On December 13, 2003, the House of Representatives of the Land of Berlin decided to create a foundation which will include the 3 Opera houses of the city, the Deutsche Oper Berlin, the Staatsoper Unter den Linden and the Komische Oper Berlin. Each house will keep its own managing and artistic director but will be placed under a general management within a foundation that is supposed to rationalize artistic, financial and administrative decision-making.

This paper is a critical impact analysis of the reform on the very traditional and so far worldwide inspiring German way of public management of opera houses. It will also address the question of cultural planning in a newly created capital and comparing its situation to other major cities. It will also evaluate the direct financial and artistic consequences of this reform for Berlin and its impact on federal cultural policy.

A short presentation of the history of the Berlin opera houses will highlight the 4 major periods, from the initial situation before 1945, the life of opera houses in a divided city, the crisis after the reunification of 1990 and the revolution-like reform of 2003. The different aspects of the reform will be analyzed in the second part of the paper with a strong focus on public policy and its economic impact. It will be shown that this reform might indicate a major change in German and possibly European cultural policy. For Germany, the role of the Federal Government in cultural matters is about to face a complete new definition. The decision to transform the traditionally state governed opera houses into a foundation whose public-private financial mix is yet to be seen and leads us to evaluate the extent of future public engagement in the cultural sector.