

# RUSSIAN THEATRES: THE RELATION BETWEEN FUNDING MODELS AND POLICY OBJECTIVES IN THE AREA OF THEATRICAL ACTIVITY

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**Boris L. Rudnik**

PhD. in Economics, Director of the Institute of Public Resource Management, National Research University Higher School of Economics (HSE).  
Address: 20 Myasnitskaya St.,  
101000 Moscow, Russian Federation.  
E-mail: brudnik@hse.ru.

## Abstract

The paper considers the transformation of the public funding mechanisms of theatres during the period from the last years of the USSR and early years of post-Soviet Russia up to the present. It analyses the differences between models applied at different times.

Several parameters of these models are taken into consideration, including the requirements that public bodies impose on the activities of theatres due to funding, and special features of budgetary tools which among other things characterize the approach to the determination of amounts of funding transferred to the theatres. Four models of public funding are juxtaposed with the state cultural policy objectives in theatrical activity set by the Constitution of the Russian Federation and federal statutory and regulatory enactments. The hypothesis that there is no direct orientation towards such objectives is put forward and finds its confirmation. A new model based on the public grants mechanism that meets the requirement of being policy objective-oriented is proposed.

**Keywords:** theatre; public funding; subsidy; public grant; state (municipal) institution; cultural policy objectives.

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## Introduction

Financial aspects of culture have always attracted the attention of researchers. The necessity of non-market support for theatrical activity, including state support, is justified (Baumol, Bowen 1968; Musgrave 1996; Frey 2003; Craik 2005; Baumol 2006; Rubinshtejn 2008). The volume and structure of financial resources from public and private sources of funding are considered (Muzychuk, 2013; Voss Z. G., Voss G. B. & Rose, 2016; Dempsey, 2016; Khanova, 2017). The principles and methods of such support are analyzed (Feder & Katz-Gerro, 2012; Abankina, 2015; Bukvic, Mihaljevic & Tokic, 2016; Hetherington, 2017). Political factors of the regional distribution of performing arts organizations' public funding are investigated (Bertelli, Connolly, Mason & Conover, 2014; Feder & Katz-Gerro, 2015). The influence of public funding limitations on theatres' repertoire formation are analyzed (Neligan, 2006; Werck, Stultjes & Heyndels, 2008). Several papers are dedicated specifically to forms and methods of theatre financing in foreign countries (Abankina, Abankina & Osovetskaya, 2005; Kaluga, 2005; Abankina, 2015).

Even though there are many papers on this subject, little attention is given to the issue of the relation between mechanisms of theatre funding and the state cultural policy objectives in Russia. This topic is of great interest as there have already been several changes in such mechanisms in Russia's modern history. Transformations are still ongoing, as is evident from Moscow's experience. It should be noted that papers known to the author and which analyze forms and methods of culture financing in foreign countries do not make an attempt to apply the foreign experience to Russian practice.

This paper analyzes post-Soviet and current public funding models for theatres. The hypothesis that there is no direct relation between such models and the state cultural policy objectives in theatrical activity is tested in the paper. A new model which in the author's opinion meets the requirement of being objective-oriented, is being put forward.

## The evolution of public funding models for theatrical activity

The Russian state has never rejected the necessity of theatres' public funding. Theatres received funding from federal and regional budgets and the amounts have been increasing in recent years. For instance, during 2010–2016 it almost doubled (from 27.6 to 53.7 billion rubles), whereas the share of extrabudgetary sources was 25% of the average for that period (Khanova, 2017).

A new model of public theatre funding was introduced this year in Moscow<sup>1</sup>. According to the model, the bulk of budgetary funds will be provided in the form of grants<sup>2</sup>, not as a subsidy to fulfil the state task like it was before. According to estimates, the amount of subsidy in 2018 accounts for only one third of the total amount of grants transferred to theatres from the municipal budget.

<sup>1</sup> For those theatres that are under the jurisdiction of the Moscow Department of Culture. There are 82 of them.

<sup>2</sup> Government Decree of the City of Moscow of December 19, 2017 N 1036-PP.

The search for an optimal mechanism for public theatre funding is not a new phenomenon. In the history of post-Soviet Russia, several transformations took place.

*The first*, which was proclaimed but not fully put into practice, dates back to the end of Soviet era and the beginning of Russian period, when public theatres were subscribed to the so-called new conditions of economic management<sup>3</sup>. According to these conditions the model of theatre public funding was as follows: funds were allocated according to the ratio set per one spectator, while the number of spectators was given to a theatre as a target figure to use in planning the activities. A theater could achieve a target figure and either over-fulfill or under-fulfill it. Appropriate encouragements or sanctions like a reduction in the amount of public funding for theatres were not provided.

However, the financial ratios for theaters have not been established. As a result, a somewhat different transformation (we will consider it as *the second one*) took place and the model of estimated public funding of theater institutions was implemented. It was in effect in Russia during the period from the 90s until the early 2000s. What makes these two models related (the planned one and the implemented one) is that funds were essentially allocated for the maintenance of theaters. The provision of funds was not accompanied by any requirements in regards to the volume or results of theatrical activity. M.E. Shvydkoi described the relationship between the state and the area of culture during his speech at the fifth congress of the Union of Theater Workers of Russia on October 22, 2001: “For the first time in the history of Russia, the state does not ask for anything in return for public funding of culture except its mere existence”<sup>4</sup>.

Since the middle of the noughties this century, Russian theaters have undergone a new, *third* transformation<sup>5</sup> of the public funding mechanism. It began with the adoption of the Federal Law “On Autonomous Institutions” in 2006 and carried on with the adoption of the Federal Law “On the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in connection with the Improvement of the Legal Status of State (Municipal) Institutions” in 2010. The essence of this transformation lies in the transition from one to three types of state and municipal institutions: state, autonomous and budgetary. The theatres were assigned to autonomous and budgetary institutions, which had to undergo a transition from public funding of their maintenance to funding services that they provide to the population. It meant that direct dependence between the volume of the funds and the volume and the quality of theatre services had been established<sup>6</sup>.

Several tools were pointed out to support the new approach: the state (municipal) task for the institution which was obligatory to fulfill; standard ratios of public funding of services rendered by an institution (financial ratios).

According to Article 6 of the Budget Code of the Russian Federation (hereafter referred as BC RF): “The State (municipal) task is a document that estab-

<sup>3</sup> Approved by Planning, Management and Economic Mechanism Improvement Commission of November 22, 1988, Protocol No. 136, Section III.

<sup>4</sup> [http://www.litsovet.ru/index.php/material.read?material\\_id=192498&fullscreen=1](http://www.litsovet.ru/index.php/material.read?material_id=192498&fullscreen=1). Accessed: 14 May, 2018.

<sup>5</sup> This transformation affected all state and municipal institutions, and not just theaters.

<sup>6</sup> This mechanism can be referred to the so-called New Public Management (Osborn, Gaebler 1992, Pollitt, Bouckaert 2004), which has become quite widespread in the world practice since the early 1990s.

lishes the requirements for the composition, quality and (or) volume (content), conditions, procedure and results of rendering state (municipal) services (performance of works)”.

The content of the state (municipal) task applied to theaters has changed significantly over the years and is still problematic. The major question here regards the indicators that characterize the amount of work performed by a theater. The number of public performances, the number of spectators and public performances (two indicators considered simultaneously), the number of spectators took on the role of the main indicator in succession.

So, the number of performances and spectators were the two indicators that were used alternatively or together to characterize the volume of theatrical activity. Currently preference is given to the latter. Financial ratio calculations are based on this indicator as well as the volume of subsidy provided to fulfill the state (municipal) task by a theatre. Before discussing the merits and demerits of this indicator, I would like to mention the position of the Ministry of Culture of Russia, expressed by the Deputy Minister A.V. Zhuravsky. The point is that a theater auditorium should be full, in any case it should not be empty, and the more tickets the theater sells, the bigger the subsidy should be (Karmunin & Zavyalova, 2015).

Let us return to the new Moscow model of theatre public funding. According to this, most of the public funds are transferred to Moscow theaters in the form of grants.

It should be noted that grants, including public grants, play a significant role in the global practice of supporting cultural activities. For instance, earned income (ticket sales, souvenir sales etc.) dominate the funding sources of English theaters subsidized by the Arts Council England (the largest recipient and distributor of funds from the Department of Culture, Media and Sport). Earned income accounted for 66% (£ 351 million) of total theatre revenue in 2017. The second most important funding source was grants from the above-mentioned Council, which accounted for 21% (£113 million), the third was charitable donations (10%) and territorial authorities funded 3% of the total theatre budget<sup>7</sup>.

Grants have already been used for some time now in the Russian practice of financing culture. To support the leading arts and cultural organizations grants from the President of the Russian Federation were established in 2003 and grants from the Government of the Russian Federation in 2006. According to the Decree of the Russian Government No. 186 of March 3, 2012 the Ministry of Culture provides grants to support innovative projects in contemporary art as part of the implementation of the federal targeted program “Culture of Russia (2012–2018)”. The Decree of the Russian Government No. 354 of April 18, 2014 established grants for regional and municipal theaters and independent theatrical collectives. The inclusion of non-state theaters in potential grantees should be particularly mentioned here. Also, according to the Russian Government Decree N 823 of August 18, 2014 grants to music organizations created in constituent territories of the Russian Federation as well as municipal entities, and to independent music groups

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<sup>7</sup> Sources: Arts Council England & BOP Consulting, Statista.

for creative project implementation were established. Therefore, cultural grants in Russia already have some history and are provided for the implementation of a very wide range of objectives. But, firstly, they are more like a one-time measure, and secondly, the aggregate volume of grants is rather small. In 2014, which was the most generous year in terms of the amount of grants provided, mostly because it was proclaimed as the year of culture in Russia, 6.3 billion rubles were transferred from the federal budget to provide grants to culture, or 6.4% of the total federal expenditure on this area.

The limited use of the grant mechanism in Russian practice is largely due to the lack of legal settlement of grant issues.

In Russian legislation, the concept of the grant is defined by separate laws and the definition varies according to the purposes of each document: The Russian Tax Code (Clause 14 Part 1 of Article 251), the Federal law “On Science and State Science and Technology Policy” (Article 2). At the same time, these enactments deal with private, rather than public grants (state and municipal).

Article 78 (Part 7) of BC RF defines the possibility of providing (including provision on a competitive basis) legal entities (state and municipal institutions excluded), individual entrepreneurs and individuals with grants. Article 78.1 (Part 4) enlarges the scope of entities that can be provided with grants, by including autonomous and budgetary institutions. Let us outline that this refers to public grants that can be provided to legal entities of all forms of ownership, organizational and legal forms, as well as to individuals. Therewith, the Budget Code does not define the concept of such a grant.

Thus, the BC RF gives legal grounding for public grants, and they can be provided to legal entities (except for state institutions) and individuals. At the same time, there are serious problems with the legal groundwork for the grant mechanism. In fact, special aspects of the public (municipal) grant as a budget instrument are not defined by federal legislation. The concept of a grant and granting procedure are not specified.

In Moscow, model grants are provided for the implementation of the statutory activities of theaters (public performances)<sup>8</sup>. The size of the grant is determined by calculating salary costs as well as stage production costs with due consideration of genre. Maintenance of theatrical property is funded separately. It should be noted that before the transition to this model the main activity of Moscow theaters was regulated by the state task<sup>9</sup> and subsidized for their implementation. When replacing subsidies with grants the need to target theatres with providing services to the public is “automatically” eliminated. Requirements connected with the state task of a theater, such as setting an indicator of the volume of services rendered, and their marginal cost and some others, become irrelevant.

<sup>8</sup> Unfortunately, the author was not able to find a sufficiently complete description in official documents adopted by the executive authorities of Moscow and placed in the public domain. In this regard, it can be considered only approximately, based, among other things, on its discussion at the conference held in October 2017 in St. Petersburg, “State support of the theaters of Moscow and St. Petersburg and the prospects for the development of the theatrical business”.

<sup>9</sup> The state task remains but concerns the participation of a theater in major city events, rather than rendering services to the public.

Table 1 presents theatre public funding models discussed above. It considers aspects significant for the analysis.

Table 1

### State theatres public funding models

N	Period	Requirements to theatres' activities	Budgetary instrument
1	Late 80s – early 90s (was not fully realized)	Not specified	The funds were transferred as a single amount (without breakdown by expense items). The volume of funds was calculated based on a standard ratio per spectator
2	Early 90s – 2010	Not specified	Financing based on an institution's budget
3	2010 – present (except for Moscow)	To the volume of services: number of viewers. To the quality of services: tickets sold (%), number of performances, marginal tickets price, and others (Article 69.2 BC RF)	Subsidy based on the standard ratio per spectator
4	Since 2018 (Moscow)	Not specified	Grant for performances Subsidy for the maintenance of a theater's property

The main visible differences between the models discussed are:

- 1) the requirements in regards to the volume and quality of theatrical activity, tickets price ceiling and some other requirements in model 3, whereas in models 1, 2 and 4 no requirements are specified;
- 2) no estimated funding in models 1, 3 and 4, which is quite non-traditional for public institutions.

But there are deeper differences. First, model 3 realizes the responsibility of the state to consumers of theater services directly, by setting the state task and ticket price ceiling. Secondly, the emergence of a grant model (model 4) may mean, at least in the long term, a fundamental change in the state's attitude to theatrical activity: the shift from its financial maintenance to its financial support. Therefore, changes in purposes of public funds provision, their amount and methods of calculation, as well as frequency of allocation could be introduced in future.

### Objectives of the state cultural policy and models of theater public funding

Public funding issues of social and cultural areas are subjects to the law, to the Constitution of the Russian Federation in the first place. Article 44 (Parts 1 and 2) states:

“1. Everyone shall be guaranteed the freedom of literary, artistic, scientific, technical and other types of creative activity, and teaching. Intellectual property shall be protected by law.

2. Everyone shall have the right to participate in cultural life and use cultural establishments and to access cultural values”.

These norms are related to two subjects of cultural activity: creators of cultural values, including those in the dramatic art, and consumers (of these values). At the same time, as it is evident from the constitutional norms, the state is not directly obliged to finance culture. Let us compare with healthcare and education.

Healthcare:

“1. Everyone shall have the right to health protection and medical aid. Medical aid in state and municipal health establishments shall be rendered to individuals gratis, at the expense of the corresponding budget, insurance contributions, and other proceeds” (Part 1 of Article 41 of the Constitution).

Education:

“2. Guarantees shall be provided for general access to and free pre-school, secondary and high vocational education in state or municipal educational establishments and at enterprises.

3. Everyone shall have the right to receive on a competitive basis a free higher education in a state or municipal educational establishment and at an enterprise” (Parts 2 and 3 of Article 43 of the Constitution).

The norms of Article 44 of the Russian Constitution allow for a wide range of possible actions on the part of the state: from protective measures to the public funding of culture. In fact, firstly, it can be assumed that the artist (creator) would be freer not only if his or her creative activity is not interfered with, but also if some money is granted so that there is no need to worry about how to make a living<sup>10</sup>. Secondly, the accessibility of cultural goods and services for the population is determined by price factors among other things. Granting public funds allows theatres to set prices at a level acceptable for most people who want to attend performances. At the same time, the state has the right to accompany the allocation of funds with certain requirements that increase the interest of theaters in terms of attracting spectators.

The norms of the Constitution should be specified in federal laws. For culture it is the Fundamental Principles of Legislation on Culture (hereinafter referred to as the Fundamentals). In the text of the latter, perhaps, only the following norm can be considered as a direct obligation of the state to finance culture:

“To ensure the general accessibility of cultural activities, cultural values and benefits for all citizens, public authorities and local governments according to their competence, are obliged:

...

to create conditions for aesthetic and artistic education, primarily through the support and development of organizations engaged in educational activities in arts and culture, as well as the preservation of free services from public libraries” (Article 30 of the Fundamentals).

As is seen from the above-mentioned text, this is in reference only to consumers of cultural goods, and only on the part of visiting educational organizations of culture and libraries. As for theaters, however, as well as other performing arts organizations, they are not mentioned in the Fundamentals at all. Thus, public funding of theatres at the level of federal laws is not explicitly specified.

<sup>10</sup> Thus, studies show (Werck, Stultjes & Heyndels, 2008, Neligan, 2006, etc.) that an increase in theatres public funding contributes to the diversity and innovation of repertoire.

This, however, does not mean that the state's position is not to provide theatres with financial resources. In our opinion, the reason for this is that in 1992, when the Fundamentals were adopted, the most negative memories of state interference with arts and strict censorship were still vivid. In these circumstances, the legislator, trying to create distance between the state and the creators, did not mention theaters in the norms of federal laws. When it came to arts and culture, they tried to focus only on ensuring its freedom. At the same time, as we have already mentioned, the law did not prohibit the provision of public funds to theaters.

In 2011 the Russian Government adopted the Concept of the long-term development of theatrical business in the Russian Federation for the period until 2020 (hereinafter referred to as the Concept), which was perhaps the first major document of a like nature. It contains Section 6 "Financial support of theatrical art", including the following provision:

"The principles of public funding should consider the peculiarity of the creative process, in which both artistic search, finding new ways and forms of art development, and introducing art to direct consumers are equally important. In the daily activities of theaters, these aspects exist in indissoluble unity, they are equally significant for the state and should be supported by it".

Thus, according to the Concept, the state firstly has a duty to provide financial support to theaters, and secondly, such support is provided for two purposes that comply with the norms of the Constitution. They can be formulated as follows: 1) to promote the development of theatrical art and 2) to ensure the accessibility of theaters to the public. Thirdly, these goals are equivalent. They should serve as a basis for the formation of theatres public funding mechanism. Let us compare them with the four models stated above.

#### *Model 1*

The purpose of providing budgetary funds was not directly established. This, as noted above, is probably due to the desire of society to protect the theatre and other art forms from state interference. What kind of objectives in theatrical activity could the state have in such a situation?

At the same time, it is submitted that the provision of public funds to theaters without assigning any duties to them contributes to free implementation of the creative process. The model does not provide any special tools that stimulate theaters to ensure high attendance of performances. Thus, it can be concluded that this model is in fact oriented towards the first of the stated goals of cultural policy.

#### *Model 2*

Like the previous model, except that economic restrictions (estimate) normally determine limitations to the implementation of the creative process.

#### *Model 3*

First, it should be noted that after the nineties the views of the theatrical community on the relationship with the state began to change. In this connection, we quote an excerpt from the speech of A. Kolyagin, the chairman of the

Union of Theater Workers of Russia<sup>11</sup>, and one of the leading Russian actors and directors. The speech was given at the IV Congress of said union in 2001. Looking back, A. Kolyagin noted: “I quickly realized that we, the whole of our theatrical community, could not survive without the state with which we had to come to an agreement”<sup>12</sup>. Let us emphasize that this attitude was quite in line with the growing role of the state in culture in the beginning in the early 2000s (Jakobson, Rudnik & Toepler, 2016).

The introduction of this model was accompanied by discussions<sup>13</sup> (2015) regarding the volume of services rendered by a theater. They were reflected in the press (Karmunin & Zavyalova, 2015; Koltsov, 2015). The heads of the theaters took part in the discussions. They discussed difficulties that can arise when using the number of visitors as an indicator. However, the difficulties to which they pointed were generally technical (significant differences in the capacity of theatre auditoriums, and sometimes the absence of their own auditorium, the need to consider the genre and aesthetic differences of performances, and some others). All of them could be overcome one way or another. Another thing is important. The usefulness of a financial mechanism should be first assessed from the position of its conformity with the set goals of cultural policy. A mechanism that is perfectly suitable for one purpose and contributes to its achievement, is unacceptable for another, and its application could be an insurmountable obstacle.

Let us return to the two objectives of the state policy in theatrical activity. The indicator of the number of spectators as the state task, and funding on its basis, corresponds to the second one as in this case theatres are interested in their halls not standing empty, at least. But today they are interested in this anyway.

Theaters receive funding not only from the state, but they are also dependent on ticket sales as revenue directly depends on the number of people who buy tickets. It is hardly worth reinforcing this dependence. The consequences seem obvious. The first of the indicated goals will be sacrificed. Back in 1988, in the newspaper “Soviet Culture”, G.G. Dadamyan concluded: “The results of a theatrical experiment conducted in the country showed that economic interest prevails over the arts. In competition for spectators and earnings the tried and tested way of undressing actresses wins”. (Dadamyan, 2010).

The following circumstance should be pointed out here. Artistic tastes and people’s interests differ significantly, the audience is not homogeneous, and when theaters are oriented towards a mass spectator some groups are left outside. In this case, people with the most developed artistic taste (“theater elite”) will suffer. Theaters should have economic opportunities for classics and modern drama production as well as development of new trends and forms, and conduction of creative experiments. Ultimately, they should care not only about numbers but also about quality.

<sup>11</sup> This union has been the largest and most active public association in the field of culture in recent times.

<sup>12</sup> [http://www.litsovet.ru/index.php/material.read?material\\_id=192498&fullscreen=1](http://www.litsovet.ru/index.php/material.read?material_id=192498&fullscreen=1). Accessed: 14 May, 2018.

<sup>13</sup> More details of the discussion of this issue are disclosed in (Rudnik & Kushtanina, 2016).

*Model 4*

In this (Moscow) model, grants are provided for the development of theatrical art in accordance with agreements between the Moscow Department of Culture and theaters. So, the realization of the first goal is meant here.

The relations between the state theatrical art policy objectives and four models of theater public funding are presented in Table 2.

Table 2

**Cultural policy objectives and theatre funding models**

N	Objective 1	Objective 2
1	Objective is not explicitly specified. The conclusion about the orientation towards this goal is made based on the properties of the model (the absence of requirements for the activities of a theater)	–
2	Objective is not explicitly specified. The conclusion about the orientation towards this goal is made based on the properties of the model (the absence of requirements for the activities of a theater)	–
3	–	Objective is not explicitly specified. The conclusion about the orientation towards this goal is made based on the properties of the model (activities of a theater are funded depending on the number of spectators)
4	The objective of grants provision is the development of theatrical art	–

Thus, it can be concluded that the proposed hypothesis is confirmed. Models of theatre public funding in the processes of their formation and transformation were not oriented towards the state's objectives in this area. Moreover, during the long period of new Russian history, such goals have not even been established by legislation.

**Competitive model of theatrical activity public funding**

To begin with, two basic points should be emphasized. First, the proposed model refers to theatrical activity in general, and not only to the part that is carried out within state and municipal theaters. Secondly, this does not refer to an ideal holistic model. What is meant here is rather a series of principles, approaches and budget instruments, whose implementation could contribute to the development of this activity.

Going beyond the state structures assumes that public funds for performing theatrical activities are provided not only to state and municipal institutions, but also to private organizations. Culture, including theatrical activities, is the only social area now where the involvement of private organizations in state and municipal services provision is not prescribed by legislation. The private sector in culture does not receive subsidies for rendering services to the population, so qualitative

competition and availability of public funds, regardless of the form of ownership, are not provided.

It seems that limited competition and manifestations of monopolism have the most negative impact on the reproduction of the creative elite. It has grown old. A middle-aged group gap exists, where there is no noticeable number of outstanding masters. As a result, not only is a high level of innovative activity not provided, but also a transfer of the most significant traditions of the national artistic culture. This can lead to discontinuity between creative generations.

Let us consider separately the implementation of each of the two designated goals of state policy in theatrical activity. Then we will outline their combination in a single model. Without setting the task of destroying the existing system of theatrical activity, we will orient the new model towards both private organizations and institutions with their state (municipal) tasks.

*Objective 1 (promotion of the development of theatrical art)*

Public funds are provided to a theater as a single amount (subsidies to perform state (municipal) task provided to state (municipal) theaters, grants provided to private theaters). Grants to private theaters are provided for the implementation of the arts program they announce. What is important here is that it is advisable to conclude an agreement on grant support for a relatively long period, for example, for 3 years (according to the budgetary periods established in Russia). The latter is crucial for private theaters. Public institutions simply according to their status will receive a subsidy every year, and approximately of the same known size. The situation is different for private theaters. The State does not owe anything to them, especially in a long-term perspective. Such a long-term duty should be envisaged in the agreement and thereby create confidence among creative groups, not only today but also in the future. This, with other things being equal, should favorably affect the “quality” of a theater’s repertoire.

*Objective 2 (ensuring the accessibility of theater for the public)*

First, it seems that it is quite natural to impose restrictions on ticket prices to realize this objective. However, this was the case in the Soviet period and led only to the enrichment of speculators. In this regard, this tool is not included in the model.

Another possible tool is the establishment of requirements for the scope of a theater’s activity. The indicator of the number of spectators was considered above. It can “work” for this objective, but, as noted above, the first objective could be “killed”. Another possible indicator, which, incidentally, has already been used in practice, is the number of theatrical performances shown by a theater. It can easily be used in the model, because its application, on the one hand, induces the theater to serve the interests of a spectator. On the other hand, it is not directly connected with the threat of distortion of a theater’s repertoire. We emphasize that the model does not imply the establishment of quality indicators, including the occupancy of a hall.

So, the model is based on tools aimed at the implementation of objective 1. Tools that implement objective 2, were superimposed on the instruments of the

first group so to speak, with the restriction “abstain from doing harm”. There might be concerns about achieving objective 2, but they are groundless. First, as already noted, the theater is interested in the work for the benefit of a spectator, as the revenue depends on the latter. Of course, one can increase revenues by reducing amount of services and increasing prices. But the supply (a number of performances per season) is a regulated parameter of the model. We also note that the development of competition between theater groups will work in favor of a spectator, as will be discussed below.

The proposed model can be presented as follows (Table 3).

Table 3

### Competitive model of theater public funding

Model parameters	State and municipal theatres	Private theaters
Purpose of funds provision	Financial support for the fulfilment of the state (municipal) task	Support of a creative program production and public display of performances
Budget instrument	Subsidy for the fulfilment of the state (municipal) task	Grant
Period of funding	Annually	3 years minimum
Requirements as to a theatre's activities	The fulfilment of the state (municipal) task measured in the number publicly shown performances (minimum)	Implementation of a creative program, including the number of publicly shown performances (minimum)
Method of determining the amount of funds provided to a theater	Standard amount per one performance	Standard amount per one performance
Procedure of choosing theaters to provide public funds	The choice is not made, institutions receive subsidies according to their legal status	Public competition of creative programs

A few words about the model and its elements. First, why is this model named competitive? The answer is obvious: because it includes private theatres that receive public funding on a competitive basis. However, a completely natural question arises: why not include all theaters, both private and public (municipal), in competition, and oblige the latter to participate in competitions for creative programs? Examples of such general competition in Russia already exist in vocational education and social services. A similar approach for all sectors of the social sphere is envisaged by the draft Federal Law “On Public (Municipal) Social Contract for Provision of Public (Municipal) Services in the Social Sphere” prepared by the Ministry of Finance and widely discussed today. However, the introduction of such general competition in theatrical activity seems at least premature. Not only private, but also state theatres could turn out unprepared, as they are not used to earning their funding on competitive terms.

The most important element of the presented model is grants (more precisely – public grants). They have fundamental differences from the grants of the Moscow model considered above. First, in this model grants serve as a tool for providing

public funds to private theaters and do not replace, as in the Moscow model, subsidies to state institutions for the fulfilment of the state task. Secondly, as distinct from the Moscow model, grants are provided solely through competition. Thirdly, grants in this model are provided for a very specific purpose – to implement creative programs within a specified period. In the Moscow model, there is an extremely abstract micro-level formulation – “the development of theatrical art”.

A few comments on the proposed competition. First, as contrasted with contract system, there is no aim to identify a single winner. On the contrary, there should be many winners (grant recipients), their number is not initially limited. The next remark concerns the criteria of the competition. They should be informative. Cost criteria should not be applied. Budget savings could not be a goal in itself.

It seems advisable to supplement the proposed model with an element that is not of a financial nature. Private theaters are in short supply not only of financial resources, but also of equipped premises. Within the framework of this model, it is proposed that grant provisions are accompanied with allocating quotas for non-state theaters for the partial use of state (municipal) theater halls and infrastructure.

The description of the model outlined above is basic. Its specific implementation in the subjects of the Russian Federation can differ, first of all, by the scale of the competitive zone. The extreme case is a one-time (within the shortest possible period) liquidation of state and municipal theater institutions and transition to state (municipal) support of private theaters. The advantage here is that the entire sphere is opened for the development of competitive relations. The drawback is that, in fact, this is complete destruction of the current system (a kind of “shock therapy”), which, without a doubt, will cause disorganization of theatrical life. In addition, it seems that for some of the theaters, due to historical peculiarities and specificity of their activities, it will be more adequate to remain in the status of state (municipal) institutions that provide relative stability to the work of the organization.

Thus, the introduction of the proposed model is perceived as a way to create conditions for guided evolution of the organizational and financial mechanisms of theatrical activity.

Propositions made in the paper are in line with the mainstream foreign practices (Western Europe, North America) of direct state funding for culture, including theaters. In general, financing systems in this sphere have their own distinctive features in each country. Priorities might differ (for example, preferences could be given to performing arts or museums and cultural heritage sites), or the goal of financial support, or proportion of direct and indirect forms of financing (granting tax and other benefits to cultural organizations and their supporters), or scale of application of arm's length principles or other characteristics of funding systems. But if we consider methods of direct state financing of culture, their fundamental similarity can be found. All of them include two main tools for providing budgetary funds to cultural organizations: grants and full financial support of the functioning and development of the organization. The role of the latter, as a rule, is small. It is used for some national museums, archives and libraries (Abankina, 2015).

In conclusion, I will make two remarks. First, the introduction of the proposed model does not require mandatory refusal of cultural grants provided today to organizations and individuals. This refers to the grants of the President of the

Russian Federation and the Government of the Russian Federation in the first place. Secondly, legislation amendments are required for the success of the model. Discussion of specific legislative innovations is not the subject of this article.

However, in all cases, artistic competitiveness of the participants and transparency of the competition should be ensured at all stages of its holding. The latter requirement, unfortunately, is far from always being realized in competitive procedures in Russia.

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