 1928 and later by a new statute in 1931 which would thereafter govern its operations.

To consolidate and deepen the penetration of its power after the new Ente was formed in 1929 a priority was increasingly given by the Fascist regime to spreading culture and values which were consistent with the Fascist creed by making theatre accessible to a larger number of spectators from every social class, especially the working class. Accordingly, “the Fascist state now opened up a range of programmes that in one form or another engaged ever larger segments of the population. ... (These programmes) promised to entertain and involve large swathes of the public while at the same time touting the accomplishments of the regime ...” (Ghirardo, 2013, pp. 88-89).

The use of special reduced-price shows as a means to broaden access to performances became so widespread that toward the end of 1935 they constituted almost a third of total performances (Director Commentary, 1934-1935). The success of these measures was testified by the high attendances at performances. In the last season of this early period of Fascist rule the Director noted that “the Opera House had an average attendance which was nearly 200 spectators per show higher than its seating capacity” (Director Commentary, 1935-1936, p. 8). In this way the Alla Scala became a means for the Fascist State to engage with a larger, more diverse range of people to make them aware of their belonging to a glorious Nation whose might and talent were mirrored by the magnificence of the performances (Strobl, 2013). It also meant, however, that the gap between the income from tickets and the cost of the performances constantly increased through time as did the Alla Scala’s dependence on direct financial assistance from the State. This curtailed the independence of the Alla Scala as an Ente, even though it was meant to have “full and absolute freedom of action and independence” (Agreement between the Municipality of Milan and the Ente Autonomo del Teatro Alla Scala with the intervention of a State representative, 18<sup>th</sup> November 1930).

When significant, ongoing reductions in ticket prices took place for the first time in 1932, season ticket sales increased by 107% but the decrease in prices was such that the corresponding increase in income from their sale was just 18% (Income statement, 1932-1933; Director Commentary, 1932-1933, p. 9). This meant that State subsidies had to be increased. Accordingly, the Milan Municipal Council almost doubled its subsidy to 600,000 lire with further subsidies from provincial bodies which ranged from 100,000 to 200,000 lire (Income statements 1930-1931 and 1935-1936). The income statement for 1933-1934 which on the income side showed that subsidies had increased to almost 50% of total income (see Figure 2) was a clear signal of the unprecedented reliance of the Alla Scala on the Municipality of Milan and on central government. Financial reports<sup>5</sup> which showed this shifting balance between ticket sales and public subsidies after the ownership of the Alla Scala was transferred to the Municipality of Milan reflected a major change in the target audiences but also less obviously the political contributions now expected of the Alla Scala. All of this information had to be sent to the Fascist Municipality of Milan, which exercised decisive influence on the operations of the Alla Scala.

**Insert Figure 2 here**

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<sup>5</sup> The financial statements from 1930 were accompanied by budgets and an audit report.

Details of the way in which the increasing importance given to financial considerations, primarily lower prices, had ensured wider access to performances, thereby confirming the now moral mission of the Alla Scala within the Ethical State, were provided in a commentary that also included the Director's observations about the number and types of performances. The commentary provided detailed information and a narrative on every entry in the income statement to further reinforce the Director's Fascist and management credentials. Consistently, the Director proudly noted that he had decided to "manage in house some services that had been outsourced in the past, which led to greater than expected savings" (Director Commentary, 1932-1933, p. 12) but also to "invest in advertising, which is essential for new and celebrative performances" (Director Commentary, 1934-1935, p. 32). The Director's commentaries on the financial statements provide especially compelling evidence of the ever greater intervention by the Fascist State in the operations of the Alla Scala and the increasing emphasis placed on more detailed accounting information which from 1931 consistently included financial and non-financial information. This included average revenue per performance and comparisons with previous years, but also, crucially, average attendance per performance, with tables showing a 40% increase by 1935-1936 (Director Commentary, 1935-1936, p. 14). Strong financial management of the Alla Scala was therefore recognised as a contribution to the consolidation of the Fascist State.

The Director's commentary became the means by which the Director sought to construct and communicate convincingly a Fascist discourse about the Alla Scala by interpreting financial results and the performances at the Alla Scala as evidence of the successful implementation of Fascist priorities and beliefs. Thus, increased attendances were always highlighted by the Director while the number of shows with reduced prices was presented as an indication of the success of the Alla Scala in spreading the Fascist message to a wider audience, in accordance with the Fascist Party's aims. Accordingly, in the 1935-1936 commentary on the financial statements the Director highlights how many of the shows for workers' associations performed in 1935 "have been sold out, testifying to the enthusiastic adhesion of Milanese workers to these artistic products" (Director Commentary, 1935-1936, p. 1). To further accommodate the Fascists pressure for opening the theatre to the working class, after noting the "success of the reduced-price performances" the Director even prepared a plan to increase the number of seats in the gallery whilst sacrificing part of the expensive, more lucrative boxes (Board of Directors Minutes, 21<sup>st</sup> December 1935, p. 3).

The importance of the Alla Scala in 're-educating the people' with new initiatives without increasing the price of the tickets was clearly recognised by the Director of the Alla Scala when in 1933 the Director was asked by the Board to present a project for employing the orchestra and the choir of the Alla Scala for the entire year, not only for the lyric season. To achieve this, new activities were suggested such as free folk music concerts and an experimental autumn season with new operas (Letter from the Director to the Presidency of the Council of Ministers, 1933, p. 2). The unavoidable increase in the cost of personnel to secure high attendance at these performances would require further contributions from public bodies but this would be more than compensated for by the "artistic and propagandistic results" achievable by the Alla Scala (Letter from the Director to the Presidency of the Council of Ministers, 1933, p. 8). Accordingly, the Director carefully calculated the amount needed from the Municipality and Rome to cover the extra costs. In doing this, the Director highlighted how under the

new management, *purely Fascist in its spirit and methods*, the Alla Scala clarified its administrative course and managed to stabilise its financial situation; and all of this increasing the quality of its performances. However, *the Lictor has to leave an even stronger mark ... in order to guide Italian Art towards its educative ends* (pp. 7-8, emphasis added).

Indicative of the greater compliance with the values and aims of the Fascist Ethical State that was now expected of the Alla Scala, the financial statements and Director commentaries confirm that income generated by shows was not the main driver to decide whether they would be staged. Instead, the “celebratory importance” (Director Commentary, 1934-1935, p. 10) of operas for the Fascist Ethical State was now the main determinant of their inclusion, even though they may have provided poor returns<sup>6</sup>. In 1934-1935 the Director highlighted how the main results achieved for the season were “the creation of a playbill which could interest the audience, the presentation of the best contemporary artists and an adequate reduction in ticket prices” (Director Commentary, 1934-1935, p. 5)<sup>7</sup>. The financial reports became increasingly a means by which the Fascist-appointed management of the Alla Scala reassured the government that nothing would be allowed to impede the moral mission of the Alla Scala in contributing to the creation of the Fascist Ethical State.

Starting from the accounting year 1934-1935, innovative graphs were also used to monitor the trends of income and expenses, the total number of spectators and the average number for each show. The Director’s commentary for the accounting year 1935-1936 provides a graph, reproduced below as Figure 3, which clearly highlights the widening gap between income from tickets and the cost of performances in the period analysed (see also Appendix 1). More importantly, this also made more visible the extent of the State’s commitment to the Alla Scala as the source of funds to address the gap. Nevertheless, after the ownership of the Opera House was transferred entirely to the Municipality of Milan in 1929 the main issue shown in the annual statement of financial position was the amounts owed to the Alla Scala by the State which consistently paid part of its subsidies late. Uncollected government subsidies were part of the “other credits” in the statement of financial position, but were then clearly identified by means of a specific attachment dedicated to this item. The situation seemed to reach a climax in the 1934-1935 season when the outstanding subsidies of the government to the Alla Scala reached 1.6 million lire (Statement of financial position, 1934-1935). In their report on the accounts of the Opera House, the auditors after complimenting the “Municipality of Milan, always vigilant and forward-looking for all that concerns the most important Opera House in the world”, surprisingly highlighted by contrast the “illogical” delays in the payment of the State subsidies upon which the very existence of the Alla Scala and its contributions to the Fascist Ethical State now depended (Audit report, 1934-1935, pp. 1 and 3-4). Building on this, the Director bravely described this situation as “embarrassing” (Director Commentary, 1934-1935, p. 27).

### **Insert Figure 3 here**

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<sup>6</sup> The celebration of Fascist anniversaries or the hundredth anniversary of the death of important Italian composers such as Bellini or Ponchielli are examples where performances were given which suffered losses.

<sup>7</sup> Funding was used in the period 1929 to 1936 to produce 112 different operas and ballets, with a total of 676 performances, the most popular of which were works by Verdi.

The way in which accounting was increasingly used as a discursive political tool for constructing the Alla Scala as an effective conduit in achieving the ‘Fascistisation’ of the Italian people was regularly confirmed when the information available in the accounts about the State funding in arrears did not lead to any action by the Board of Directors<sup>8</sup> to deal with falling income. Instead, the accounts were a primary means to create specific visibilities upon which the Fascist discourse depended (Hopwood, 1990; Miller, 1990; Robson, 1994), and for which management knew they would be held accountable, that was fully consistent with the exercise of power by the Municipality of Milan and the Fascist government in Rome. The fall in revenue from tickets, which was due to the use of low prices and not to low attendance, and the parallel increased reliance on public subsidies meant an obvious erosion of the independence of the Opera House, which the management did not seem to perceive as a problem. On the contrary, the less that the Alla Scala earned from ticket sales while still presenting a rich programme of operas the more that this could be interpreted as an indication of its devotion to Fascist values and aims and, therefore, the expectation that it was there to serve the interests of the Ethical State.

Consistent with the new political role of the Alla Scala and lower prices, profits continually fell. The profits for the last three years of the period of Fascist consolidation, 1934 to 1936, were respectively 5,920, 1,125 and 1,331 lire, much less than the significant profits earned in the first years of the Fascist rule. The clear implication of these vast differences in profits was that financial considerations now had little bearing on decisions about performance programmes by the management of the Alla Scala. Indeed, there appeared to be an expected inverse relationship between financial performance and political achievements which was to be confirmed by the accounts. It was the moral well-being of the people according to Fascist values that was most important, not financial measures of success. The relationship between the Alla Scala and the State further evolved during the latter years of the Fascist regime when, with the very survival of Italy threatened, there was an even more pressing need to ‘Fascistise’ the Italians. In achieving this goal, accounting practices played an increasingly important role after Italy embarked on its imperial mission in 1936 with the military campaign against Ethiopia.

### ***From Compliance to Commitment: 1936-1943***

The conquest of Ethiopia and the subsequent sanctions imposed by the League of Nations provided extra impetus to the process of construction and reinforcement of a totalitarian State (Morgan, 1995, p. 155). Fulfilment of the imperialist mission of the Ethical State (Mussolini and Gentile, 1961) and the certainty of war would require intensive indoctrination in Fascist beliefs at all levels of Italian society. The essential, irreplaceable role which opera houses were seen to play as agents of propaganda and indoctrination of the Italian people in achieving the ideals of the Fascist Ethical State was very clear when the duty to oversee the operations of opera houses was taken from local governments and centralised by the Decree-Law n. 438 of 3<sup>rd</sup> February 1936, subsequently enacted as the Law n. 1.570 of 4<sup>th</sup> June 1936. In 1937 when the Ministry

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<sup>8</sup> After Fascist reform of local government in 1926, a municipality’s council, cabinet and mayor were replaced by a “Podestà” appointed by the Prefect. According to the 1931 Statute, the Board of Directors was to be made up of 11 members, six of whom were appointed by the Podestà of Milan, one by the Ministry of Education, one by the Ministry of Corporations, one by the President of the Province of Milan, one by the Provincial Council for Economy, and one from private donors.

for Popular Culture replaced the Ministry for Press and Propaganda to secure tighter control of cultural activities in the creation of an official and uniform Fascist culture it was given responsibility for the financial management of all opera houses (Forgacs and Gundle, 2007, p. 215; Morgan, 1995).

Operating through the Inspectorate for Theatre, the new ministry was given the power to control theatrical production by not only exercising censorship but also by controlling artists and institutions, awarding prizes and, most crucially, subsidies. The creation of a specific government regulatory body in charge of overseeing the activity of theatres was a clear signal that theatre would be even more a crucial component of the next era of Fascist policy. All opera houses, not just the Alla Scala, now had to be operated as *Enti Autonomi* to facilitate the extension of State influence over their activities. Consistent with opera houses being primarily a tool of Fascist programmes, the new regulations explicitly warned that the newly created *Enti*<sup>9</sup> “*must not aim to achieve a profit, ... but to promote the musical and theatrical education of the people*” (Decree-Law n. 438 of 3<sup>rd</sup> February 1936, art. 2, emphasis in the original).

Each opera house was to appoint a seven member Board of Directors, with three of the members to be representatives of Fascist corporations and four, including the *Podestà* who acted as President of the new Board, to be appointed by the Municipality in which an opera house was located (*Ente Autonomo Teatro Alla Scala*, 1963). The key figure of the new *Enti* was the Superintendent who was directly appointed by the Ministry for Popular Culture. The Superintendent was in charge of preparing the schedule of performances, the management of an opera house, and was responsible for the preparation of the budget and the financial statements. All financial details and documents had to be approved by the Ministry for Popular Culture.

In the second period of Fascist rule the Alla Scala became fully an organ of the Fascist Ethical State, to be used to promote further wider access to high quality cultural products which had political intent by making them even more accessible to the less well-off. The “political benefits” and “propaganda achievements” of this policy were specifically noted by the *Ente*’s Board members who emphasised how the Alla Scala “must be great for its great and unmatched performances, and not for the presence of a wealthy and special audience” (Board of Directors Minutes, 5<sup>th</sup> March 1936, p. 14). Accordingly, after 1936 the number of reduced-price performances increased dramatically with new initiatives such as the ‘Saturdays at the theatre’, new spring and autumn concerts and the provision of free tickets to local businesses for their workers. Special shows continued to be performed for workers and youth associations, but also to celebrate Fascist events such as the opening of the new ‘house of Fascio’ in Milan (Superintendent commentary, 1937-1938). The tight bond which had now developed between the Alla Scala and the State was proudly proclaimed in 1939 by the Superintendent when he emphasised how the life of the Alla Scala was linked “to the political, military and economic events of the Nation” and how the “existence and increment in activities are profoundly dependent on the historical events which enliven the Nation” (Superintendent commentary, 1939-1940, p. 1). A large number of operas and ballets were staged, 132 in the seven seasons between 1936 and 1943, with 776 performances in total. In this period the Alla Scala was also used to promote abroad the reputation of Italy and of the Fascist regime.

A much greater presence by less educated spectators after the centralisation in 1936 of the financial and operational management of all opera houses was reflected in the operas staged at the Alla Scala. To be truly Fascist, ‘theatre’ had to become ‘mass

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<sup>9</sup> “Enti” is the plural for “Ente”.

theatre' by "addressing the most elementary, profound and noble feelings of the human soul, making itself immediately understandable by the crowd" (Partito Nazionale Fascista, 1936, p. 30). Opera had to be thrilling and had to allow 'the crowd' to relate easily to the characters. Operas by Italian composers continued to dominate performances staged at the height of Fascist rule, most especially Verdi and his operas *Aida*, *La traviata* and, to a lesser extent, *Rigoletto*. The protagonists of other very popular operas of this period, such as Puccini's *La bohème* or *Tosca*, Rossini's *Il barbiere di Siviglia* or Leoncavallo's *Pagliacci* are working or middle-class people, not rich nobles. The depiction of common people as 'heroes', without compromising on the quality of the cultural product, was seen by the regime as fundamental to engaging with the new audience. Often staged was also Puccini's *Turandot*, which was particularly dense with Fascist ideals and myths with its representation of the almighty will of the hero who can tame women in the same manner as the Fascist leader can subdue the crowd (Tambling, 1996). Composers and artists who openly endorsed Fascism gained greater popularity. Umberto Giordano not only composed very popular operas, such as *Andrea Chénier* or *Fedora*, but also wrote the official hymn to celebrate the tenth anniversary of the March on Rome. Giovacchino Forzano, a personal friend of Mussolini, was the composer of the libretto of many popular operas, such as Puccini's *Gianni Schicchi* and Mascagni's *Il piccolo Marat*. He also composed his own operas, one of which, *Cesare*, a celebration of the Roman general and dictator, was written with Mussolini.

All opera houses, now set up as Enti, had to provide detailed financial accounts of their operations which gave them a clear, identifiable identity as individual institutions, making them visible to the State (Graham, 2010; Miller and O'Leary, 1987)<sup>10</sup>. In the case of the Alla Scala the key documents to interpret the financial statements, the Superintendent's commentary and the audit report, changed accordingly but especially the commentary which was much briefer and more focussed than the Director's commentary previously. The Superintendent's commentary was expected to emphasise not financial results but what was now deemed to be more critical information such as the attendance at shows or key data about the performance of the Alla Scala. The audit committee now provided much more limited information on the financial situation and performance of the Ente. What mattered, confirmed the Alla Scala auditors, was achieving the "result of this real artistic, *patriotic and civil battle*" (Audit report, 1941-1942, p. 7, emphasis added), irrespective of its economic impact on the Alla Scala as long as its future was ensured. On one occasion in his commentary on the accounts, the Superintendent praised government initiatives in the field of theatre as a "magnificent achievement of the Regime which conveys toward opera a huge number of enthusiastic spectators" (Superintendent commentary, 1937-1938, p. 5).

To promote 'popular theatre', State subsidies from 1936 increased significantly each year. In the last three years of Fascist rule State contributions became higher than income from the sale of tickets, reaching 10.7 million lire in 1942-1943 after they had been only 1.9 million lire in 1922-1923 (Income statements 1922-1923 to 1942-1943). At the height of Fascist rule, the overriding purpose of the accounts was to highlight the theatre's commitment to Fascist ideals as reflected in the increasing gap between income from tickets and expenses. In the last year of the Fascist regime, 1942-1943, as shown in Figure 4, subsidy payments became 74% of total income (for details of the entire Fascist period see Appendix 1). Therefore, the rise and reinforcement of a

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<sup>10</sup> Financial statements were not made publicly available. The only reference to the financial results we found was in a short article appearing in the newspaper *La Stampa* on 15<sup>th</sup> March 1938. The article commented on the Alla Scala season and simply stated that the Opera House managed to break-even.

“relation of funding” (Neu, 2000, p. 181) as a specific means to intervene in the operations of the Opera House was highlighted by the accounts, rendering the power of the State visible to the Alla Scala and indisputable. The obvious outcome of this visibility was an even more compliant Board, who regularly sought to remind the government of their Fascist fervour and loyalty by noting for example in 1936 how the opening of the Opera House to a wider audience not only was needed to meet “a specific demand of the Head of Government”, but was also a matter of fairness:

since subsidies paid by the State and other public bodies represent more than half of the revenues of the Alla Scala, it is fair that to this investment of public money corresponds the enjoyment by the less wealthy of what the Opera House can offer for culture and the spirit (Board of Directors Minutes, 5<sup>th</sup> March 1936, pp. 13-14).

#### **Insert Figure 4 here**

The shaping of accounting tools for the exercise of power created a compelling discourse which supported Fascist values and aims. Thus, a notable change in the financial statements after the Law of 4<sup>th</sup> June 1936 was the absence of any comments on continued delays in the payment of State subsidies. Instead, these were hidden and never mentioned in the Superintendent’s commentaries. All attachments were removed which dealt with any amounts owed by the government (see for example Statements of financial position 1936-1937 to 1942-1943). According to Fascist ideology the only good that mattered was that of the State which meant that any deleterious financial consequences of this priority for the Alla Scala were only relevant if they affected its ability to provide performances.

Another relevant change to the financial statements was the reporting of both budget and year-end figures in the income statement, thereby providing a clear and direct comparison between what had been expected and what was achieved. Since both the budget and financial statements were required to be sent to the Ministry for Popular Culture in Rome for approval, this enhanced the ability of the Fascists to understand how the resources were used during the year. The increased interventions of the Fascist State also became more obvious in the language used in the Alla Scala’s accounting reports as political implements of the Fascist State and the commentaries of the Superintendent which show an increasingly overwhelming Fascist emphasis and intent in their wording. There was a seemingly unconscious and, at times, extravagant use of expressions and exclamations drawn from the regime’s rhetoric, unlike reports in the earlier period which used a more neutral and factual language. Accordingly, the commentary of the Superintendent in 1936 made reference to the “perfectly functioning Fascist Nation” which was “organised in every sector and in every detail” (Superintendent commentary, 1937-1938, p. 4). The use of Fascist rhetoric by the Alla Scala’s accountants and auditors was particularly marked during the Second World War when accounting reports praised the military power of Italy and its allies. When commenting on the tour of the Alla Scala orchestra in Germany in 1942, the auditors noted how its success “reinforced the artistic bond of the two nations united in the war which victory will crown” (Audit report, 1941-1942, p. 5). After remembering “the mighty Italian soldiers fighting in all frontlines”, the auditors closed their report with the Fascist exclamation “Vincere!” (“Win!”) (Audit Report, 1941-1942, p. 7; the same closing remark can be found in the Audit Report, 1940-1941, p. 13).

The pressing need to ‘Fascistise’ the Italians meant that the Alla Scala had to show full commitment to the regime’s directions and aims in the creation of the ‘organised Fascist nation’. As a result, the influence of the State on accounting practices made its power visible, stronger and difficult to resist. The auditors congratulated the Superintendent and the President of the Alla Scala on their ability to “defend the traditions of the Alla Scala and *meet the trust and expectations of the Audience and of the Higher Hierarchies*” (Audit report, 1940-1941, p. 11, emphasis added). The management of the Alla Scala was also praised by a Member of Parliament who noted the “very pleasing artistic and economic results achieved in such a difficult year” (Letter of Senator Donzelli to the Superintendent, 3<sup>rd</sup> May 1936, p. 1). Even Mussolini himself in a private audience with the Superintendent “had words of deep satisfaction” for the activity carried out by the Alla Scala (Letter of the Superintendent to the Municipality of Milan, 3<sup>rd</sup> July 1943, p. 1). At the same time, accounting practices were used to create a discourse which enabled the Opera House and its management to show their full commitment to the aim of spreading cultural values which were consistent with the overarching beliefs of the Fascist Ethical State. The Superintendent sought to reinforce this moral purpose of accounting when he exclaimed that the Alla Scala had “a strong political and social function. In this regard, *every formula or accounting result loses its significance*” (Superintendent commentary, 1939-1940, p. 5, emphasis added).

## **Discussion and Conclusion**

In the early period of the Fascist regime, accounting at the Alla Scala played its ‘traditional’ function of providing information for improving the management of the organisation. This informed financially rational decision making, with an attempt to cut unnecessary costs and unpopular performances. Consistent with the last vestiges of the liberal beliefs which had informed power relations in Italy before the advent of Fascism, accounting at the Alla Scala was used to ensure profit generation so that contributions by public bodies could be kept to a minimum. However, if in liberal States “utility, efficiency and production are the dominant concerns, the concerns of epistemological idealists like Gentile lie elsewhere” (Gregor, 2001, p. 17). When Fascist ideology came to maturity, the ‘politics of truth’ (Foucault, 1978) informing the functioning of society shifted towards the beliefs propounded by Gentile, as did the dominating discourses, including that of accounting. The Alla Scala was now a part of a larger organism, the Nation, and, thus, its interests were to be harmonised with those of the other parts of this organism for the sake of the survival and progress of the community embodied by the State.

Accounting became a means to demonstrate the contributions of the Alla Scala to the implementation of the Fascist Ethical State. With each act of communication reinforcing the construction of authority relations (Taylor, 2009), the obligation later imposed by the Fascists for the Opera House to send financial information to the Municipality of Milan and the central government showed how the Alla Scala had now become accountable to the Fascist hierarchies for its achievements. Consistently, the priorities of the Opera House changed quickly. Demonstrating the “extraordinary turnout to the performances organised with the usual artistic dignity, which testifies the prestige of the Opera House and the attachment of Milanese people” (Audit report, 1941-1942, p. 3) became more significant than accounting for financial results as the measure of success and achievement of the priorities of the Ethical State. The financial and other related reports emanating from senior Alla Scala officers allowed the Opera

House to signal to the Fascist government its commitment to the propagation of Fascist ideas by highlighting its increasing dependence on government subsidies, as it made performances more accessible to all social classes, and the priority given to operas prompted by Fascist ideals. The overriding political interpretation and purpose which was given to accounting, and that the Alla Scala was aware of having to account to the State for its contributions to the Ethical State, was very obvious in the audit report of 1941-1942 where the auditors referred to the “careful, constant and thoughtful attention” paid to the Alla Scala by the Ministry for Popular Culture, which “follows with passion and zeal the perpetration of the noble tradition of the Alla Scala” (Audit report, 1941-1942, p. 6).

The ever-increasing power exercised by the Fascist State over the institutions which depended on its support meant that over time ‘accepted’ discourses had to adapt to the transformed social context (Edgley, 2010). If in the early stages of the Fascist regime the Director of the Alla Scala could openly complain about the delays in the payment of State subsidies, as the power of the regime grew and matured any statement which could undermine the authority of the State could no longer be accepted. The accounting discourse developed by the management of the Alla Scala therefore evolved by excluding “what could not be said” (Foucault, 1981, p. 61) and further showed how the prohibitions which surrounded it demonstrated its intimate link with State power (Foucault, 1981, p. 52). The increasing use of expressions and statements taken from the ‘official’ Fascist rhetoric and the appeals to self-sacrifice for the good of the Nation further testified how accounting for the Alla Scala was no longer a tool for ensuring efficiency but rather a means to develop a discourse which was consistent with the priorities of the government. Moreover, the changes in the format of the financial statements in the form of the presentation of both budgeted and year-end figures in the income statements and a terser and more focused Superintendent’s commentary made control by the Fascist State easier. Material arrangements of power therefore informed what was to be included in the accounting discourse of the Alla Scala, which was decisively shaped by power (Foucault, 1972; Hook 2001).

As the Ethical State sought to actively intervene in the lives of its people, in marked contrast to the liberal State which “instead of directing the game and guiding the material and moral progress of the community, restricts its activities to recording results” (Mussolini and Gentile, 1961, p. 129), the tool to ‘record results’ *par excellence*, accounting, became a means for intervening in the “management and government of society” (Miller, 1986, p. 101). When the dominant discourse shifted towards the beliefs propounded by Gentile, so did the use and interpretation of accounting by the Alla Scala, which in turn helped to shape the latter’s function and operations within the Fascist State. Individuals and organisations know themselves within the confines of the discursive context of which they are part (Mumby, 2001) for dominant discourse exerts decisive influence on “individuals’ experiences or subjectivity, and their ability to think, speak and act, resulting in material effects in the form of practices and interactions” (Hardy and Phillips, 2004, p. 301). As a result, the operations of the Opera House could have only been interpreted in light of the new dominant discourse, which in turn had material effects in the form of the different emphasis shown in the accounts on the contributions of the Alla Scala to the reinforcement of the Ethical State whilst financial considerations were left in the background.

As noted by Putnam and Cooren (2004, p. 324), the construction of social and organisational reality involves the production of text. Thus, consistent with this purpose, accounting documents and commentaries of the Alla Scala were not just a means to

mirror external facts but rather they were to be used by those who had to render an account to the State to construct a reality which was consistent with, and supportive of, the Fascist discourse. Discourse does not simply reveal a pre-existing reality (Foucault, 1972). Instead, its concepts are “attached to particular parts of an ambiguous material world, which has a physical existence independent from experience of it but which can only be understood with reference to prevailing discourses” (Hardy and Phillips, 2004, p. 302). By giving priority and visibility to selected aspects of its operations while hiding others, irrespective of what their impact might be on the financial well-being of the Opera House, accounting discourse constructed the Alla Scala as an entity which was fully committed to the achievement of the superior aims of the Fascist Ethical State, regardless of its cost. Therefore, as noted by Ezzamel *et al.* (2007, p. 697) “the signs that may be deemed to comprise accounting should not be taken to reflect accurate images of a concrete external reality; rather such signs constitute accounting in a politically-driven way as they come to produce truth effects”. Unlike in other contexts (Ezzamel *et al.*, 2007; Xu *et al.*, 2014, 2018), accounting at the Alla Scala started to become important in the implementation of a political programme when it was imbued with ideological significance and not when it was promoted and used as a neutral, value-free practice.

In the same manner that the real essence of the individual lays in their active contribution to the progress of society (Mussolini and Gentile, 1961), so the life of every public institution was to be uniquely devoted to pursuing the superior goals of the Ethical State, even when this meant endangering the institution’s own existence. Since “communication generates, not merely expresses, key organizational realities” (Ashcraft *et al.*, 2009, p. 2), accounting documents became a means to construct the Alla Scala as a ‘moral individual’ within the Ethical State and ensure that its manifest priority was contributing to the development of the Ethical State by exposing an increasing section of the population to a politically interested message. Accounting helped to create an institution the primary goals of which were no longer merely entertainment and enriching lives but the enlisting of these qualities as political tools. Through cultural institutions such as the Alla Scala, accounting provided essential contributions to the creation of the Fascist State, reinforcing its authority and making key institutions fully aware of the role they had to play in the new Ethical State.

By reflecting the priorities of the State and constituting the Alla Scala as a ‘Fascist individual’, accounting practices and their contributions to the operations of the Alla Scala had a moral purpose (Bigoni and Funnell, 2015), to promote the broader interests of the community embodied by the State and the Fascist creed. Accounting discourse therefore shaped the operations of the Alla Scala consistent with the goals and beliefs of the government. It was the mechanism by which the management of the Opera House were held accountable for their adherence to Fascist beliefs and compliance with the instructions of the State. The shifting discourses promoted by accounting, from efficiency to self-sacrifice, show how the Alla Scala was constituted as an evolving political system in which “different values, meanings interpretations and interests are articulated in discourses and embodied in material artefacts” in the form of accounting documents (Leclercq-Vandelannoitte, 2011, p. 1268).

The effectiveness of the regime’s plan to extend the boundaries of the Ethical State and to promote its cultural policy were confirmed by one communist observer in the 1930s who referred to the way in which the Fascist State managed “to succeed in influencing the greater part of the masses with its ideology” (quoted in Gentile, 2002, p. 164). The control of sentiments and actions through the manipulation of cultural activity proved to be much more successful than the threat of violence that constituted the “real

Fascism” (Thompson, 1991, p. 150). Accounting discourse, through the creation of specific visibilities and allowing a penetrating intervention in the operations of the Alla Scala that reinforced the force of the State without resorting to a costly and politically dangerous recourse to direct coercion in the form of intimidation or removal of the Opera House’s management represented an important means to translate Gentile’s beliefs into practice.

The study has contributed to the literature on accounting and culture in a less studied context, that of a totalitarian regime, whilst extant works focus almost exclusively on neo-liberal States and on how the imperative to achieve efficiency promoted by the NPM may conflict with artistic production (Carnegie and Wolnizer, 1995; Christiansen and Skærbæk, 1997; Jeacle and Carter, 2012; O’Brien, 2013; Oakes and Oakes, 2016; Provins *et al.*, 2008). It has done so by investigating accounting as a political weapon in the pursuit of a use of culture which was to provide support for the power of ruling elites. Accounting in the cultural domain is believed to bring about ‘closures’ by focusing attention on allegedly highly desirable concepts such as efficiency, profit, value for money to the exclusion of any other aspect of a cultural organisation’s life (Cooper, 1995; Ellwood and Greenwood, 2015). In the case of the Alla Scala, however, a partisan use of accounting meant that it excluded the possibility to focus on efficiency and on the good of the Opera House for only the latter’s contributions to the Ethical State were allowed a presence in the financial statements and related commentaries. The study identified the manner in which accounting can be mobilised in different ways which are not limited to supporting discourses inspired by logics of efficiency and profit. Moreover, the paper contributes to investigations into the ideological use of accounting (Andrew and Cortese, 2013; Ezzamel *et al.*, 2007; Goddard, 2002; Xu *et al.*, 2014, 2018) by adopting a micro-approach, focusing on the detailed impact of ideology and power on the reporting practices in a cultural organisation. The paper has therefore shown the contributions of accounting discourses to shaping the identity of an organisation consistent with the priorities of those who hold the supreme authority in a society. Accounting discourses are an important aid in the exercise of power as they ensure that “those with power are able to get those without power to interpret the world from the former’s point of view” (Mumby and Clair, 1997, p. 184). Thus, accounting discourses do not offer an unbiased reflection of the operations of a concern for they are influenced by broader discourses within which an organisation exists, and in turn they can support dominant discourses by interpreting reality in a way that is consistent with the priorities of leading elites. They do so by helping to incorporate values and beliefs incarnated in dominant discourse into an organisation’s identity, therefore supporting its reproduction. Lastly, the study has offered further understanding of the use of accounting by the Fascist regime in Italy (Antonelli *et al.*, 2018; Cinquini 2007; Cinquini *et al.*, 2016; Sargiacomo *et al.*, 2016).

The analysis of how the Fascist State sought to reinforce its power by making cultural institutions a critical part of this process has provided insights which may be useful in understanding and unmasking the taken-for-granted way in which discourses are created to promote power relations and related interests such as in the rise of far-right movements in weaker and more vulnerable countries today (Gregor, 2001). Understanding the rise of Fascism in Italy as a phenomenon which was not unique to Italy provides insights into the way in which authoritarian regimes reinforce and exercise their power and gain consensus. Future research can explore the functioning of accounting discourse in other contexts which are not limited to western democracies and neoliberalism, which have dominated studies of the ideological use of accounting (Yee, 2009, 2012). Studies can therefore investigate Nazi Germany or Communist Russia,

which are yet to attract a significant level of attention by accounting scholars. Moreover, the complex interrelation between power and resistance described by Foucault (1978) can be further analysed by focusing on the use of accounting discourses as a means to resist power and counter dominant discourses.

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Figure 1, Income statement 1925-1926 – Revenues

<u>I N T R O I T T I</u> - <u>P R O F I T T I</u>		Revenues - gains
<u>INTROITI DI TEATRO:</u> <i>Revenues from performances (season tickets)</i>		
Abbonamenti:	Palchi..... L. 3.541.350.=	Boxes
	Ingressi.... " 586.300.=	Admissions
	=====	L.4.167.650.=
	Platea....." 1.020.912.85	Stalls
	=====	L. 5.188.562.85
<u>INTROITI GIORNALIERI:</u> <i>Revenues from performances (one-day tickets)</i>		
	Palchi..... L. 260.587.15	Boxes
1) Quota Ingressi ai Palchi....	" 459.826.20	Share of admissions to boxes
	=====	L. 720.413.35
	Platea e Gallerie..... L. 5.520.399.45	Stalls and balcony
	Quota Ingressi Platea..... " 153.275.40	Share of admissions to stalls
	=====	" 5.673.674.85
	Prenotazione Palchi..... L. 15.992.=	Booking fees: boxes
	id. Platea e Gallerie.... " 219.727.55	Booking fees: stalls and balcony
	=====	" 235.719.55
		-----
		L.11.818.370.60
<u>PROVENTI DIVERSI</u> <i>Other revenues</i>		
	Concessioni Teatro..... L. 187.000.=	Concessions
	Rendite Immobili..... " 94.791.30	Rent
	Realizzo Materiali Diversi.. " 12.399.40	Sale of miscellaneous materials
	Interessi Attivi..... " 138.729.67	Interest
	Sconti e abbuoni su forniture" 25.763.45	Discounts
	Multe..... " 35.=	Fines
	Diversi..... " 8.496.75	Miscellaneous
	=====	" 467.215.57
<u>CONTRIBUTI:</u> <i>Subsidies</i>		
	Governativo - 1° Semestre 925	1.259.733.95 From government, 1 <sup>st</sup> semester
	id. - 2° " "	1.082.139.95 From government, 2 <sup>nd</sup> semester
		===== L.2.341.873.90
	Comunale - Anno 1925	" 312.500.=
	From the Municipality of Milan	===== " 2.654.373.90
		-----
	Total revenues	-----
	Totale Proventi.....	L.14.939.960.07

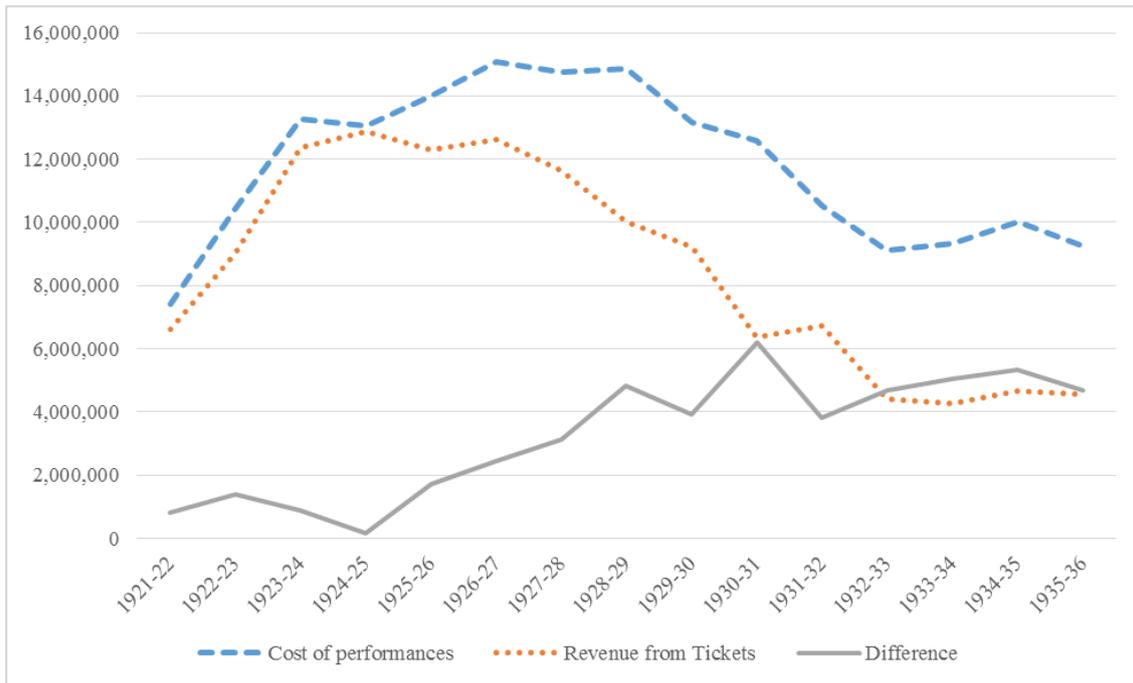
Source: Income statement, 1925-1926, p. 27. Reproduced with permission.

**Figure 2, Income statement 1933-1934 – Revenues**

<u>INTROITI E PROFITTI</u>		<i>Revenues and gains</i>
<u>INTROITI DI TEATRO</u>		<i>Revenues from performances</i>
Overall Complessivamente .....	L.	4.553.493,==
<u>PROVENTI DIVERSI</u>		<i>Other revenues</i>
Overall Complessivamente .....	"	483.937,35
<u>CONTRIBUTI DIVERSI</u>		<i>Subsidies</i>
Overall Complessivamente .....	"	4.438.440,60
		L. 9.475.870,95
<u>SOPRAVV.ZE ATTIVE</u>		<i>Extraordinary revenues</i>
Overall Complessivamente .....	"	61.539,75
		L. 9.537.410,70
<i>Total</i>	<i>Totale</i>	L. 9.537.410,70

Source: Income statement, 1933-1934, p. 38. Reproduced with permission.

**Figure 3, Revenue from tickets and cost of performances during the first period (1922-1936)**



**Figure 4 Income statement 1942-1943 – Revenues**

<i>Revenues and gains</i>		INTROITI E PROFITTI	
		<i>Budgeted</i>	<i>Actual</i>
		Preventivo	Consumivo
<i>Revenues from performances</i>	INCASSI DI TEATRO:		
	Stagione Lirica <i>Opera season</i>	L. 2.000.000,—	L. 3.193.747,30
	Concerti Sinfonici Corali <i>Symphony concerts</i>		.. 163.657,—
	Proventi vari <i>Other</i>	.. 150.000,—	.. 454.568,35
		<hr/>	<hr/>
		L. 2.150.000,—	L. 3.811.972,65
<i>Subsidies</i>	CONTRIBUTI	.. 4.140.000,—	.. 5.555.358,50
<i>Extra subsidy - Ministry for Popular Culture</i>	CONTRIBUTO STRAORDINARIO MINISTERO CULTURA POPOLARE	.. 5.000.000,—	.. 4.800.000,—
<i>Extra subsidy from Municipality of Milan (for sanitary systems and air-raid shelters)</i>	CONTRIBUTO STRAORDINARIO COMUNE DI MILANO PER IMPIANTI SANITARI - RIFUGI ANTIAEREI		.. 400.000,—
		<hr/>	<hr/>
		L. 11.290.000,—	L. 14.567.331,15
<i>Loss (Budgeted)</i>	DISAVANZO	.. 245.000,—	
		<hr/>	<hr/>
		L. 11.535.000,—	L. 14.567.331,15
		<hr/>	<hr/>

Source: Income statement, 1942-1943, p. 5. Reproduced with permission.

**Appendix 1, Cost of performances and revenue from tickets, 1921 to 1943 (million lire)**

	1921-1922	1922-1923	1923-1924	1924-1925	1925-1926	1926-1927	1927-1928	1928-1929	1929-1930	1930-1931	1931-1932	1932-1933	1933-1934	1934-1935	1935-1936	1936-1937	1937-1938	1938-1939	1939-1940	1940-1941	1941-1942	1942-1943
<b>Cost of performances</b>	7.425	10.400	13.270	13.045	14.005	15.065	14.770	14.865	13.155	12.570	10.535	9.100	9.315	10.020	9.250	9.950	11.950	11.400	12.450	9.740	12.900	13.500
<b>Revenue from tickets</b>	6.600	8.995	12.380	12.885	12.285	12.615	11.635	10.030	9.235	6.380	6.735	4.420	4.670	4.670	4.565	5.700	7.060	6.600	6.700	3.464	8.200	3.800
<b>Difference</b>	0.825	1.405	0.890	0.160	1.720	2.450	3.135	4.835	3.920	6.190	3.800	4.680	4.645	5.350	4.685	4.250	4.890	4.800	5.750	6.276	4.700	9.700