

THE FINANCING OF PUBLIC CULTURAL INSTITUTIONS IN ROMANIA AND SOME EUROPEAN COUNTRIES

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Abstract:

The purpose of budgetary allocations in cultural institutions is to provide information at each level at each subdivision of the approved budget on budgetary appropriations used. The paper makes a comparison study on financing culture in public institutions from Romania, Britain and Switzerland.

The Romanian budget system can be exercised in detail, recording and controlling incomes and expenditures without providing management information and the commitment based system used by many countries and being implemented in France allows control over performance at a lower cost but relevant information enables managers in cultural institutions to conduct a deeper control of expenditures.

Key words: culture, public institutions, budgetary appropriations, funds.

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Financing culture in Great Britain

UK does not have a Ministry of Culture, but there is the Ministry of Art. It has been, since the eighties, a part of the Ministry of Education and Science, after which it separated. The Ministry of Arts, through the Service for arts and Libraries, provides funds to the Artistic Committee of Great Britain, British Film Institute, the Committee for Applied Art, large national museums and the Regional Museums Committee.

Culture and art are also funded from other sources, out of which at least six are mentioned. In England and Wales nearly two thirds of the costs for local culture are sustained by the Ministry of Environment, which is also responsible for the protection of monuments and cultural heritage. The Ministry of Internal Affairs is responsible for Radio-broadcasting and the Ministry of Commerce for Cinematography. The British Council (operating through foreign subsidiaries) is funded by the Ministry of Foreign Affairs. The Ministry of Education is responsible for arts education. Also, it partially finances educational museums and art centers, especially those that belonging to universities.

The local¹ power costs are funded in part by tax revenues, as well as from funds obtained from the central government. In Great Britain there are about 500 counties and districts, and they participate in art's funding. There is a strict separation of powers between the provinces and districts in the funding of museums and art galleries, but districts usually fund local cultural centers (polyvalent).

Besides the local power, at regional level, culture and art are also funded by twelve artistic regional committees. These committees receive eighty percent of funds from central sources (especially from the Committee of Artists in Great Britain) and the rest comes from local sources.

¹ Mardiros D.N., Scorțescu F.I. – Contabilitate publică, Editura Ion Ionescu de la Brad, Iași, 2007

The state, through² the tax incentives, supports both ways of sustaining culture, in case of sponsorship; the recipient pays an income tax on the amount realized this way, while in the case of donation this amount is not taxed. Regarding the donor, sponsorship is seen as an expense and thus is taxed while donors are free of charge, but under certain conditions. These conditions are reduced to this: the costs must be long term (at least four years), and they must not represent more than ten percent of the total taxable income.

Unlike other European countries, the income from tickets is an important part of the structure of the total funds available for cultural institutions in the UK. Statistics show that about 3% of the family budget goes on tickets, radio and TV subscriptions and similar expenses that are for culture and art.

While, in the beginning of the century, there were many commercial theaters (stable or itinerant), the development of radio and especially television reduced this figure to a few, located in West End; all the other ones depend of local subsidies and funds for culture at the central level. The opera and major orchestras also depend on vital state subsidies, but lately, an increasingly important funding from private sources is attempted.

The key feature of the system of financing culture and art in Britain is its diversity. The system is fragmented and there is no central control and coordination, which means that a coherent and explicit political culture does not exist.

This is the system of financing based on semi-autonomous committee, promoting the idea of keeping the bureaucrats and politicians away from the place where it is decided to be shared. The available funds are directed, above all, to cultivate traditional forms of art and its spread, rather than to new artistic initiatives.

The policy adopted by artistic organizations depends of the people that are leading them, and they are accountable to those who named them in that function. Twenty Artistic Committee members were appointed by the Secretary of State for the Arts, on the merits in the field, and they are neither representatives nor anyone's deputies.

As a result, they have many powers, but an insufficient responsibility - many things related to their personal skills. There are discussions about the adoption of the election system (not appointment) of Committee's members, but not at the expense of their artistic competence, whereas the introduction of the so-called public representatives among the Committee's would automatically professional bureaucracy supremacy - of the civil employees of the Committee - over the ones because of which the Committee actually exists (the artists and their audiences).

Financing culture in Switzerland

To meet the different needs, the cultural policy of Switzerland has four basic guidelines:

- initiative of individuals and cultural organizations;
- cultural policy of communes;
- cultural policy of cantons;
- cultural politics of the Confederacy, made by Pro Switzerland Foundation, Federal Office for Culture, etc.

Switzerland's Federal Constitution does not specify the place and role of culture in any formal and explicit way. The Confederation acts in the field of culture in several ways, but all are more or less indirect.

² Tudorache S., Chițu A. G., Glăvan M., Șendroiu C., Pitulice C. – Contabilitatea instituțiilor publice după sistem contabil, Editura Irecson, București, 2005

In the fields financed³ by the Committee of culture are included:

- protection of cultural monuments. Cultural monuments are protected based on pre-established criteria. Protection works are coordinated (and for that receives funds) by the Service for the protection of personal property;

- fine and applied art. They are supported primarily by providing scholarships to artists, by purchasing works and contributing to the costs of exposure to international exhibitions. The annual federal auction of works of art, also represents part of the funding policy of art;

- filmmaking. Based on the law on cinematography, the Confederation supports both screenwriting and film casting. There is also a system of awards for quality films. Therewith, film education and film festivals are funded;

- supporting linguistic minority cultures. Since 1921, the Confederation has invested funds to support the Romansh culture and ten years later began to invest funds for the Italian culture in Switzerland;

- part of the funds are directed to support writers and composers who use this time to create literary, respectively musical works.

The cantons and municipalities have broad powers in the development of culture in their area. As it was noticed that the cooperation between the cantons remained behind, in recent years the Ten Cities Conference on cultural affairs between the Swiss cities is increasingly active, and especially between those belonging to different linguistic areas.

An important role is played BY foundations founded by the largest Swiss banks, whose capital amounts to several tens of millions. Whereas, every year, the number of foundations for culture increases, the Swiss Association for Cultural Foundations was founded. It collaborates with the Ten Cities Conference and the Federal Service for culture, so that the foundations' funds to be invested in the best possible way.

Financing public institutions in the field of culture in Romania

Financing of public administration activity is another delicate subject. All funds have traditionally come from public sources and from government-set budget based on a strategy that should be followed long term. Moreover, it is justified that public administration activity in the field of culture to be financed from public funds, meaning funds from the public, accumulated through the system of taxes and fees. The allocation of these funds must be done in the interest of society, based on priorities. The usage of funds should be carefully monitored and the administration should be accountable to society. The particular case of Romania, culture being a priority, but because of the many problems they face, including the economic ones that play a very important role, the funds that can be allocated for culture are totally inadequate for the needs. On the other hand, the growing need of funds according to current trends that require public services, including in the sphere of culture and cultural heritage, to be as close to citizens, but also the quality standards that apply to any type of service on the market at a time, and that relations between representatives of public administration and various audiences to be pleasant and constructive for both parties involved.

To resolve⁴ this impasse, the limited and relatively constant resources allocated from the state budget and the increasingly diverse needs, alternative financing must be found. Public administration, both central and local one, can be used as additional

³ Tudorache S., Chițu A. G., Glăvan M., Șendroiu C., Pitulice C. – Contabilitatea instituțiilor publice după sistem contabil, Editura Irecson, București, 2005

⁴ Roman C. – Gestiunea financiară a instituțiilor publice. Contabilitatea instituțiilor publice, Ediția a II-a revizuită și adăugită, Editura Economică, București, 2006

sources of financing by private funds (donations or programs funded by various associations and foundations), and especially European or global funds. Relying on these funds generate more organizational problems, relating both to the organization's management and human resources. First, the organization should have persons specialized in the acquisition of funds through European programs or other types of financing. Secondly, it is possible to record an internal resistance to such participation, which would be seen as generating additional responsibilities and over demand.

These funding issues are a priority also for the Romanian case. Currently the Ministry of Culture has adopted a policy that relies primarily on improving legislation and cooperation with other ministries. Second, which aims to raise funds for culture, increase the utilization of funds in the sphere of culture coming from different sources (for example European).

Also, an advisory body on European funds open to cultural projects has developed. It is still not fully functional and not made public its management strategy therefore could not prove yet its efficiency. Its activity is expected to be monitored and improved where appropriate. Another funding resource, which is actively supported by government policy, is the public-private partnership.

Another action of the ministry is to challenge the sponsorship law; along with the Ministry of Finance they are discussing a new law to boost culture sponsorship. Another bill drafted by the ministry aims to finance cultural projects and programs.

Also, for greater efficiency and flexibility, the National Cultural Fund became autonomous (existing since 1998). The associated financial resources will be distributed based on design project contests, in 3 or 4 annual sessions. It remains to be put in place a very strict regulation, to ensure transparency and proper allocation of project funds and not based on people you know, etc. as it happens with other government funds.

The allocation of available budget for culture, including for restoration, conservation and national cultural heritage, was made in the last four years for projects of greater magnitude. In fact only one part of the budget was allocated for projects coordinated by the Ministry. Another portion was allocated for cultural institutions subordinated to the ministry. The distribution of funds to these organizations was based on their proposed projects and the needs assessed by them, but the assessment criteria of priorities, we believe, were not sufficiently well defined.

The number⁵ of these projects each year was very high and the approached directions were numerous, important for understanding, preservation, promotion and development of Romanian culture in general. For example in 2008 there were 900 ongoing programs considered of national interest. The directions were:

- *media relations and public information*. In this context the national cultural heritage is valued and presented through a CD produced in collaboration with Radio Cultural, entitled "Museums - parts of the national spirit" (2008)
- *relations with various institutions* (Parliament, Trade Unions, Employers, etc.) *and civil society*. It aims to develop cooperative relations and create a favorable public opinion and a favorable attitude of cultural development among the general public. It was designed, among other events, a symposium on "Protection of national cultural heritage in the context of new legislation and cultural tourism (historical, religious, ethno-tourism, tourism for youth) to define strategic objectives in the context of Romania's national identity."

⁵ Roman C. – Gestiunea financiară a instituțiilor publice. Contabilitatea instituțiilor publice, Ediția a II-a revizuită și adăugită, Editura Economică, București, 2006

- *international relations, especially aiming at integration into the European Union.* In this context the European Commission has started the program “European heritage laboratories”.
- *conservation, protection and enhancement of historical monuments.* This chapter has covered numerous programs - more than 50 annually.
- ‘Cultural Heritage’ - is a special project with international impact, aimed at preserving cultural heritage sites and priority objectives, and developing a new national partnership strategy for the cultural sector.
- *archaeological research.* In this section there are included national research programs on various topics, which involve most of times conservation, respectively discovered heritage planning.
- *activity of museums, development of visual art and collections.* 20 various programs have been proposed annually, including sessions, participation in events of international concern, organizing traveling exhibitions of Romanian art, and the creation of public art monuments in major cities of the country.
- *national minorities.* It seeks to preserve traditions and cultural development of minorities through more than 100 programs each year involving varied ways: books, festivals, exhibitions etc. Programs are proposed for the material cultural heritage of ethnic minorities in Romania.
- *written culture.* Important works of the Romanian literature are proposed for publication, their translation, development and participation in fairs and other national and international events.
- *continuing education and traditional civilization.* It further aims to educate adults and cultural development, both urban and rural.
- *performances.* It aims to bring various movie theater festivals leading to better knowledge of this area, to discover new talents and to develop local production.
- *cult relationships.* Proposed and ongoing programs pursuing enrichment of religious life, freedom of belief and ritual practice, better understanding and tolerance in this area.
- *social assistance, education.* It wants to develop education at all levels, especially its cultural component, continuing cultural and spiritual training, and appropriate help for disadvantaged persons.
- *relations with NGOs.* The development of this sector, including culture, is extremely important for the Romanian society.
- *ecclesiastical heritage.* In this framework several programs were developed for conservation, research and capitalization of cultural heritage material, such as movable and immovable heritage study, training for guides and curators, (re) arrangement of ecclesiastical museums etc. However, taking into account the limited resources of the ministry and subordinate bodies, and important issues facing cultural heritage, and culture as a whole, we believe that long term it is more effective the dosage of efforts in certain priority areas that require immediate attention. Encouraging private initiative in areas where, yet central and local cultural institutions can not be involved enough is also a solution. The following two objectives are: choosing the target audience and appropriate funding. The mission is a statement of intent from the organization, which motivates the existence and socio-cultural role, defines its functions. By defining the mission the modality to meet the needs of society is defined, based on preservation, development, study and exploitation of a specific category of economic factors.

The mission guides appropriate use and utilization of all organizational resources, maximize the useful effect, increasing the supply and quality - for the ministry of culture - in obtaining maximum benefit from socio-cultural environment for all members of Romanian society and the various local cultural community.

Also the public mission of the Ministry of Culture can become an effective tool to promote Romania's image abroad, it can help establish a country brand. It helps create a distinct, strong and attractive image. To be effective and attractive, the mission must be consistent with the needs and interests of society in general and also of any distinct cultural group.

Achieving⁶ goals can be achieved only if, on the one hand, they are realistically set and decisions are taken on the basis of decision models and, on the other hand, the internal and external environment of the organization are well known in the dynamic events that record them. And from this point of view it is necessary to conduct a SWOT analysis at national level in culture.

SWOT analysis seeks through various and complex means specification, collection, measurement, analysis and interpretation of data and information both externally and internally at the organization's environment. In the case of the Ministry of Culture, the external environment is the cultural environment throughout the city, and its interference with other cultural values and cultural horizons of relations with the Romanian minorities abroad. This way there are presented and better understand the strengths and weaknesses of the ministry and subordinate organizations, as well as opportunities and threats of the external environment. This analysis is the starting point for determining realistic goals and adopting the best strategies. The components of the internal environment that must be carefully evaluated and considered include institution's potential and organizational culture that in the case of the ministry seems to be lacking until now.

A very important component of external analysis is knowing the specific audience. Attracting public can be achieved in various ways, direct or indirect, among which the most handy are: appropriate legislation, incentives to cultural production and cultural sponsorship, the development of cultural image, educating members of society in a spirit of respect for cultural values, support cultural projects in various fields, involving local communities in conservation and development of material and spiritual cultural heritage, implementation of various partnerships.

In the case of the Ministry of Culture, as in other organizations, it is useful to split the public, grouping public in homogeneous categories, including people with similar characteristics, needs and requirements. In this way you can better design a specific activity. This group may be made by types of cultural organizations (theaters, and similar organizations, museums and similar institutions, libraries, archives, NGOs, etc.), cultural communities and supporters of culture. According to these categories programs will be developed, promotional campaigns will be designed and public relations, etc. Segmentation is also important from the perspective of providing necessary funds for various public projects.

An important responsibility of the ministry is to obtain funds for projects as diverse in culture, including those related to conservation, development and national cultural heritage. Campaigns for raising funds should be developed with careful planning and consistency. You can focus on three major sources: individual donations,

⁶***OMFP 1917/2005 pentru aprobarea Normelor metodologice privind organizarea și conducerea contabilității instituțiilor publice, Planul de conturi pentru instituțiile publice și instrucțiunile de aplicare a acestuia, Monitorul Oficial Nr. 1186 bis/29.12.2005

foundations, corporations. Approaching them varies, but in all cases all parties must benefit.

On 4 April 1995, a special resolution dedicated to countries in Central and Eastern Europe, including Romania, was approved by EU, which form the basis of mutually beneficial cultural cooperation. This cooperation takes place mainly in the transfer:

- Developing a legal, administrative and management environment, ensuring the expansion of activities and audio-visual and cultural exchanges in those countries;
- Establish efficient distribution channels for the various cultural industries, such as editing, film, etc;
- Conservation, restoration and promotion of cultural heritage.

Formulating the new framework on culture must start from the following: recovery of cultural identity, encouraging value, equal opportunities, freedom of creativity, autonomy of art and culture.

In terms of cultural heritage, legislation and various regulations adopted at national or local level must be based on the following principles: respect for cultural diversity and heritage of local communities, integration of cultural heritage values in society, proper preservation and promotion of cultural heritage, sustainable development of local communities, sharing knowledge and clear responsibilities.

Including with logistics and consultative support, based on the European and international practices, taking into account the specificities of Romania, adopted legislation in the field of material cultural heritage envisages the following aspects: protection of national cultural goods belonging to movable and immovable heritage, creation of proper public cultural institutions, to facilitate its administration and development, organizing magazines and specialty publications, recognition and facilitation of various foundations and non-governmental associations concerned with the scope of cultural heritage, improving the funding of local sustainable development projects, which include protecting and preservation of immovable cultural heritage items, sponsorship, international agreements and international support for national programs.

The Ministry of Culture has been quite prolific in the legislative environment, but most of the taken decisions are of punctual or organization importance. This last fact is crucial, but in our opinion, there is some stuttering, which may be a sign for a lack in outlining a definitive strategies. This new legislation is very important because the facts show that the existing law, although states important principles and rules, has no power to protect adequately the historical monuments. This proposal is even more necessary as it provides financial solutions to many problems facing the historical monuments. Based on the principles and directions mentioned above, the Ministry of Culture designs and develops annually numerous national programs, many of them relying on the existence or supporting various components and aspects of national material cultural heritage. The areas of action of these programs are very different from information, conservation, study and complex capitalization of cultural heritage.

Financial resources for culture contribute to improving the quality of the human factor, creating and enriching the cultural level, cultivation of moral and aesthetic ideals tastes.

In all countries, tax law provides a number of facilities operating when individual or legal persons support financially or material cultural and artistic activities. The budgetary resources in our country are intended for those cultural institutions that belong to the state, since 1989 artistic institutions, publishing houses, private offices exhibitions have appeared, covering their needs from revenues, donations and sponsorships.

The complexity of cultural objectives in the context of Romania's accession to European integration and participation requires increasing financial, human and logistic resources, allocated for each sector of culture.

The financing system of the culture sector in Romania is structured as follows:

- Public resources: state budget, local budgets.
- Resources attracted from special taxes and other contributions: National Culture Fund..
- Cinema Fund, National Lottery's contribution to support the written culture.
- Grants from the "Culture 2000".
- Cultural stamps, designed for unions and creative associations for carrying out specific activities.
- Other sources (sponsorship, patronage, the mechanism of "1%").

To these we add the cultural operators' own resources, derived from its own operations (such as cultural and other activities). According to the destination and fields, financing from public and attracted resources, takes the following forms: grants to public institutions through budgetary allocations, grants and loans for cultural programs and projects, regardless of legal status - public or private - of operators, state aid for book industry and film industry.

Conclusions:

Financing is an important issue for most cultural organizations, including the ministry. Basically the work they carry out, and by nature of their mission, the ministry and subordinated cultural organizations that manage cultural heritage can not be self-financing and financial resources allocated from the budget are insufficient to carry out work in optimum conditions. In European countries we notice a trend of relative stagnation of public resources allocated directly to the cultural sector, cultural organizations, while increasing access to public resources from other sectors (industry and services, employment, education, regional development etc.). At the same time, cultural activities from European countries are also financed from operational and structural funds.

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