1 The boom

There is hardly an art museum not running or at least preparing a special exhibition of some sort. Such an exhibition may feature one particular artist (often in commemoration of birth or death), or a group of artists, may focus on a period or a genre of paintings, or may establish a connection to some historical event (see Belcher (1991, p. 49)).

Table 1 shows how more than 1,100 exhibitions of various types are distributed among European museums for the years 1994-95 as collected by the "International Exhibition Guide." Dominating are exhibitions devoted to one particular artist (solo exhibitions), modern and contemporary thematic, and classical fine arts exhibitions. This guide only takes into account a rather limited number of museums and exhibitions (it is based on a voluntary survey with a substantial number of non-respondents). Concerning our own town (Zurich), for instance, only two museums are listed (Museum Rietberg and Schweizerisches Landesmuseum with two exhibitions each in 1994-95), whereas there were at least 38 museums with 34 exhibitions in August 1994.1

*We are grateful to Iris Bohnet, Nicola Dischinger, Reiner Eichenberger, René L. Frey, Trine Bille Hansen, Alexander Hunziker and Jürg de Spindler for helpful discussions. Part of the paper was presented at a joint research seminar of the Universities of Basle and Zurich, at the 1994 ICARE Summer Workshop in Venice and at the 8th International congress of Cultural Economics in Witten-Herdecke 1994.

1 Obviously, the same applies for other countries. The "International Exhibition Guide" lists 231 exhibitions in Germany for the years 1994-95 whereas, alone in 1991, as many as 1,600 exhibitions took place according to data from the German Institut für Museumskunde (1992).
Table 1
Exhibitions according to Theme
in 300 Museums in Europe, 1994-95

<table>
<thead>
<tr>
<th>Theme</th>
<th>July</th>
<th>August</th>
<th>Other Art</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional, Religious and Archeological</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African Art</td>
<td>11</td>
<td>32</td>
<td>Architecture</td>
</tr>
<tr>
<td>Asian Art</td>
<td>19</td>
<td>71</td>
<td>Photography</td>
</tr>
<tr>
<td>Egyptian and Oriental Art</td>
<td>4</td>
<td>22</td>
<td>Design</td>
</tr>
<tr>
<td>Greek and Roman Art</td>
<td>12</td>
<td>17</td>
<td>Fashion</td>
</tr>
<tr>
<td>Islamic Art</td>
<td>1</td>
<td>13</td>
<td>Graphic Arts</td>
</tr>
<tr>
<td>Latin American Art</td>
<td>2</td>
<td>20</td>
<td>Jewelry, Ceramics, etc.</td>
</tr>
<tr>
<td>Visual Arts (Modern and Contemporary)</td>
<td>352</td>
<td>22</td>
<td>Ethnology and History</td>
</tr>
<tr>
<td>Solo Exhibitions</td>
<td>15</td>
<td>33</td>
<td>Ethnology</td>
</tr>
<tr>
<td>Exhibitions featuring two or more Artists</td>
<td>153</td>
<td>18</td>
<td>History</td>
</tr>
<tr>
<td>Thematic Exhibitions</td>
<td>153</td>
<td>34</td>
<td>Literature and Music</td>
</tr>
<tr>
<td>Decorative and Fine Arts</td>
<td>38</td>
<td>13</td>
<td>Society Museum</td>
</tr>
<tr>
<td>Art Object, Decorative Art</td>
<td>169</td>
<td>23</td>
<td>Nature</td>
</tr>
<tr>
<td>Fine Arts</td>
<td></td>
<td></td>
<td>Natural Sciences</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Technology</td>
</tr>
<tr>
<td>Total</td>
<td>1,124</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Table 2
Art Exhibitions July-August 1994 according to Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>26</td>
<td>23</td>
</tr>
<tr>
<td>Belgium</td>
<td>48</td>
<td>36</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Denmark</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Finland</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>France</td>
<td>629</td>
<td>476</td>
</tr>
<tr>
<td>Germany</td>
<td>102</td>
<td>92</td>
</tr>
<tr>
<td>Great Britain</td>
<td>56</td>
<td>51</td>
</tr>
<tr>
<td>Hungary</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Italy</td>
<td>63</td>
<td>50</td>
</tr>
<tr>
<td>Netherlands</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Portugal</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Spain</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Switzerland</td>
<td>103</td>
<td>107</td>
</tr>
<tr>
<td>Total</td>
<td>1,322</td>
<td>1,097</td>
</tr>
</tbody>
</table>

Note: The same exhibition may figure both in July and August.

Due to problems of definition, it is impossible to determine precisely how many special exhibitions museums run, but it is unquestionably a booming industry. The example of Germany shows that the phenomenon is not only due to the increasing number of museums: while the number of art museums has grown by 35% between 1982 and 1991 the exhibitions held by these museums have almost doubled (Institut für Museumskunde (1992)). A similar picture is presented in Feldstein (1991, p. 80). Five major urban museums

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2Our analysis is restricted to temporary special exhibitions at art museums, neglecting similar events taking place in other types of museums. It must be noted that exhibitions come in many different forms and are therefore ill-defined (see Velardo (1988) and Belcher (1991) who develop an extensive classification of modes and types of special exhibitions).
are considered, where large scale exhibitions increase by 100% between 1980 and 1987.

Most noticeable are the “blockbuster exhibitions” attracting huge crowds and enjoying considerable media attention. Examples are the “Emperor’s Warriors” in Edinburgh, 1985 (220,000 visitors); “Monet in the 90s” in the Royal Academy, 1990 (650,000 visitors); the Cézanne-Retrospective in Tübingen, 1993 (430,000 visitors); Matisse in New York, 1993 (900,000 visitors) and the Klimt Exhibition in Zurich, 1993 (250,000 visitors) — just to name a few recent shows.

Museum exhibitions do, however, not always meet with enthusiasm. Thus, the director of the Metropolitan Museum of Art, Philippe de Montebello, complained that, whenever he meets people, they ask him what show he is presently preparing, to which he retorts that he is the director of the Metropolitan art museum and not of the Metropolitan Opera (Montebello 1981).

A similar development can be observed for the performing arts. Virtually every city or at least region in Europe has its own festival of serious music. While the festivals at Bayreuth, Salzburg, Glyndebourne, or Spoleto may be older and more in the limelight than others, there are many thousands of music festivals today. Due to the problem of how to define a music festival, no precise counts exist; guessed estimates range from one thousand (Pahlen 1978, Dümling 1992) to at least two thousand (Galeotti 1992).

Merin and Burdick (1979) list no less than 83 musical festivals for former Yugoslavia, for West Germany 46, Spain 42, Portugal 38, Austria 25, Italy 22 and Switzerland 16. This list is certainly not exhaustive because, for instance for the United Kingdom, Merin and Burdick name 70 festivals, while the more detailed study of Rolfe (1992, p. 2) lists no less than 529. Even in tiny Denmark, roughly 45 festivals take place every year. A recent enumeration for France counts 864 festivals of which 40 percent are devoted to serious music (Maillard 1994, p. 65), another one lists 600 festivals of which 450 are devoted to serious art (L’Expansion 1994, p. 32). An official publication by the French Ministère de la Culture comes up with 245 festivals of serious music and opera for 1994.

Festivals became a significant part of the serious music and opera scene in the 1920s, but the boom took place within the last twenty years. In its special issue on musical events, L’Expansion (1994, p. 32) estimates, for example, that 6 out of 10 festivals in France have been founded in the 80s. Festivals usually take place in the summer and are often very popular. Some festivals are permanently sold out and entry tickets can then be acquired only by good connections, or on the black market.

The boom in special exhibitions and music festivals poses a challenge to art economists because of the glaring contrast to the financial depression in which opera houses, orchestras and art museums find themselves. Many opera and concert houses are under such intense financial strain that they are forced to cut down their activities, dismiss artists and workers (if they are legally allowed to do so), or risk closing down completely. Art museums are also confronted with serious financial difficulties (only France seems to be an exception; see Menger 1983). In many of the world’s leading museums, some wings are temporarily closed, and opening hours are reduced in order to save money. Curators are concerned that they have less and less money available for the restoration and conservation of their collections. The museum people’s complaints about dwindling financial resources are not immediately obvious, at least not to economists. Over the last decades, the value of their holdings has greatly increased in real terms and in this sense art museums are richer than ever. The fact that they are short of current income is no counterargument, because the financial position of many museums would dramatically improve if they sold a tiny part of their holdings, in particular that share stacked in their cellars which is rarely if ever exhibited. However, most European art museums are public and are not allowed nor willing to sell any part of their holdings for a variety of other reasons (Frey 1994a). It follows that as things are today, both art performed and exhib-

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3 Attendance figures are quite important, though this is often disputed by the art people involved. According to one museum expert “Attendance figures still constitute an index of the popularity of museums and exhibitions…” (Belcler 1991, p. 197).

4 In this paper we only consider festivals devoted to serious music and opera, but even so, it is difficult to define what a music festival exactly is. There are, of course, many other types of “festivals” ranging from country music, jazz, theatre, circus to films. A classification is e.g. provided in Getz and Frisby (1988).

5 “Baumol’s Law” is one of the reasons for this demise (Baumol and Bowen 1966). For a general analysis of the performing arts see e.g. Throsby and Withers (1979), Baumol and Baumol (1984), Frey and Pommerehne (1989).

ited in the traditional venues are faced with serious financial problems – but
at the same time musical festivals and special exhibitions are thriving.

2 Special exhibitions and festivals: similar features

Special exhibitions and festivals are closely related in various important respects. This section discusses similarities in demand (subsection 2.1) and in supply (subsection 2.2).

2.1 Demand

On the demand side, the similarities are particularly strong with respect to seven features.

High income effect.

Consumers tend to spend an increasing share of rising income on visiting music performances and art exhibitions. Scattered empirical evidence exists showing that econometrically estimated income elasticities of demand are larger than one for both types of art. Throsby and Withers (1979, p. 113), for example, find an income elasticity for performing arts services of 1.55 for the United States 1949-73, and of 1.4 for Australia 1964-74 (full income). The rise in attendance to performing art events is also documented in Baumol and Balmo (1984). In a survey on cultural audiences in the Netherlands, Ganzeboom (1987) finds a positive and slightly increasing influence of income on museum visits for the period of 1962-83. Special exhibitions and festivals thus find themselves in the comfortable position of being in a growing market. This does, however, not explain the growth in the number of special events as opposed to regular arts venues.

Attracting new visitor groups

As has been well documented in cultural sociology, social factors may lead to a feeling of unenessess of some groups towards attending certain cultural events. A large share of the population rarely, if ever, attends cultural events in opera and concert houses, or visits art museums. Many people are overawed by the “temples of culture,” feel insecure and unwelcome, and therefore do not even consider attending an opera performance or visiting the local art museum. This applies, in particular, to population groups with below average education, which are also short of cultural tradition (see Blau (1989) and DiMaggio and Useem (1989)). The situation is clearly different for special cultural events which are broadly advertised, and which are made attractive to new groups. This holds in particular for music festivals taking place in “public spaces,” thus being more amenable to the great mass of the population, and less prohibitive than the established temples of culture (see e.g. Rolfe (1992, p. 82)). Indeed, many festivals make a strong effort to “go to the people” by e.g. playing in sport stadiums or popular meeting places (such as inner-city parks). As special exhibitions normally take place in museum premises – exceptions are, for instance, the Biennale in Venice or the Documenta in Kassel –, they still face the difficulty of attracting new groups. This is partly overcome by “dressing-up the museum” (see also Eicken (1986)): special exhibitions are without exception marked by huge banners and other advertising gags, and even the museum entrances (which to non-museum goers otherwise look menacing) are virtually opened up and made welcom-

7Klein (1990) provides extensive empirical evidence on the socio-demographic background of the “museum visitor.” Data refer mainly to the Federal Republic of Germany. For the sociology of arts in general see Foster and Blau (1989).

8The situation is quite different for museums of technology or of transport. Especially automobile and railway museums are very popular. In Switzerland, for instance, which boasts many fine museums of art, the museum with by far the largest attendance is the Verkehrsmuseum in Lucerne. In 1993 it attracted over 547,000 visitors while the (famous) collection at the Basle Kunstmuseum was visited only by 103,000 persons.

9A good example is the “Opera Spectacular” which tours the whole world. Its production of Aida is normally performed in sports stadiums, and has so far attracted almost 2 million visitors. Open air performances have attendances of up to 45,000 people (in Montreal); this can be attributed to concrete visual elements (e.g. a sphinx 15 metres high, live elephants and camels), a large number of performers (roughly 600 supernumeraries), as well as to the extraordinary emphasis on high technical tone quality.
Frey and Busenhart, Special exhibitions and festivals

ing. The “Emperor’s Warriors” Exhibition in Edinburgh 1985 is such an example of opening up the museum. Extensive promotion also plays a role. Coutts (1986) relates in his article “Profile of a Blockbuster” the success story of that exhibition. It attracted over 200,000 visitors; when questioned, a considerable part (15%) reported that they normally do not visit museums.

**Focusing attention**

A festival and an exhibition seek to attract consumers by presenting some extraordinary cultural experience. They specialize on some particular artist (e.g. Bach with festivals, Rembrandt with exhibitions), some period (e.g. renaissance music or renaissance paintings), some topic (e.g. courtly music or courtly paintings), some genre (e.g. mannerist music or mannerist paintings), or some type of presentation (e.g. original musical instruments or portrait paintings). As a result, the visitors interested in such particular forms of art come together, often from far away locations (which is, of course, supported by low and secularly falling travel cost). Special exhibitions, in particular the “blockbusters,” are in this respect not different from festivals, and may even be compared with major sports events such as Olympic games or world championships. In both cases, public attention is drawn away from the regular activity – showing the permanent collection and pursuing the normal sport schedule – towards a special and unique (or at least rare) event. Special exhibitions and festivals share common features with pilgrimages (Börsch-Supan (1993, p. 73)), which also have an aura of mysticism, and are surrounded by much commercial activity.

**Newsworthiness**

Festivals and special exhibitions are news, and attract the attention of television, radio and the print media which, otherwise, is impossible to get to the same degree and, especially, free of charge. It is easy to get media people to report on a special exhibition, while the permanent collection is hardly any news (see e.g. Bayart and Benghozi (1993, p. 210)). Large exhibitions devoted to mythified artists such as Rembrandt, Van Gogh or Picasso, or to a far away, magic culture mobilize the press and throw the organizing museum people into the limelight (see also Elsen (1986, p. 20)). The publicity not only attracts larger crowds of viewers, but also improves the museum directorate’s position vis-à-vis politicians, sponsors and donors.

Operatic and musical performers get some media attention on opening nights but with few exceptions, i.e. short of a scandal, the respective reports are digested by only a small share of the population, while the rest does not bother. Festivals offer much better opportunities to get media attention, as they present themselves every year as new (even if, in practice, some of them repeat performances, Verona’s “Aida” being a case in point).

Closely connected to novelty is the limited duration of both festivals and special exhibitions. The restricted time raises prospective visitors’ incentives to really attend, while a visit to the local opera or concert house, or to the museum, is easily put off in the expectation that nothing is thereby lost.

**Low cost to visitors**

Festivals and special exhibitions are closely connected to tourism (see e.g. Getz (1989), O’Hagan (1992, p. 65)). The French characteristically like to name them “événements,” in order to indicate that they normally take place in the summer tourist season. It has, for instance, been econometrically estimated that as tourists have their income situation improve back home, they increase their vacation expenditure and correspondingly demand more cultural experiences during their stay abroad (Gapinski (1988)). A considerable share of visitors comes from out of town, from another region, and often from a foreign country.

Special exhibitions also strongly rely on tourist visitors but as they are mostly organized by major museums which are located in large cities, the period outside summer holidays is more attractive. Winter is a good season for special art exhibitions as the prospective visitors are prepared to travel to these centres, thus combining holidays with a cultural experience (for the Basle Holbein exhibition, see Schenker (1988)).

The combination of a cultural event with tourism lowers individuals’ cost of attending in various respects. In the case of increasingly popular package tours, consumers only have to take the initial decision and all the rest is taken care of by the travel agent. In the case of culture where it is often burdensome to acquire the tickets from outside, this reduction of decision and transaction cost is substantial. Festivals and special exhibitions should thus be considered as one input into a consumption production function (Becker (1976)). The total cost of the output consumed is made up of the cost of
the various inputs which comprise, among other, the travel costs which have been secularly declining (especially if one takes into account the reduced time input required). This argument, however, also holds to some extent for a combination of tourism with regular art venues.

Low price elasticity of demand

The strong attraction of special exhibitions and festivals to tourists and people from out of town paying day-visits, also affects the price elasticity of demand. Tourists do not relate an increase in the ticket price (within reasonable bounds) to the previous entry price, but rather to expenditures for the trip as a whole. A given price rise is then in comparison perceived to be small only and does not have much impact on demand (for the general argument, see Thaler (1980); for museum admission fees, see Blattberg and Broderick (1991)). This effect is supported by empirical evidence. Attendance figures at the Museum of the Palazzo Ducale in Venice, for example, have been fairly stable although admission fees for the exhibitions presented in the last years have increased by more than 10 percent on average. In fact, the number of visitors to the Palazzo Ducale seems to be in direct proportion to the number of people visiting the centre of Venice (ICARE (1994)).

The low price elasticity of demand compared to the permanent venues gives the managers of festivals and special exhibitions more leeway to increase their revenue by increasing entry fees. It may indeed be commonly observed that the entry prices for special exhibitions are often much higher than for the permanent collection (even if they are located in the same house). The same is true for many festivals, compared to traditional performances. This suggests that entry fees are more fully used as an income source, when tourist demand is higher.

High demand by business

Festivals and special exhibitions offer many opportunities to make money. Indeed, there is a large literature documenting the monetary profitability of such cultural events.\(^{10}\) They do not only extend to the tourist industry, but also to firms catering for the production of the festivals and exhibitions. There is also a benefit to the recording industry in the case of festivals, and to book publishers in the case of special exhibitions. They benefit from the interest raised by glamorous cultural events.

2.2 Supply

There are five major determinants of supply which are similar, if not identical, for music festivals and special exhibitions. They contrast with the conditions faced by the permanent venues and contribute to the boom of festivals and special exhibitions.

Low production cost

The absolute cost of many festivals and special exhibitions is certainly high, but it is low compared to the sum they would require if all the resource inputs used were attributed to them. In the case of both art forms, important resources are taken from the permanent venues and only marginal (additional) cost is covered by the special artistic event. Museum employees are taken on to organize and run special exhibitions but the corresponding cost is not attributed to the special events (Montebello (1981)). In real terms, the costs are substantial but often appear in disguised and long-term form only. One such cost is the neglect of cataloguing and keeping-up the permanent collection (see Börsch-Supan (1993) for several pertinent examples). But also the museum rooms where the special exhibitions take place do not enter the accounts, as the opportunities forgone are not part of bookkeeping. The cost of mounting a special exhibition are also significantly lowered, because the art works shown do not have to be rented at a market price. Extensive inquiries with museum administrators, private collectors and a variety of art experts, have revealed that a rental market for art objects only exists under very exceptional conditions, and is of little importance (see also Frey and Eichenberger (1995)). Rather, the exhibits are lent free of charge; the organizing museum at best has to cover the insurance and transport cost (which may be substantial). The cost of this lending “free of charge” shows up in a non-monetary form. The whole system of special exhibitions is built on mutual exchange or on the principle of reciprocity. Only those museum directors who are prepared to also lend art objects from their own permanent collec-

tion, are able to participate in this exchange system. The (indirect) cost of being able to show the treasures of other museums at one’s own special exhibitions consists in the temporary losses of treasures of one’s own collection. But again, these are opportunity costs which are nowhere accounted for, at least not in monetary form. The productivity cost can be further lessened by arranging travelling, circulating or touring exhibitions where they can be shared by those museums which are to show the exhibition (see more fully Belcher (1991, pp. 51-55)).

Festivals taking place outside the permanent venue have to carry a higher share of total cost in monetary form than museums. However, as festivals are predominantly organized during the summer holidays, they can hire much of the artistic and technical staff at marginal cost as these persons are otherwise not employed. They can also, to a considerable extent, draw on volunteers. In the United Kingdom, for instance, almost 40 percent of the over 500 arts festivals are run by unpaid staff (Rolfe (1992, p. 1)), but that source of labour is also important in virtually all festivals (see e.g. Curtis (1990, p. 4) or O’Hagan (1993, p. 161)). The locations at which the festivals play are often “public” (they belong to the state or the church); they can be rented at a nominal charge, and are often free (Rolfe (1992, p. 62); Galeotti (1992, p. 139)).

More scope for artistic creativity

Permanent opera houses and orchestras are strongly bound by the clientele they have to cater for. They often find it impossible to interpret classical plays in a new form, and even more so to perform modern and/or unknown plays, because they risk losing their regular customers. The holders of season tickets with mostly conservative taste are moreover strongly interested in what is presented; they form a powerful lobby which can exert considerable pressure on the managers and the subsidy-giving politicians if they are dissatisfied with “their” opera house or orchestras. As a consequence, the directors have little possibility to fulfil their artistic conceptions of originality.

Independently organized festivals provide an opportunity to exhibit artistic creativity. Festivals may well cater for an audience honouring unorthodox, excellence and special tastes. While a permanent opera house or orchestra only performing contemporary plays and music comes under heavy pressure from its established clientele and is quickly forced by the subsidizing politicians to conform to broader tastes, a festival exclusively devoted to such contemporary art may well prosper, as the festivals at Donaueschingen and Lockenhaus demonstrate.

Museum directors are similarly bound by artistic conventions. The particular hanging of pictures at many museums has become part of the cultural heritage, and it is next to impossible to rearrange the permanent collection to any significant extent. Special exhibitions offer a chance to evade such historical restrictions. One of the major tasks and potentials of an art exhibition is to arrange the art object in a way which creates new insights and effects. In addition, the assembly of art objects coming from many different permanent collections, provides a much-sought challenge to the museum directors, curators, exhibition and graphic designers, conservators, editors and managing officers, to exert their artistic creativity and sense of innovation, and possibly to raise controversy – these aspects are highly valued by museum people for their own sake, but also because it is beneficial for their career.

Evading government and trade union regulations

Cultural institutions’ freedom to act is restricted by two major institutions, government and trade unions.13

In continental Europe, both establishments of serious music and art museums are to a large extent either directly part of the public administration, or at least have to follow the administrative rules of the public sector as they are heavily subsidised by it. In particular, they are subject to the “non-affectation principle” according to which all expenditures are covered by the public budget, and, in return, all the revenue goes to the public treasury.14

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11 At the festival of La Roque-d’Anthéron (France), for example, artists accept to perform for sometimes half the fee they get on other occasions (L’Expansion (1994, p. 35)).
12 As Baumol and Bowen (1992) point out, this was not always so. In Mozart’s time "audiences generally were prepared to listen only to new music, usually to works written no more than a decade earlier."
13 This argument especially applies for Europe. In the United States, where generally less regulations are imposed on cultural institutions (at least compared to other institutions), the incentive to evade regulations is lower. For the case of festivals, the empirical picture is consistent with that observation: fewer festivals take place in the U. S. than in Europe (see Frey (1994b)).
All revenue thereby gained is “taxed” by the public treasury at one hundred percent, as the subsidy is correspondingly reduced. Indeed, the effort to gain own revenues is taxed at more than one hundred percent in the longer run, because the budgetary authorities become aware of such possibilities and correspondingly reduce future subsidies. As a result, art institutions (as well as all other governmental units) have no incentive to gain revenue by own efforts, e.g. by ticket sales or income from auxiliary activities, such as selling goods in the museum store or recordings of opera and musical performances. The director of the highly subsidized Wiener Burgtheater, for instance, categorically refuses to include advertisements in the theatre program “for esthetic and artistic reasons” (Österreichischer Rechnungshof 1994, p. 28) without mentioning that this is routinely done elsewhere. A major reason why museums do not charge for loaning out works to special exhibitions, but rather rely on exchanges, is that non-monetary activities are extra-budgetary, and are therefore more likely to escape the intervention by the ministry in charge of museums.

Government restrictions go much beyond budgetary affairs. They hinder the art institutions’ way to act and to perform in a myriad of ways. Thus, the pricing policy is strongly restricted, as well as opening and performing days and hours (for many examples see e.g. Börsch-Supan 1993, pp. 11, 15)). In view of the strong hand of the government, and its persistence due to a long tradition, the major possibility of evading these regulations is to engage in special events.

Festivals are, with very few exceptions, organized as private enterprises in which public bodies are, at best, one of several members. As a consequence, the directors of music festivals do not have to conform to administrative regulations and, in particular, do not have to transfer surpluses to the public treasury but can use them in a way they find sensible, above all to invest them into innovative features of their festival. The directors risk losing their degree of freedom to the extent they accept, and become dependent on, public subsidies, in which case the festival’s possibility to engage in artistic originality is reduced to the low level corresponding to established opera houses and orchestras.

Special exhibitions provide a good opportunity for directors of art museums to appropriate at least part of the extra revenue generated. Since they are extraordinary events, museum directors are in a good bargaining position vis-à-vis the public budgetary authorities to keep some discretion over the funds, and not to be fully “punished” by a reduction in future budget allocations. A pertinent example is the Cézanne exhibition held in Tübingen in 1993. The organizing museum (Kunsthalle) being public, its expenditures and revenues form part of the budget of the town of Tübingen. Eventual profits are normally absorbed by the public budget. However, things looked different in the case of the Cézanne-Retrospective, which unexpectedly accounted for a profit of 4.5 mio DM. This surprisingly good result made it possible for the museum director to bargain with the town authorities. In the end, the museum was allowed to keep more than a million of the profits, for the purpose of organizing more such special exhibitions.

A few art exhibitions are at least formally outside the public sector, such as the Documenta in Kassel or the Biennale in Venice, but the organizers are in constant danger of being invaded by government regulations. Of course, financial independence strengthens the organizers’ position vis-à-vis the state.

One of the most stringent public regulations imposed on art institutions pertains to government sector employment. The virtual impossibility of dismissing inefficient or downright destructive employees, to promote and pay employees according to performance, and to adjust working hours to needs, are major factors reducing creative endeavours and to turn art institutions into mere bureaucracies. Additional regulations have been pushed through by trade unions, and are often fully supported by the government. Festivals and special exhibitions make it possible to evade at least some employment restrictions, especially as most of the employees are only part-time and temporary, are not union members, and are therefore not legally bound by trade union regulations.

In the case of both government and trade union restrictions, festivals and special exhibitions only provide relief as long as they do not occur in a

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14 Abundant evidence exists showing that festivals enjoy greater financial freedom than normal music establishments. A good example is the Schleswig-Holstein Musikfestspiele, where the originator and promoter, Justus Frantz, enjoyed more leeway than he would ever have had at an established venue. While he received public subsidies, he kept his independence by relying on financial support from many different sponsors.

15 Personal communication by the director of the Kunsthalle Tübingen, Professor Götz Adriani, to the authors, 20 June, 1994.

16 Many museums employ part of their personnel only temporarily when they have an exhibition on display (Bayart and Benghozi 1993, p. 199). For an analysis of temporary work contracts in the performing arts, see Menger (1991).
too regular sequence. A museum which organizes yearly exhibitions with a large surplus, risks losing the special status relative to other governmental units. One therefore observes that museum directorates stress the extraordinary nature of each exhibition. They moreover purposely feature exhibitions meeting their own criteria of a "good" exception (and therewith attract the attention and admiration of their reference group, i.e. of art critics and of other museum directors) but which are due to produce a substantial deficit. That festivals are on average more independently organized than special exhibitions, may be attributed to the fact that, as (mostly) yearly events, they are under greater danger to be subjected to outside regulations.

More sponsoring

Politicians and public officials have a pronounced interest in festivals and grand special exhibitions. They not only respond to the respective demands of the arts world and the local business community, but they are also given an excellent opportunity to appear in the media as "patrons of the arts" (with tax payers' money). The fact that some festivals initially made profit until the politicians seized the chance to intervene, suggests a causality which is reverse to the accepted one: subsidies are not offered because deficits must be covered, but deficits appear because politicians offer subsidies.17

Business is also more prepared to sponsor festivals and special exhibitions than regular activities18 where legal provisions often hinder sponsoring. The most important reason, certainly, is the higher media attention of these events and of their particular contribution; moreover, an individual firm has more control over the funds contributed, and sees less of it wasted by an inefficient bureaucracy, as may be the case in opera houses or art museums. Sponsors "want a well-defined, high quality event aimed at specific audience" (The Economist, 5 Aug. 1989).19 For the reasons given above, the corporate

sponsors also feel that their contributions add to cultural output, and do not simply induce the government to provide less subsidies.

Career enhancement

As a result of increased internationalization particularly going with European unification, many of the top positions in opera houses, orchestras and art museums are opened to foreign competition. The normal career pattern has thus changed from staying all one's life in one house, and reaching a senior position by internal promotion. The change has been especially marked in the case of art museums (see Schouten (1989, p. 113)).

In order to successfully compete in this changed setting, (potential) curators and directors have to make themselves internationally known. An excellent means is to actively participate in festivals, and even more so to mount a special exhibition.20 Such an event also opens the possibility of editing an exhibition catalogue whose scientific value is often quite limited (see Börsch-Supan (1993, pp. 56-60)), but which receives outside attention. Newspapers are much more likely to review, or at least to prominently mention, such a catalogue than a documentation of the museum's holdings. As a result, the chance of participating in a special exhibition reduces the quantity and quality of regular documentation, and many museums are rather uncertain about what holdings they actually have (Börsch-Supan (1993, pp. 54-55)). Art museum directors are increasingly chosen from, and transform themselves into, exhibition organizers ("Austellungsmacher" is the apt German expression), and move further and further away from being respected experts. This change in the museums' career system may run into problems in the long run. Some museum specialists argue that special exhibitions will run into diminishing returns because most attractive topics have been exploited, and repeating them only yields little prestige and recognition to the organizers.21 Moreover, there is a rising perception that travel tends to

Musical Theatre) and finances yearly Musical Theatre Prizes.

20Through exhibitions, curators and organizers may get known internationally within their profession, as the event gives them the opportunity to write about it in professional journals (see Eisele (1986, p. 25)).

21An example is the Cranach exhibition in Kronach in 1994 which, according to the Neue Zürcher Zeitung (25-26 June 1994), is less interesting and of a lower standard than the 1974 Cranach exhibition in Basel.
reduce, and sometimes outrightly damages, the quality of art works; this makes it increasingly difficult to collect the objects necessary to mount an attractive exhibition.

3 Differences between festivals and special exhibitions

The paper has so far focused on the similarities between festivals and special exhibitions. It is instructive to also discuss the dissimilarities between the two. They refer to location, the relationship to normal activities, and to exchange.

3.1 Location

Festivals typically take place in locations outside established opera and concert houses. As most of them play during the summer season, they often are outdoors. The most famous and oldest festivals have managed to have their own houses, examples being Bayreuth, Salzburg and Glyndebourne.

In contrast, special exhibitions normally take place in the premises of the organizing museum. Rooms outside the museum must meet specific security and climatic requirements and are expensive to rent, as they can also be used for other purposes, in particular for commercial exhibitions of all sorts. Rooms in the museum are used free of charge. To hold an exhibition in the museum premises has the further advantage of being able to use the museum staff, including the guardians, for the special exhibition. It is simply considered a part of the museum activities.

3.2 Relationship to regular activities

As festivals tend to take place away from the home base and outside the regular playing season, the two art forms are quite different. In particular, festivals are unlikely to draw visitors away from the performances of the established opera and orchestra company. If anything, a glamorous and highly advertised festival raises people’s interest in serious music and may induce them to also attend the local art performing venues. A side-effect is that the visitors have higher expectations concerning quality and professionalism of the local performers. They may realize that they are sometimes far from top class, which tends to reduce attendance.

Special exhibitions, in contrast, tend to reduce visits to the museum’s collection. People flock to the extraordinary event and often disregard the masterpieces of the permanent collection, probably because they think that they can visit it at some (unspecified) later date. Montebello (1981) describes this kind of competition from his own experience. In the long run, however, blockbuster and other grand exhibitions are likely to raise interest in art (see Conforti (1985)). Again, the publicity by the media plays a significant role.

Another contributing factor is that persons who are unfamiliar with culture lose their fear of entering a museum, i.e. the social barriers are reduced by the more welcoming special exhibitions. Again, the special event may have raised visitors’ expectations to such an extent that the quality of the local permanent collection is a disappointment to them. This is not necessarily to the organizers’ disadvantage, because it may serve as an argument to get additional funds for purchases from the government.

3.3 Exchange

Music festivals are able to get their administrative and technical staff as well as the artists from the open market, and can therefore organize themselves quite independently of the regular house. The organizers of special exhibitions, on the other hand, must for the reasons given above, be embedded in a system of exchange. This is a major reason why special exhibitions must be closely attached to art museums, because the latter’s collection is

\[ \text{22 There exist a similar complementary relationship with special sports events. A football world championship makes many people interested in this sport who would otherwise not care. Empirical evidence suggests that TV-reporting of football plays raises, rather than reduces attendance in subsequent games, i.e. complementarity outweighs the substitution effect (Gärtner and Pommerehne (1978)).} \]

\[ \text{23 High expectations are also produced by phonograph, radio and TV recordings and are therefore difficult to distinguish from the effect produced by the local festival. In any case, the raise in expectations enhances the "superstar effect." See Rosen (1981), Horowitz (1985), Adler (1985).} \]

\[ \text{24 The 1993 report on museums and galleries of the National Audit Office mentions exhibitions as activities promoting the interests of these institutions.} \]
needed to offer art works in exchange. If a special exhibition were arranged independently of an art museum, it would be impossible to get the exhibits from other museums as they do not lend their treasures on the open market. The only source for exhibits would then be from private collectors, who are generally averse to such "commercialization," or would ask high renting prices. Private collectors are, in contrast, prepared to rent to special exhibitions arranged by major museums because the art objects lent take part in the museum's prestige, and their authenticity is raised.

4 Concluding remarks

This paper endeavours to explain the boom in the number of music festivals and special exhibitions to a common set of factors amenable to economic analysis. On the demand side, the major factors identified were: the rising interest in cultural events in general (a positive and sizeable income elasticity of demand); the opening up of such events to groups of persons so far not patronizing the arts; providing for specialized cultural tastes (i.e. exploiting niches of demand); newsworthiness and publicity — going with rising importance of the electronic and print media; lowering of consumption cost, due to an efficient combination of art with tourism; the possibility to raise revenue by asking higher entry prices, because of the low price elasticity of demand due to tourists; and the increasing awareness of local business that festivals and special exhibitions can be commercially exploited. On the supply side, the major factors supporting the rise in festivals and special exhibitions are: the possibility of staging these events at lower cost than in the established venues (essentially, no fixed cost have to be carried); the larger scope for artistic creativity; increased possibilities to evade conventions of taste and government and trade union restrictions; the increasing role of corporate sponsoring; and the change in the career patterns in art institutions, favouring cultural events receiving outside attention and publicity.

Does this mean that festivals and special exhibitions are going to dominate cultural events completely in the future? There are various reasons why this is not to be expected. Certainly, these special cultural events are here to stay, but they will become less and less "special." As a result, the gap now existing between traditional venues and special events is due to narrow in the future. The brunt of the demand for festivals and special exhibitions will be carried by an increasing share of the population attending such events, which were earlier the province of the select few. Closely related, the cost of attending special cultural occasions will be further lowered by an increasingly efficient merging of tourism and art consumption. There will also be some leeway to care for niches of special tastes, but it will be increasingly difficult to mount original new art exhibitions — especially large ones — and music festivals. However, it is to be expected that new, so far unknown, forms of art presentation will be invented not least as a result of the changed career patterns of art producers.

The major factors curbing on the rapid future growth in festivals and special exhibitions is likely to come from the supply side. The advantage of comparatively low production cost is lost, the larger the number of such special cultural events is. They are no longer able to draw on the resources of the traditional venues at low or even nominal cost, because an increasing share of artistic performers have become free lance as a result of the great opportunities offered by festivals and special events. Even more importantly, as these special events become a regular feature, the supervisors of established opera houses, concert halls and art museums react and will force the organizers of special cultural events to participate in the fixed cost. Many of the best known and most prestigious festivals have become fully established: they often have buildings of their own and an increasing number of permanent staff. They now have many features with conventional opera and concert houses: they have to cope with increasing government and trade union regulations and interferences, and they rely ever more on a fixed set of visitors with expectations shaped by the respective festival's tradition. As a result, many of the "old" festivals have become victims of their own success, and find it difficult or impossible to engage in new artistic endeavours. Not surprisingly, some of the "old" festivals have given birth to new festivals, trying to evade the conventions and bureaucratic restrictions, and to break new artistic ground. 25

The situation is similar with art museums. As special exhibitions become the rule rather than the exception, there is pressure to have them carry the whole cost, and to subject them to the same government and trade union

25 Examples are the "incontri musicali fuori programma" existing since 1978 in the context of the Spoleto festival (Caleotti (1992, p. 128)), or the various "Fringes" at the Edinburgh festival. However, it seems that even part of the Fringe in Edinburgh has already become established again.
regulations as the other museum activities. The supervising ministries have already started to interfere in the exchange lending of art objects and have restricted it. Corporate sponsoring, which, in the past, has been one of the major factors supporting festivals and special exhibitions, is also due to be of lesser importance. With the large increase in the number of special cultural events, each particular effort is less likely to receive substantial sums. Moreover, the more special events become regular, the smaller is media attention. The influence of sponsors will be reduced the more government and trade union regulations intrude, so that prospective sponsors have an incentive to look for new ways to gain publicity. This may be the new, yet unknown, forms of art presentation, but also of other activities such as, recently, the support of meetings of homosexuals or of other minorities (often called “festivals”).

Even if the rapid rise in festivals and special exhibitions cannot be expected to persist, they have had a strong and lasting impact on the art world. On the demand side, it has opened up art to an increasing share of the population. This “popularization” may not be in the interest of some art suppliers and art lovers, but from the point of view of caring for individual preferences, it is a considerable achievement. On the supply side, the increased competition between producers of art has transformed career patterns at (European) opera houses, orchestras and art museums, and has led to a new attitude towards potential and actual art consumers. By subjecting art producers at least partly to the market, it has also favoured more efficient forms of organization and production in the world of art.

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