

THE SALZBURG FESTIVAL:  
AN ECONOMIC POINT OF VIEW

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The "Salzburger Festspiele" are among the most prominent and highly praised cultural events in the summer season. Founded in 1920, they now attract a yearly crowd of more than 160,000 people (1982). The visitors attend one or several of the more than 100 performances of operas, theater plays and concerts by 1700 artists.(1) The best known production is Jedermann by Hugo von Hoffmannsthal, which has been performed nearly every year.

The festival is organized by the Salzburger Festspielfonds consisting of four directors and a president. This directorate is supervised by the Delegiertenversammlung and more importantly by the Kuratorium which consists of representatives of the Bund (two members), the Länder, and the City of Salzburg in their capacity as subsidizers of the Festspiele. There are 281 people employed over the whole year to which 550 persons (1982) are temporarily added during the festival period in July and August.

From the economic point of view, the Salzburger Festspiele have three main characteristics:

1. Tickets are extremely difficult to acquire (in the official market).(2) In 1982, 99.7 percent of the available seats were sold, i.e. all the performances were completely booked.(Wimberger 1983, p. 112).

2. Artists and the technical and administrative staff are highly paid compared to similar cultural events such as the Festspiele in Bayreuth.

3. The Salzburger Festspiele are costly and are not managed in an economic way. They are heavily subsidized by the public purse. While the first festival in 1920 yielded a profit (Kaut 1982, p. 17), the deficit covered by the government amounted to 76 Mio AS in 1978/79 and rose to 85 Mio AS (almost \$5 Mio or 12 Mio DM) in 1981/82).(3)

The purpose of this paper is to explain these three

characteristics of the Salzburger Festspiele with the help of economic analysis. In order to avoid any misunderstanding it should be made clear that this paper does not criticize the artistic quality or the popularity of the Salzburger Festspiele. On the contrary, the high demand to attend performances (and to have them broadcast and televised) is an indication that the festival meets the preferences of a great number of consumers who are prepared to pay for the pleasure of visiting the Festspiele. What is argued, however, is that the same quality and quantity of output can be produced at a much lower cost, possibly even so low that no resources of the public purse are needed. The absence of public subsidies would mean that no taxpayer would have to be coerced to pay for the Festspiele. It would be financed entirely by people who voluntarily choose to do so because they experience a utility gain.

Nor does this paper criticize the high income as such of the artists, technical and administrative personnel involved in the production of the Festspiele. It is obviously necessary to pay high salaries if one wants to hire good artistic performers. It is not argued that the organizers of the Festspiele can (markedly) influence the general salary level of internationally renowned artists. What is argued, however, is that above equilibrium salaries or pure rents are handed out, or in other words, that the same services of the artists and employees could be hired at much lower cost.

The analysis will show that the below equilibrium prices for the tickets, the above equilibrium incomes of the artistic, technical and administrative employees and the inefficiency and waste in the production of the Festspiele are the result of weak and limited constraints on the behaviour of the organizers, in particular of the directorate.

#### Constraints and Preferences of the Participants

The analysis of the Festspiele is based on the economic model of behaviour (see e.g. Becker 1976, or McKenzie and Tullock 1978) which assumes that individuals act as if they compared the benefits and costs of

alternatives and chose the one yielding the highest utility. In general, the actors are taken to act selfishly, i.e. to pursue their own utility (which may include altruistic motives towards specific persons but certainly not the welfare of society as a whole).

The economic model of behaviour distinguishes sharply between the constraints which determine the possibility set or discretionary room for actions, and the preferences which serve to choose among the feasible alternatives. The main emphasis lies on the determinants of the possibility set; it may actually be shown that no utility function is needed to derive the basic "law of demand" (that a rise in the relative price of a good *ceteris paribus* reduces its demand) (see Becker 1962, and for a generalization Stigler and Becker 1977, Frey and Foppa 1986).

Three types of constraints—budgetary, political and administrative—are of major importance in order to explain the behaviour of the organizers of the Festspiele.

On July 12, 1950, the Österreichische Nationalrat (federal parliament) passed a law on the "Errichtung eines Salzburger Festspielfonds". Article 4, Section 1, states that the following institutions are required to cover any possible deficit: the federal state (40 percent of the total), the Land Salzburg (20 percent), the city of Salzburg (20 percent), and the tourist promotion fund (Fremdenverkehrsförderungsfonds) of the Land Salzburg (20 percent).(4) There have been very large deficits, and they have regularly increased. The budget constraint to be observed by the organizers is extremely weak, since all the expenditures have to be covered by law irrespective of costs. An effective limit on the size of the deficit exists only in so far as the organizers must not demand subsidies so high that the financial capacities of the institutions covering the deficit are overtaxed and the law consequently changed. The budget constraint is thus not so much economically but politically determined.

The organizer's possibility space is potentially restricted by two groups of political actors.

The governmental representatives in the Kuratorium delegated by the subsidizing institutions have potential restricting power but little true incentive to monitor effectively the behaviour of the directorate. The funds

are "automatically" allocated by the parliaments on the basis of the Festspielgesetz and would return to the general public purse if they are not used for the Festspiele. The particular governmental representative would not easily be able to redirect the money to an alternative purpose. In the case of the federal representatives if the money is not used for the Festspiele, it may well be lost to the ministry of education and culture and may go to a different branch of the federal government. It may then be used for social policy, road building or even to reduce the tax burden, purposes for which the federal representatives in the Kuratorium have little or no interest. From the point of view of the individual representatives, the opportunity cost of the subsidy given thus is near zero; they therefore have little reason to make any effort to supervise the financial behaviour of the directorate in any strict way. The representatives of the Land and the city of Salzburg, being the leading state and municipal politicians (the Landeshauptmann and the mayor, respectively) have somewhat better possibilities to influence an alternative use of funds. However, these political units benefit considerably from the Festspiele commercially, but have to carry only part of the costs of the subsidy, so that they have an interest in not endangering the federal subsidy by criticizing the directorate.

The governmental representatives are interested in a smooth process of subsidization. They resent scandals and major political debates over the use of the subsidies. They urge the directorate to undertake a cautious policy—which means to do what is customary—and are more inclined to help cover up existing mismanagement than to publicize it.

The governmental representatives in the Kuratorium would, on the other hand, suffer considerable utility losses if they monitored the organizers' policy closely. In the case of conflict they would risk being accused of opposing "culture" and the Festspiele as a whole, as well as risk losing the privileges extended to them by the organizers (e.g. free tickets and invitations to the very glamorous social events surrounding the Festspiele).

From what has been said it is clear that the governmental representatives are likely to lose more by monitoring the Festspiele effectively than to let them proceed as

usual.

As the Rechnungshof (general accounting office of the Austrian Nationalrat) has stated in its 1984 report (RH 1984) the governmental representatives in the Kuratorium expected to monitor the directorate did not even make sure that a formal activity such as accounting was undertaken correctly; in actual fact the accounting was unclear, misleading and seriously incomplete (RH 1.9.2).

Potential political restriction may be imposed by the members of the Österreichischer Nationalrat which promulgated the Festspielgesetz. The situation of the members of the federal parliament with respect to the benefits and costs of intervening in the business of the organizers of the Salzburg festival is quite similar to that of the governmental representatives in the Kuratorium. The costs of intervening in the Festival's business and changing or abolishing the corresponding law are rather high, direct and immediate. In particular they may lose prestige and stature by criticizing a well established and highly praised cultural institution. An average member of parliament is moreover ill equipped to criticize a cultural activity because the supporters and direct beneficiaries of the Festspiele, i.e. the cultural community in and outside parliament are considered to be more competent. In addition, as the Festspiele are subsidized from four different sources, any particular parliament criticizing the Festspiele may easily antagonize the other subsidizers, as well as the business communities that profit from the Festspiele. Indeed, this has been clearly pointed out in the reaction of the federal minister for education and culture to the report of the Rechnungshof (RH 1984, 1.104.3.4).

For a member of parliament, little benefit accrues from a serious monitoring of the Festspiel's policy and financial behaviour because the sums involved, while large in absolute terms, are not sizable compared to total public expenditures. The taxpayers who have to bear the cost of subsidization do not put pressure on their parliamentary representatives, nor can they be mobilized for the purpose of strictly monitoring such a cultural event, because the effort and expense involved in such activity would greatly exceed the benefits desired by any single taxpayer.

A comparison of the costs and benefits of effectively

monitoring the Festspiele shows that there are few incentives for members of parliament to do so, at least in a continuous way. The situation is different when outright scandals connected with the organization of the Festspiele could be brought forward because the publicity involved may, but not necessarily, raise the stature of the members of parliament disclosing them. This may increase their re-election chances and their position in the party hierarchy.

Due to the subsidies the Salzburger Festspiele receive from the public purse, it is subject to a possible inquiry by the Rechnungshof (which is not part of the federal bureaucracy as such but attached to the federal parliament). A report was prepared in 1974 in which various concrete and major criticisms of the financial policy of the Festspiele were raised. The report recommended, for instance, that the intended budgetary appropriations should be presented and accepted by the Kuratorium before and not after the beginning of the budgetary year. The report of 1984, however, stated that this recommendation was not followed at all (RH 1984, 1.7.1)

This neglect of what had been said in the earlier report was not an isolated instance but rather the rule. The Rechnungshof is restricted to recommendations and may not give any orders. Only actions in the political sphere may force the organizers to follow the recommendations. The Rechnungshof is only allowed to provide the facts on the basis of which the government and parliament may act if they so desire. As has been shown above, the distribution of benefits and costs is such that no actor normally has an incentive to monitor the Festspiele effectively.

So far the discussion has shown that due to weak constraints the directors of the Festspiele have considerable discretionary room. The essential reason for this large discretionary leeway is certainly the absence of an effective budget constraint. The law of the Salzburger Festspielfonds which institutionalizes the automatic coverage of any budget deficit of the Festspiele has—*not surprisingly*—been hailed by one of the presently acting directors as:

. . . ein von weitsichtigen Männern erstelltes Gesetz, um das uns manch anderes Festspiel beneidet . . . An dieses Gesetz zu rühren, auch nur etwa einige Novellierungen anbringen zu wollen, konnte nur das Bestreben ahnungsloser Kurzsichtigkeit sein (Wimberger 1983, S.111).(5)

The discretionary room provided by the deficit guarantee has been actively expanded by the directorate, as revealed in the official report of the Rechnungshof. The subsidies received by the public have been increased by misleading, wrong and partially illegal accounting (RH 1984, 1.9.2, 1.11.1), and by demanding the subsidies on the basis of inflated projected deficits (costs increases are systematically overestimated compared to income increases, RH 1984, 1.9.1.5) though the actual deficit regularly turned out to be smaller than the projected deficit (RH 1984, 1.9.1.2).

Due to the ineffective budget constraint, the organizers have no incentive to raise income from sales. Thus the gain from selling the programmes fell from AS 497.000 in 1978/79 to AS 257.000 in 1981/82 (RH 1984, 1.54.1), and the restaurants were rented out at 10 percent of the turnover, while 20 percent is normal under comparable circumstances (RH 1984, 1.58.3).

The discretionary room accorded to the directorate is used by the directors to increase their own utility by appropriating and distributing economic rents. They derive utility from both explicit and implicit income in terms of perquisites, but also by having high prestige and influence in the art world in which they lead their social life.

#### The Behaviour of the Directorate

In the aggregate, the institutional conditions under which the directorate acts result in a redistributive policy of the Salzburger Festspiele. The Austrian taxpayers are burdened by the subsidies while the gains are shared by the directorate, the staff and part of the spectators. This redistribution is not purposeful but rather the unintended consequence of behaviour. The organizers make an effort

to show that the Festspiele do not burden, but rather benefit the nonparticipating population. According to one of the directors (Wimberger 1983, p. 114) the subsidy of 77,1 Mio AS in 1982 was almost recovered by the taxes and social security contributions of 67,3 Mio AS directly resulting from the Festspiele. The directly or indirectly induced tax receipts have been estimated at 159 Mio AS (Amt der Salzburger Landesregierung 1981). The organizers conclude that the Austrian taxpayers' investment in the Salzburger Festspiele is quite profitable (Wimberger 1983, p. 115).

Even assuming that the estimates are correct, this argument is not convincing for at least two reasons: 1) No alternatives are considered. It is implicitly assumed that the resources would not be employed and/or no taxes would be paid if the Festspiele did not take place. What is needed is a comparison with other possible activities leading to tax returns, be they in the area of art, tourism or other economic endeavors. If it turned out that e.g. the improvement of the city's amenities lead to even higher tax returns, this argument would turn against the Festspiele. 2) The cost side is not considered. The alleged profit to the taxpayers by the organization of the Festspiele would be even higher if the costs were reduced and the public subsidies became smaller.

The main economic characteristics of the Festspiele mentioned at the outset—the difficulty of acquiring tickets, the high income of the artists and administration, and the uneconomic or wasteful management—are the result of the large discretionary room which the directors use to further their own utility. These three aspects will now be discussed in turn.

**Sub-Equilibrium Price** The tickets for the performances at the Festspiele are sold at prices significantly below equilibrium so that demand much exceeds supply. In 1981/82, 175,000 tickets demanded by 35,000 people had to be rejected (RH 1984, 1.24) which documents how difficult it is to get tickets (in the official market).

Setting sub-equilibrium prices increases the directors' utility in various ways, and is therefore no oversight or miscalculation but rather a systematic policy. The direc-

torate can claim to be 'socially' oriented by keeping ticket prices low (while the anonymous taxpayers have to bear the cost), thereby serving their prestige.<sup>(6)</sup> Also, the organizers' influence is increased by being able to distribute tickets that are otherwise almost impossible to acquire to people whom they choose. In 1981/82 the total tickets numbered 163,500 of which over 11,000 were distributed free (8696) or at a greatly reduced price of 50 AS, or \$2,90 (2426 'Regiekarten') (RH 1984, 1.17). The tickets are distributed by the organizers without clear principle and belong to the highest price categories (RH 1984, 1.18, 1.19.2, 1.22.1.3). The recipients are: 1) public officials (1607 'Behördenkarten'), part of whom are supposed to monitor the Festspiele, and/or are in the position to decide on the support through the public purse; 2) people closely connected to the Festspiele in an artistic, administrative or business capacity (3829 'Dienstkarten'); 3) the press (2555 tickets) of whom a considerable number were nonjournalists; 4) people specially selected by the directors (705 'Freikarten') because of their support of the Festspiele, and to colleagues at other arts institutions. Often, free tickets to several different performances of the same work are given to the same people (RH 1984, 1.22.1.4) which suggests that the recipients engage in their own rent appropriation and distribution.

This list of recipients (for 1981/82 see RH 1984, pp. 8-10) makes clear that the organizers derive considerable direct and indirect utility from the distribution of tickets that have been made scarce by charging lower than equilibrium prices.

In addition, official sponsors of the Salzburger Festspiele, who have to pay appropriate sums, are given the right to buy two tickets for all performances desired (which, of course, only makes sense when demand exceeds supply). The considerable income received from this source (since 1975/76 about 44 Mio AS or \$2.5 Mio) does not appear in the accounts of the Festspielfonds (RH 1984, 1.25.1.1). Moreover, the organizers have reserved large numbers of tickets to sell to people whom they choose (RH 1984, 1.23.1). In view of the fact that the official selling price is much below the shadow or equilibrium price of tickets, this gives added influence (and direct or indirect

income) to the organizers.

The rise of a black market for tickets (Andreae 1983, p. 101; Kaut 1982, p. 37) due to sub-equilibrium official prices is another source of influence and possibly income for the organizers because it enables a large group of people (such as hotel employees who sell tickets to visitors) to derive rents from the existence of the Festspiele.

**Above-Equilibrium Incomes** The directorate also increases its utility by paying the administrative staff as well as the performing artists higher salaries than required, i.e. they pay out pure rents. These rents not only take the form of monetary income but also old age pensions (RH 1984, pp. 18-19), settlements (RH 1984, 1.43.1) and perquisites such as free tickets (already discussed), use of cars, presents, and monetary contributions to feasts and excursions (RH 1.47.1). For reasons of space, the following discussion is restricted to salaries.

The directorate's utility is most directly served by paying to its members sizeable incomes. The president of the directorate received in the period 1978/79 to 1981/82 between 560,000 and 820,000 AS (\$32,000 and \$47,000) per year despite the fact that the legal statute for the directorate (7) explicitly states that this position is purely honorary (ehrenamtlich).(8) In addition, the president and other members of the directorate receive particularly large perquisites in terms of free tickets to distribute, a car, ample travel money, funds for representation etc. (RH 1984, 1.22.1.1, 1.51. and pp. 23-25). While this income may be competitive it is at least surprising that the clear violation of the statute has persisted such a long time.

The salaries of the administrative staff are considerably higher than the incomes received in comparable positions elsewhere in Austria (see RH 1984, pp. 11-15). For example, among the 22 administrative employees not less than 4 received a higher salary than the highest paid federal public officials (Dienstklasse IX). The Rechnungshof (RH 1984, p. 14) makes an explicit comparison of the salaries of several heads of departments of the Salzburger Festspiele with the corresponding functionally equivalent positions at the (also highly prestigious) Bundestheater, among them the Staatsoper and the

Burgtheater in Vienna (see Abele and Bauer 1984). Table 1 shows the yearly incomes.

It may be seen that the top administrators in Salzburg receive up to two and a half times the salary of someone with a comparable task and responsibility at a comparable institution in Austria. The large differences in salaries are magnified even more if one takes into account the fact that the festival season in Salzburg extends over five weeks, while the Bundestheater are required to perform over ten months.

Compared to administrations of similar size, the share of top employees is much higher (RH 1984, 1.33.1): Among the staff of 22 people, 5 carry the title director and one the title secretary general (RH 1984, 1.92.2), which is a perquisite of considerable importance in a country where titles are highly valued.

The directorate benefits directly from paying the administration staff above equilibrium salaries or rents. It allows the directorate to exercise a wide range of choice among potential collaborators, and makes possible the exercise of power over the employees because they know that in alternative occupations they would earn considerably less and would have much smaller perquisites. The high pay may reflect itself also in a "cozy" atmosphere in which the staff is prepared to satisfy the directors' desires, and whims deferentially.

Looking at artists pay, to pay the artists participating in the Festspiele above equilibrium salaries greatly increases the power and prestige of the organizers. Since more artists offer their services than are demanded, the directorate (and those to whom it delegates authority) are free to choose among the competitors. The artists know that the organizers have this discretionary room and are therefore willing to "pay" them in the form of personal friendliness, social acceptance, and even deference. Such behaviour by artists yields considerable benefits, especially in the case of world famous artists.

The report of the Rechnungshof (1984) states very bluntly that the artists' salaries are much higher than needed:

Table 1: Comparison of the Salary of Heads of Administrative Departments at the Festspiele in Salzburg with Equivalent Positions at the Bundestheater, 1981/82, in Austrian Shillings per year.

	<u>Salzburg</u>	<u>Bundestheater</u>
Ticket office	814.000	314.000
Buildings management	821.000	467.000
Press office	775.000	434.000
Technical department	797.000	679.000

Note: The festival period of Salzburg is five weeks, the Bundestheater play during ten months. The salaries shown are not adjusted accordingly.

Source: Rechnungshof (1984), 1.31.1.

Die Honorare für Opern- und Konzertsolisten lagen durchschnittlich um 30 v.H. über dem Gagenniveau. Im Schauspielbereich überschritten die Honorare von durchschnittlich 40 Schauspielsolisten die vergleichbaren Höchstbezüge von Burgtheatermitgliedern (RH 1984, p. 26). (9)

It is also well known (e.g. Andreae 1983, p. 106) that the salaries paid in Salzburg are much higher than those paid in Bayreuth,(10) a summer festival of comparable glamour.

The payment of above equilibrium salaries to artists can be illustrated by some examples from the various areas of the arts performed at the Festspiele. During the period 1978/79 to 1981/82 in 35 cases the salaries exceeded those in comparative positions by 50 percent, and in 11 cases by 100 percent (RH 1984, 1.60.1.3). The singer who performed the part of Tamino received for this role in Salzburg 85,000 AS in 1979, and 90,000 AS in 1980, while elsewhere he received 39,000 AS per performance. The singer performing Falstaff received 60,000 AS in 1981, and 95,000 AS in 1982, but elsewhere 45,000 AS per performance (RH 1984, 1.60.1.3). The difference in salary cannot be justified by a difference in quality, as the two artists mentioned are supposed to perform equally well wherever they perform. Each year, 40 actors performing solo roles in dramas received in Salzburg a salary higher than the corresponding maximum at the Burgtheater in Vienna which is, of course, considered to be one of the finest, if not the finest theatre of the German speaking world.

The stage directors of plays performed in Salzburg constitute another group receiving above equilibrium salaries. Opera directors get on the average a salary 20 percent higher than in other leading opera houses (RH 1984, 1.63.1.4). Moreover, the difference is greatly increased when one takes into account the fact that the directors receive half the original salary when the play or opera is repeated in an ensuing year. Thus one director received in 1981 and 1982 for two replays 300,000 AS each for two replays—this for one week's work (RH 1984, p. 29). The conductors, the orchestras and the choir are

other groups that earn significant above equilibrium salaries in Salzburg (RH 1984, pp. 31-32).

The report of the Rechnungshof (1984, pp. 15-22) is full of evidence that technical personnel also receive incomes that are higher than in comparable occupations elsewhere.

### Inefficiency and Waste

The organizers of the Festspiele have little incentive to keep down costs and to aim at an efficient management of the festival, because their behaviour is insufficiently restricted by the various constraints discussed above. As a drive for efficiency would result in less amiable relationships with the artists and the employees, while cost savings would result only in a reduction of the subsidies received (which is of little or no benefit to the organizers) they are rational to behave in this inefficient way. They have, on the other hand, an incentive to buy the best possible artistic performance irrespective of cost. As the Rechnungshof has stated in its report (RH 1984, 1.15.3) the organizers choose the plays to be performed independent of the expected monetary net return, and sometimes even against cost considerations. The subsidy per ticket sold differs considerably among the various branches. In 1981, it was 842 AS for opera, 787 AS for drama, while the other performances (in particular the concerts) showed a balance between box office receipts and cost (RH 1984, 1.15.1.3).

The incentive structure to which the organizers are subjected results in considerable slack which would not occur with a more efficient management. Thus, the singer of Olympia in Hoffmanns Erzählungen was not used by the opera director but nevertheless received a compensation of 180,000 AS in 1980 (RH 1984, 1.61.1.2). Such expenses would have been prevented had the planning been more careful and had the opera director been given an incentive to keep down costs.<sup>(11)</sup> The report of the Rechnungshof brings to light many other instances of inefficient behaviour by the organizers, both in the area of art (e.g. decorations and costumes (RH 1984, p. 38) or administration (e.g. the car fleet, RH 1984, p. 22)).

### Concluding Remarks

This paper has argued that the basic reason allowing the behaviour described is the particular way in which the Festspiele are financed by the government. The guarantee to cover any deficit, as stipulated in a special federal law effectively disposes of the budget constraint (at least within limits). If there were no public subsidy (instead of one amounting to 85 Mio AS or 5 Mio \$ per year as in 1981/82), the situation would be quite different. No one would be coerced as the taxpayers now are to contribute financially to the Festspiele, and nobody voluntarily buying tickets or donating money would from the point of view of economics have a legitimate reason to complain about the way the organizers of the Festspiele use the profit they make. At present they are free to take it for themselves, to distribute it to chosen consumers in the form of below equilibrium ticket prices, to give it in terms of rents or above equilibrium salaries to artists and other personnel, or to use it to lead a quiet life by running the organization in an inefficient way. The basic problem thus lies in the particular way the large, and rising, public subsidies are used to finance the Festspiele. A change in the conditions under which the subsidies are given if given at all can be expected to lead to a drastic and lasting change of behaviour by the organizers.

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### FOOTNOTES

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1. The figures refer to 1982. For the history of the festival see Dorian (1964), Kolator (1980), or Kaut (1982), and for a full compilation of all performances and artistic personnel involved see Jahlitsch (1982).
2. According to one president of the directorate, there has been a black market for tickets since the very beginning of the Festspiele in 1920 (Kaut 1982, p. 37).
3. In the summer of 1982, 100 AS equalled 5,7 US \$ or 14,2 DM.
4. "Die genannten Rechtsträger sind zur Deckung all-fälliger Betriebsabgänge verpflichtet."
5. "A law created by far-sighted men which is envied by many other festivals. . . To touch this law, or even simply to want to change it in some respects, can only be the goal of incompetent shortsightedness."
6. The "social" orientation does not go very far because as stated by one of the directors (Wimberger 1983, p. 111) the most expensive seats are sold out earlier than the cheaper ones.
7. Geschäftsordnung für das Direktorium des Salzburger Festspielfonds (1950).
8. The principle that the president performs his duties unpaid is reiterated by a former president who writes: ". . . die Mitglieder des Direktoriums (sind) von jeher ehrenamtlich tätig. ." (Kaut 1982, p. 90).
9. "The salaries for opera and theater soloists were on the average 30 percent higher than the normal salary level. In the area of drama, on the average, the salaries of 40 drama soloists exceeded the comparable maximum income of members of the Burgtheater."
10. The often-repeated assertion that artists have been

willing to perform at Bayreuth for low salaries is—with some few exceptions like Arturo Toscanini—a mere legend (see Karbaum 1976, p.16).

11. This can, for instance, be achieved by paying the opera director a higher salary in proportion to the amount of total outlays for production to stay below the projected sum (positive incentive) and/or by deducting part of the cost overruns from his salary (negative incentive). There is empirical evidence that such schemes do have a strong effect in the desired direction, see e.g. Delaney (1984, p. 37).

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