

CONFERENCE R E A D E R

Privatization / *Désétatisation* and Culture

**Limitations or opportunities
for cultural development in Europe?**

CIRCLE ROUND TABLE

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AMSTERDAM, THE NETHERLANDS

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*Limitations or opportunities
for cultural development in Europe?*

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PART I

Circle Round Table 1997

Circle Amsterdam Round Table

Eduard Delgado
President Circle

Foreword

Circle's annual 'Round-Tables' have become a solid tradition in the European cultural debate with their open approach generating a current of interest shared by researchers, policy-makers and service agencies promoting the need for a pan-European picture of cultural changes. Such technical and rigorous approach is held in harmonious contrast to the passion felt by Circle members for the definition of a new European cultural space and the strengthening of multi-lateral cooperation ties.

Born in the greenhouse of the Council of Europe, with the support of Unesco and in increasing partnership with the European Union, Circle develops a variety of activities constantly striking new alliances with arts organizations, policy makers and research communities. However, the continuity of Circle's work is necessarily punctuated by historical inflections. In 1989 it was the convergence of researchers from Central, Eastern and Western Europe with all its extremely fertile political and scientific consequences. Now in the running up to Circle's 15th anniversary new challenges deserve new responses. Among them, the adaptation of Circle's life to the globalization opportunities afforded by the erasing of political barriers and the new communication technologies. Circle's Internet home-page, the promotion of a new cooperation space with researchers in America and Asia as well as the membership flexibility rules should put to test the capacity of our network to adapt to the 21st century.

Organized in conjunction with one of our most active members, the Boekman Foundation, the Amsterdam Round Table is tackling once again a topic which shall become a key-issue in the European Cultural Debate at the turn of the century: privatization and public responsibility in the cultural space. The political and academic debate around this topic must be of deep inspiration to the internal decision-making process about Circle's own future.

Introduction to the conference theme (Discussion Paper)

Privatization/Désétatisation and Culture

Limitations or opportunities for cultural development in Europe?

Peter B. Boorsma, Twente University

A. Introduction

This conference will explore the effects of various forms of privatization of the cultural sector in Europe. A comparison of research and evaluation of practice in this sector will be a springboard for the formulation of models for cultural policy on a national level.

Since the 1980s privatization has been one of the buzz words in economics, management and politics the world over. The balance of public and private forces is changing not only in Western European countries, but also in former socialist countries. Recent years have also seen a gathering momentum in privatization outside Europe - in Argentina, Mexico and Malaysia, for example. A review of the existing material on privatization reveals numerous different definitions of the term, including deregulation and the liberalization of markets. In practice, privatization is often conceived as de-nationalization, de-bureaucratization or autonomization.

In the West it was the Thatcher government in the early 1980s which set the trend for privatization, a process defined in this case as the sale of government owned companies such as British Gas. Privatization is defined by many practitioners and academics as the transfer of property rights from the government to the market. In other Western countries, for example in the Netherlands, privatization was regarded as a broader concept, including the sale of government enterprises, but also the incorporation of public agencies into private organizations or semi-public organizations, and the introduction of contract management in public organizations. Other definitions include the use of user fees or changes in legal status (state-run, limited company, foundation etcetera) among forms of privatization.

In many Central and Eastern European countries privatization initiatives on the part of the state take the form of the transfer of property rights - not only of government owned companies, but also of real estate. Following the collapse of the socialist regimes in 1989, these countries had to reconsider the relations between the (central or regional/local) government and organizations active in various cultural sectors. Reductions in government control - a process also conceived as *désétatisation* - and cuts in state funding have simultaneously led to a growing number of private initiatives on the part of artists and cultural managers which offer new challenges and opportunities for cultural policy.

The effects of privatization on the cultural sector are complex. The ownership of cultural organizations is less crucial in this field than the issue of funding: cultural organizations are largely dependent on government subsidies, and their withdrawal can and does in many cases lead to such organizations being closed down entirely. The central question then arises: which forms of privatization are desirable in the cultural sector if we are trying to create a cultural policy under which cultural life in the respective countries can flourish?

B. Defining terms

It makes little sense to discuss the privatization of the cultural sector in general. Nor does it make much sense to compare the increase in private income of a museum in Austria with the incorporation of a theatre into a stock company in Hungary, to take a hypothetical example. This conference will make a careful selection of case studies which can lead to a fruitful exchange of experiences and approaches to the privatization process.

In general, those employed in the cultural sector - artists, policy makers, administrators, researchers and cultural managers - define privatization as the process in which government responsibilities are delegated or curtailed, a process that is irreversible in Western Europe as well as in Central and Eastern Europe. At the same time, especially in the latter region, artists and managers are setting up their own institutions as private initiatives. Although privatization should not be confused with private enterprise, in practice the two phenomena are undeniably connected.

In order to ensure clarity in the proceedings and to avoid the big risk of covering many issues from a not comparable point, each contributor will therefore be asked to specify briefly which definition of the term 'privatization' they would adopt in their own case. These include:

I. Privatization proper: the transfer of property rights.

Even according to this strict definition several differing meanings are possible:

- I.a the free hand-out of property rights to the public and/or employees
- I.b the sale of stock on a capital market (the UK approach)
- I.c a management buy-out: the sale of ownership rights to the manager
- I.d a management buy-in: the sale of ownership rights to an external buyer who becomes the owner-manager;

II. The incorporation into a private (still public owned) company: either a new stock company or a foundation or another type. In many cases, a stock company will be chosen as the new legal form, if the organization has to face market forces and is to operate competitively in selling its products; foundation status will be chosen if the influence of the government remains stronger, e.g. in subsidizing the organization or paying for most of its expenditure through a budget;

III. The incorporation into a public organization operating as a more independent organization, such as a 'public district' in the USA, or a 'quango' (quasi autonomous nongovernmental organization) in the UK, or autonomous administrative organization in the Netherlands;

IV. The introduction of contract management: a change of management, implying government 'at arm's length': politicians define the goals, specific targets and funds, but the public managers are given more discretionary power over handling;

V. The contracting out of specific activities of the production process or of specific functions (such as auditing or personnel administration);

VI. The search for other sources of income, thus reducing the funding from the general government budget (e.g. more user fees).

Question: Which of these definitions matches each given case?

C. Motives

A review of the existing literature on privatization indicates a distinct scarcity of information on on-going privatization in the cultural sector. There is no shortage of examples, however, of this process at work in the cultural sector: book publishing in Russia, broadcasting in Bulgaria and the CD industry in Hungary, to name but a few.

The motives behind privatization policies are various, and often unclear. A government might publish a blueprint on privatization, justifying a general policy line but without providing adequate explanation on specific decisions. Motives behind privatization in general - and also in the cultural sector - include: improving the efficiency of the organization, cutting public expenditure, raising public (capital) income, fostering economic growth, or stimulating democratic forces, etcetera.

*Questions: What are the motives behind a specific case of privatization?
Are there distinct motives when it comes to culture?*

D. Evaluations

From literature and experience it is also clear that various arguments are used against privatization. Objections have been raised by very different groups: politicians afraid of losing power, or trade unions afraid of losing members and influence, civil servants afraid of threats to job security, etcetera. The evidence has proved that success stories co-exist with very different kinds of drawbacks. Just to mention one example from the public utilities sector, the privatization of water companies in Argentina did raise investment, improve water quality and constancy of supply, but it also raised the price of water significantly.

Questions: Which arguments were used against a specific privatization process in the cultural sector, and is there any evidence of certain drawbacks?

It seems that in discussing the privatization of a particular cultural organization, arguments are used and misused. At the same time, the loosening of government control might have led to private initiatives, especially in the field of culture, with unforeseen and positive consequences. The proof of the pudding is in the eating: the results of empirical research and experiences presented at the conference will clarify the validity and relevance of such arguments and the consequences of their adoption.

*Questions: Do empirical studies exist which evaluate the motives behind privatization in the field of culture? What are the results?
Have private initiatives in the field concerned counterbalanced the withdrawal of government funding or control?*

E. Checklist for papers

The limitations of and opportunities for the privatization of cultural development in Europe will be introduced in a series of plenary lectures. These will be complemented by seminars focusing on a given division of the cultural sector, aiming at a comparison of similar cases from different countries. A number of conference members from other countries will be invited to comment on papers. For the sake of clarity, you will find a list of aspects of privatization summed up below. This list is intended to serve as a checklist for all contributors:

- a. *Type of privatization*
Which type of privatization is involved? (See B. 'Defining terms')
Which type of legal status (or combination of these) was chosen for the privatized organization?
- b. *Management culture*
Was there a change in management as far as personnel is concerned?
Was there a change in management style?
- c. *Funding*
What changes in government funding have occurred?
What (private) initiatives have been taken by the cultural organization itself?
- d. *Arguments and motives*
What arguments were used by various parties in favour of privatization?
What arguments were used by various parties against privatization?
What hidden motives came to the fore?

e. *Effects*

What were the empirical effects of privatization on:

- the quality of the service offered?
- the price of the service offered?
- employment figures?
- wage levels and related aspects (pension plans etc.)?
- the 'cultural climate', e.g. via diversity of activities?
- status of the organization: political, social, artistic?

F. Publication

Participants will receive a conference folder containing copies of the papers and supplementary reading material.

All lectures will be included in a publication, to be edited by the University of Twente (Peter B. Boorsma) and the Boekman Foundation. This publication will also serve as recommendation to the Council of Europe.

Literature on privatization/désétatisation

Marnix van den Berg
Student Public policy & Public administration
(major in organization and financial management)
University of Twente.

Preface

Introduction

Privatization in the cultural sector is perhaps best compared with the fine cutting of a raw diamond: so much work, craftsmanship and even love is needed to transform the stone-hard gem into a jewel that reflects all colors of the rainbow. However, analogous with the process of privatization, problems are likely to occur and should be eliminated properly and with the utmost caution. Reviewing the listed literature some crucial issues with respect to the shaping and polishing of the privatization process raise to the surface.

A worldwide phenomenon

Privatization strategies are being pursued throughout Europe under the impact of convergent pressures. Examples are the rise in scepticism about the efficacy of state intervention; an increasingly integrated European market; the technological development which causes change in many sectors; and the emergence and diffusion of a pro-privatization model based on the experience in Great Britain and the USA.

However, analyzing the reshaping of the public sector in general reveals that many other important and country-specific pressures are at work too, leading to numerous different reform programmes and types of privatization. Schuster is right when stating that privatization '*has been used in so many different ways by so many different people to mean so many different things*'. These different outcomes of privatization programs are especially evident when Western Europe is compared to Central and Eastern European countries. Although privatization in either Western, Central and Eastern European countries is always part of a wider package of reducing the size and shape of government, privatization in the two latter regions is of a much more intense and omnipresent nature. Compared to Western European cases of privatization, the time and means to carefully plan and carry out the process of privatization, giving all parties a chance to have their say, are usually not available. Here, attention must be divided between so many important areas of concern. A very clear example of this comes from Sofia: "*The shortage of water has very rapidly transformed beautiful Sofia into a dusty place, which is in danger of epidemic diseases. How, then, can we talk about the culture of Sofia today?*".

Management culture

Moving away from the level of the state to the level of specific cultural organizations that are or are to be privatized, the issue of the necessary change in management culture emerges. Arts managers in all privatized organizations need to adjust to the new situation of privatization to some degree. Some must change more than others (depending on the degree of private initiative already present and the experience with market principles), but change in management culture is inevitable. The change is a result of the building of new relations with customers, financiers, sponsors, employees and competitors. Some texts in the listed literature show that bringing about a change in the cultural structure of an organization is far from easy and motivation of employees and managers is of a crucial importance.

Funding

Another pitfall of privatization is the subject of funding. Again, different countries and different cases lead to different solutions. Raising prices in order to increase the earned income may be possible in some countries, but is unthinkable in others. People don't even have enough money for food, housing

and primary health care, or - in the case of many English and Irish museums - the principle of free admission is a highly valued tradition. Another solution, attracting private businesses to sponsor and invest in cultural organization and activities, might increase financial support, but could also lead to a deterioration of cultural values. Furthermore, in order to bring in sponsors, a suitable and efficient legal framework must be installed or enhanced by government. Tax incentives, for example, make it more appealing for sponsors and donors to give to the arts. In some texts, however, the negative side effects of adjusting taxes are pointed out: tax incentives are often just subsidies in disguise because a part of sponsorship is actually paid for by the government. As the country papers from the conference on the preservation and development of cultural life in the countries of Central and Eastern Europe show, many governments try hard to establish a balanced legal structure. On the one hand they try to optimize the conditions for giving to the arts and commercialization, while on the other hand they want to protect cultural enterprises from exaggerated exploitation and Western competition.

The foreign (i.e. Western European and American) involvement in Central and Eastern European cultural sectors is not always appreciated. Especially the cultural industries in Central and Eastern Europe (e.g. the book market in Hungary) show an increase in foreign capital and ownership. This might lead to the formation and penetration of huge foreign monopolies in the domestic cultural sector. The question then becomes what alternative is most (or less) appealing: being dependent on the state or on foreign investors?

Evaluating the effects and assumptions of privatization

The effects of privatization in the cultural sectors are discussed in many texts, but scientific evaluation research on privatization policy in the cultural sector was not found. Without a doubt it is a key ingredient of an exemplary privatization process, since it enables feedback and suitable adjustments. Apart from the evaluation of the effects of privatization, the assumptions (i.e. arguments) that underlie the policy of privatizing a specific organization should be evaluated too. These assumptions play an important role in the decision-making process whether to privatize and the specific type of privatization that is chosen, but have not always been precisely formulated or tested in reality at all. Research shows, however, that the effectiveness of a policy is largely dependent on the quality of the assumptions used in the process of policy making. Success or failure depends on it.

Introduction to the list of literature

Aim

The purpose of the list literature is to provide both a broad insight into the subject of privatization and at the same time illuminate on the specific meanings of the concept when it is applied to the cultural sectors.

In the first part general literature on privatization is listed. These passages do not feature the arts or culture, but merely state the context in which privatization is carried out in some countries. Privatization in the cultural sector is not an isolated issue, but is always affected by - and in its turn affects - many other factors and aspects of a society. Like in the second part of the list, the literature is as recent as possible and is listed in alphabetical order.

The second part contains articles and books concerned with privatization in the cultural sector in general and the specific sectors of cultural heritage, cultural industries and performing arts. The first category is included for literature that features more than one cultural sector or the cultural sector as a whole.

Descriptors

Both parts of the list follow the systematic categorization used in the Discussion Paper, which forms the basis of the conference and a guideline for the contributors. The descriptors point out the main subject of the texts and are listed in an alphabetical order. They include '*type of privatization*', '*management culture*', '*funding*', '*motives*' and '*effects*'. The last descriptor is sometimes specified even further by adding the area of particular interest between brackets. Besides these, a few additional descriptors were developed.

The first additional descriptor for all texts is a *country-code* in alphabetical order. The second descriptor is the '*(cultural) responsibility of the state*'. This descriptor is included, because the success of privatization programs often depends on the way government feels responsible for the provision of the product or service.

A third descriptor that was added is '*implementation*'. This keyword could be of specific interest to cultural managers, since it points out what kind of bottlenecks occur in the privatization process and, more importantly, how they can be solved. Although implementation is always a multidisciplinary process, sometimes the text focuses on a specific aspect. In that case, the particular focus is referred to between brackets.

The fourth and final additional descriptor is '*models for privatization*'. This descriptor is used for theoretical explorations on the field of privatization and should be separated from the more practical '*types of privatization*'.

Sources

The descriptors enable the recognition of articles and books of special interest to researchers, cultural practitioners and policy makers. They could also prove useful guidelines when searching for more information on privatization and culture in libraries, databanks and the Internet.

As a matter of fact, these sources were also used for the list of literature. Especially the *World Wide Web* proved to be an unlimited pool of information. The sites listed (addresses are written between asterisks in order to avoid confusion with the punctuation) are in many cases good starting points for explorations on many related subjects.

Abstracts

A final remark with respect to the content of the abstracts must be made. Incidentally, some of the abstracts have been enlarged to the size of actual summaries. In these cases the abstracts are more than just indications of what the actual text has to offer, but can be considered fairly accurate representations of the text itself.

All in all, the abstracts should provide the participants of the conference with a recent and reasonably correct view on the subject of privatization in the world and in the cultural sectors specifically.

Privatization in general

Baginska, E. (1995)

Legal aspects of the privatization process in Poland. Torun, Poland: Nicolaus Copernicus University. See also Internet:

<http://www.cep.yale.edu/projects/studcon/papers/95/baginska.html>

Descriptors: P, types of privatization, implementation (legal aspects)

Setting up an adequate legal frame in Poland is of the utmost importance, since '*in Eastern Europe, the question is not what to privatize, but how to privatize and how to keep privatization politically palatable.*' A Polish framework for privatization programmes should solve problems with respect to the liberalization of ownership rights (property laws) and investment laws, the creation of securities regulation (to prevent overpricing, misrepresentation, insider trading or fraud), and privatization and competition laws.

Although the situation in Western Europe is different, lessons can be learned from experiences in Great Britain and Germany. For example, the British idea to spread ownership as widely and deeply as possible, has been adopted in Poland (e.g. the mass privatization programme: 500 medium-to-large

companies are brought around into the private sector. The stock of the companies is allocated to 15 funds. Employees and Polish citizens can buy this stock, thus rearranging ownership of state enterprises.).

Another type of privatization in Eastern Europe is the joint venture between a foreign company and a state company. American companies especially are present in Central and Eastern Europe. As a result of these new formed ventures, the company can establish itself in new (foreign) markets.

Although privatization programmes were launched with great enthusiasm, public sector assets are twice as large as in the private sector. Furthermore, there is a shortage of private capital. For these reasons, Polish privatization programmes will be completed later than those in surrounding countries. However, privatization is to be viewed as part of a wholesale cultural revolution, which can only be promoted by putting ownership into the hands of citizens. It is obvious that these processes take time and should not be rushed.

Boorsma, P.B. (1994)

'Privatization: political and economic considerations.' In: *Privatization experiences in African and Asian countries. An economic and political analysis of institutional transformation*; M.N. van Dijk en N.G. Schulte Nordholt (red.). Amsterdam: SISWO, 17-34.

Descriptors: types of privatization, motives, models for privatization

A logic classification of different types of privatization is introduced, using three criteria: the phases and functions of the production process and directions of the privatization process. Using the first two criteria, three main forms of privatization are derived: the application of the benefit principle (i.e. user fees), phasing out and termination. Privatization can concern one or more phases or functions. If the kind of organization to which privatized is considered (i.e. the direction of privatization), even other forms can be derived.

Besides the classification, arguments in favour and against privatization are given. They refer to logic, theoretical plausibility and only sometimes to empirical facts. What's more the author has developed a conceptual model to be used by decision makers facing the decision to privatize an organization or not and, once the decision has been taken, the form of privatization which is most appropriate. The model consists of three C's: characteristics, culture and capacities. Examples are: the characteristics of the product and the organization, the culture of management and society, the capacities of employees and the financial market.

General overview of privatization developments

April 1995. Internet: *http://www.oecd.org/sge/ccet/trends_d.ht*

Descriptors: Central and Eastern Europe, models for privatization

Privatization in Central and Eastern Europe and the New Independent States continues at an uneven pace. In terms of different privatization models, a broad palette of techniques is used. Trade sales were predominant in Germany, Hungary and Estonia. Voucher sales are quite common in the Czech Republic and Lithuania. Voucher sales combined with insider privatization (sale of stock to employees or management) is often used in Russia, Belarus and Kazakhstan. Romanians use the straight insider sales on a frequent basis, as does Poland. Voucher sales and the liquidation of state-owned enterprise is of growing importance in all Central and Eastern European countries.

In most of these countries institutional structures to implement privatization are constructed. Much attention is paid to the role and regulation of privatization investment funds and financial intermediaries. Restructuring should be left to the new owners, but the state should prepare enterprises for it, especially with regard to the competition. In particular, companies characterized by some degree of foreign participation are likely to show changes in organizational structure and improvements in performance. However, the foreign support causes concern to some, since it could lead to the establishment of foreign monopolies (see: Szõnyei, T. (1996) 'The book market goes west.' In: *Books*,

vol. 6, no. 2. Also on Internet: *http://www.hu.net:80/Text/books/6_2/p93.ht*).

Four models for privatization are described: mass privatization (i.e. the transfer of state assets to the population), trade sales (i.e. sales of enterprise to one or more specific investors), public offerings of shares, and management/ employee buy-outs together with other forms of 'insider' participation. This last approach is often seen in many Central and Eastern European countries. Armenia reserves 20 percent of enterprise shares for employees, whereas in Poland employees receive 20 percent of capital privatized through trade sales and 15 percent of companies in the mass privatization programme.

Donahue, J.D. (1989)

The privatization decision: public ends, private means. New York: Basic Books.

Descriptors: responsibility of the state, models for privatization

Privatization embraces two concepts: the first is called 'desocialization' and involves the removal of certain activities, responsibilities or assets from the collective realm. The second concept, which is the central theme of the book, is retaining collective financing but delegating delivery to the private sector. The definition of privatization thus being the practice of delegating public duties to private organizations.

In order to perform the public duties, special attention should be paid to the design of the organization: '*choosing civil servants where procedural fairness matters most, choosing profit-seekers where productive efficiency matters most.*' The first lesson that can be learned from the presented cases is the importance of the specification of what government wants from its suppliers. This enables a better and more precise evaluation. A second lesson concerns the burden of the privatization process; concentrating too much on efficiency gains without considering how to realize this potential. Finally, the importance of competition is of cardinal importance. Organizations secured against challenge, are likely to become less efficient (see also: Bacchella, U. (1995) 'Turin International Film Festival.' In: *The film festival and the action of the European Commission. Proceedings of the meeting 'The film festivals and the audiovisual policy of the European Commission.'*, Torino, 26 Novembre 1994; Pieri, A. (ed.). Bruxelles: Commission Européenne, 29-37).

The issue of privatization is closely connected with the debate on the proper boundaries of collective activity, and furthermore the composition of government action. Thus, the discussion on the pragmatic dimension of privatization can become very fundamental very quickly. Both sides should be taken into account, since '*it would be wrong, and wasteful, to deny the considerable potential of privatization (...) but it would be reckless to claim that private delivery is any sweeping remedy for the fundamental complexity of the public realm.*'

Legal aspects of privatization. Proceedings of the XXIst Colloquy on European Law.

Budapest, 15-17 October 1991. Strasbourg: Council of Europe, 1993. ISBN 92-871-2198-2.

Descriptors: Europe, types of privatization, motives, implementation (legal aspects)

A common element in privatization is the replacing of exclusive rights of the State with the right of private economic actors either totally or partially. This right may present itself as ownership of property or a sole partner's right in a company or a monopolistic right of specified activities.

Privatization is often preceded by an era of nationalization. The reasons and the process of nationalization have led to the commencement of privatization. The failures of government led to an increasing belief in market-oriented programmes. In East-Europe privatization is a part of the process of democratization. It should be clear that privatization is closely related to these and other developments, like decentralization, deregulation and devolution (see also: Schuster, J.M.D. (1993) *Deconstructing a Tower of Babel: Privatization, decentralisation and other ideas in good currency in cultural policy. Seminar on European cultural cooperation.* Strasbourg: Council for Cultural Cooperation). *Désétatisation*, meaning a "*removal from state control...which usually simply*

reflects the transfer of power from the state to decentralized authorities.”, can also be associated with privatization.

In addition some legal forms and techniques for privatization are analyzed. The economic situation, the lack or abundance of capital and tradition, political and legal history all have their influence on the use of different legal instruments.

In 1991 the consequences of privatization were not quite clear, since more time was needed for collecting and studying data on long-term effects. Attention is drawn to the long-term social consequences influencing the long-term effects on the social, economic and political effects.

Nentjes, A. (ed.) (1996)

Marktwerking versus coördinatie. Koninklijke Vereniging voor de Staathuishoudkunde Preadviezen 1996. Utrecht: Uitgeverij LEMMA BV.

Translated title: Market forces versus coordination.

Descriptors: European Union, NL, responsibility of the state

What are the main tasks of government and what should be left to the market forces? This is the main question that is answered in seven articles by Dutch authors.

The strength of market forces is growing in many sectors in Europe. This has led to a demise of national monopolies and a rise in competition. This calls for government coordination on a European level, since market failures now frequently occur and the provision of public goods (e.g. cultural products and services) is hereby threatened. Specific examples in the industrial, financial, agricultural and social security sector are outlined. They show that some bodies of the European Union should best be appointed to take up the function of coordination, since this in its turn influences the national policy of the member states.

Ramanadham, V.V. (ed.) (1993)

Privatization. A global perspective. London and New York: Routledge.

Descriptors: types of privatization, motives, effects, models for privatization

Privatization issues in more than twenty (both European and non-European) countries are described by professors, ministers, public enterprise executives and other eminent specialists. Contributions are therefore one time theoretical and one time practical. The concluding chapter summarizes and reviews the national contributions.

The first *crucial issue* discussed in the review chapter is the fact that the size of the public sector compared to the private sector is of great importance. The macro implications of privatization assume far greater prominence in countries where the public sector is relatively large. Second, governments in all countries wish to retain significant, if not total, ownership over ‘core’ sectors of enterprise. Third, in developing countries the government has a continuing role in making privatization effective both in its results and as a process. The need for ongoing government initiative subsequent to privatization is likely to be substantial in most countries. Fourth, the issue of the transferee (to whom the activity is privatized) is one of great concern. Fifth, foreign capital is a powerful factor in making a success of divestiture programmes. The cultural climate for this kind of funding is, however, not always positive. In some cases the public’s attitude is very sceptical. Six, managerial and technological issues are of great importance in privatization processes. Seven, the effects of privatization in the long run are sometimes neatly swept under the carpet. However, in (evaluating) privatization programmes, these effects should be included. Eight, it should always be remembered that privatization should focus steadily on efficiency gains resulting from privatization, rather than on a divestiture per se, and divestiture should never be conducted in such a way that the seeds of tensions, which could very well trigger a reverse action of some kind in the future, are sewn.

Savas, E.S. (1982)

Privatizing the public sector. How to shrink government. Chatham, New Jersey: Chatham House Publishers Inc.

Descriptors: types of privatization, motives, responsibility of the state, models for privatization

Privatization is a way to reduce the size of the government. The choice for the specific type of privatization depends on the characteristics of the good (see also: Boorsma, P.B. (1994) 'Privatization: political and economic considerations.' In: *Privatisation experiences in African and Asian countries. An economic and political analysis of institutional transformation*; M.N. van Dijk en N.G. Schulte Nordholt (red.). Amsterdam: SISWO, 17-34.). The characteristics 'joint/individual consumption' and 'feasible/infeasible exclusion' form the point of departure. Four different types of goods can be derived from these characteristics, called private, toll, common-pool and collective goods. Collective action (i.e. government has the responsibility to provide the product) is essential for collective goods, but should be absent in the production of private goods. Since real collective goods do not exist, government should be reluctant to become involved in the provision of most goods and services.

Depending on the specific characteristics of a good, proper arrangements should be made to provide the product to society. Seven arrangements that include private initiative can be found: contracting, franchising, grants, vouchers, market systems, voluntary action and self-service. These arrangements are discussed in a few case-studies. It is concluded that these arrangements, that require minimal government influence, should be blended together with load shedding, user charges and competition.

Woodward, N. (1988)

'Managing cultural change on privatisation.' In: *Privatization in the UK*; Ramanadham, V.V. (ed.). London and New York: Routledge, 85-101.

Descriptors: GB, management culture

Privatization often implies a model of an organization adapting to its environment. Therefore, privatization brings change to the culture of an organization, since it involves change in the environment through competition, loss of market share, less political control, and so forth. This could well result in two problems. The first is the necessity to rebuild the organizational roots, corporation and purpose. The second problem is of a psychological nature: fear of the unknown and the unfamiliar. Fear provokes defensive behaviour, rationalization, denial and projection.

Cultural change can be brought about by management by formulating a simple set of principles which clarifies the organization's basic tasks and guide behaviour on all levels of the organization. Second, these value statements need to be translated to operational and concrete standards, relating to quality, service and related behaviour. Third, the importance of the values must be constantly reinforced. Finally, values such as integrity, trust and openness, consistency, and clarity need permanent assertion. In short: privatization cannot be a result of outside pressure only. The organization itself has to work on the transformation too.

Privatization in the cultural sectors

Bennett, O. (1995)

'Cultural policy in the United Kingdom: collapsing rationales and the end of a tradition.' In: *European Journal of Cultural Policy*, vol. 1, no. 2, 199-216.

Descriptors: GB, cultural responsibility of the state.

The insecurity of cultural organizations has intensified over the last decade, and this is closely related to the changing relationship between government, culture and the arts. Statements like '...*doomsday has arrived*' and '...*Thatcher as the destroyer of an extraordinary golden age in British television*' can be found throughout the media. The crisis in the cultural sectors is widely and genuinely felt.

After a historical overview of government intervention in culture, the rationales for these interventions are outlined. National prestige, economic importance, civilizing mission, correcting the market, and post-war reconstruction and the welfare state are the key issues here. However, these traditions in public support for the arts and culture, are now being broken down. For instance: it is no longer believed that cultural activities compensate for the loss of political and economic influence (national prestige). Another example: impact studies have shown that the economic importance of the arts is overestimated. It is made clear that the old arguments for arts and cultural policies are no longer convincing.

The implications for the future are twofold and opposite to one another. On the one hand a new vision on widespread intellectual and political support for the arts could be constructed. On the other hand, it is also possible to abandon the notion of a cultural policy and move back to the old ideas of *laissez faire*. Privatization in the cultural sectors should be seen in this latter perspective.

Cataloguing and Indexing Group Scotland (1993)

'Cataloguers face up to CCT threat.' In: *Library Association record*, vol. 95, no. 6.

See also Internet:

http://www.radionet.co.uk:80/business_pa¼slainteg/2catani0/cigsarch/prcompul.htm

Descriptors: GB, types of privatization, management culture.

When it comes to privatization, the libraries in Scotland will not be forgotten. *Compulsory competitive tendering* (often abbreviated as CCT) for libraries usually means record supply and the end of cataloguing departments. The process of CCT takes about two years. It takes this long to get an organization into shape for this specific form of privatization that is often used in Great Britain.

One of the important items during the CCT-process is the necessary culture change when librarians have to start acting like business people. However, this change is inevitable, since CCT is not an optional process for most public libraries.

See also: Schuster, J.M.D. (1993) *Deconstructing a Tower of Babel: Privatization, decentralization and other ideas in good currency in cultural policy. Seminar on European cultural cooperation*. Strasbourg: Council for Cultural Cooperation. And: Peacock, A.T. (1995) 'A future for the past: the political economy of heritage.' In: *Proceedings of the British Academy*, vol. 87, 189-243. Also on Internet: <http://britac3.britac.ac.uk/pubs/keynes94/2sec1.html>*

Cvetjicanin, B. (1995)

'Some cultural aspects of the transformation in Central and Eastern Europe.' In: *Culturelink*, special issue 1995, 1-5.

Descriptors: Central and Eastern Europe, effects, cultural responsibility of the state

The process of transition brought the whole social structure into a state of uncertainty and tension. It has for example led to a decrease in state funding of cultural institutions and artistic creation. Government budgets for culture in transition countries are around 0.7 percent of the annual budget. New forms of support for culture are sought and attempts are made to privatize parts of cultural infrastructure. The regional and local communities play an important part in this process.

The transition is a process in which new values and regulation is brought about. In 1995 the Czech Minister of Culture even proposed to abolish the financing of culture. His colleague in Poland stated that "*from this moment on, the state will no longer run any cultural policy. It will limit itself to the guarantor of freedom in this sphere*".

These new values become evident when the change in nature and expectations of the audience are observed. Century old traditions are abandoned for American soap-opera's and long established theaters are pushed aside for new and other ways of making experimental theatre.

Problems also occur in the sector of film, publishing and heritage. The production of film has, after a short increase, been reduced drastically. Audiences prefer American films (some 90-95 per cent of the films shown are American) instead of domestic ones. The publishing sector faces difficulties because of an absence of a clear policy and a shift towards 'lighter' literature. The heritage is suffering from destruction, pollution and from problems of legislative and financial nature. It seems government should take up its cultural responsibility before it is too late. In fact, many countries have not forgotten their traditional values and seek to re-evaluate them, but minimal financial resources forbid them to.

Dingemans, B. (1989)

Privatisering en de openbare bibliotheek. 's Gravenhage: Nederlands Bibliotheek en Lektuur Centrum.

Translated title: Privatization and the public library.

Descriptors: NL, types of privatization, motives

Privatization programmes also affect public libraries. In order to understand the trend of privatization somewhat better, an inventory as to what types exist and the motives behind privatization has been made. The types of privatization are derived from the classification of Boorsma (see: Boorsma, P.B. (1994) 'Privatization: political and economic considerations.' In: *Privatisation experiences in African and Asian countries. An economic and political analysis of institutional transformation*; M.N. van Dijk en N.G. Schulte Nordholt (red.). Amsterdam: SISWO, 17-34.). These forms are discussed very systematically by showing what happens when certain functions and phases change from 'public' to 'private'.

The motives for privatizing public libraries are based on the efficiency-motive, the budgetary motive, the 'arm's length-principle', the innovative-motive and the macro-economic assumption that an increase in private initiative leads to an increase in economic growth. However, arguments against privatization are also mentioned: privatization might lead to the loss of labour places, a collapse in 'good' public service delivery, and the neglecting of the environment.

As a conclusion, the forms of control are discussed by looking at the pro's and con's of both public and private control over libraries. In the first case (i.e. public control), the board of directors of the library would be the municipality. In the second case either the form of a foundation or an association (NL: *vereniging*) can be chosen.

Dornberg, J. (1990)

'East Germany: after the wall.' In: ARTnews, vol. 89, no. 5, 160-163.

Descriptors: D, effects

State support to East German artists is lacking since commercialism and free market competition have emerged. Three German artists tell about their experience and opinions. They consider what might happen to East Germany's artists and art styles as a result of the current political changes. The success of the recently privatized art market will depend a great deal on the flourishing of the whole economy. At the moment, however, black art markets are flourishing. The amounts of money that are handled there, lead to a rise in fraudulent and criminal activities. There is light at the end of this tunnel, though: the museums of former East and West Berlin are joining forces to overcome mutual problems.

Eckstein, J. (ed.) (1993)

'Financing the arts.' In: *Cultural Trends 1993*, vol. 18, 1-50.

Descriptors: GB, funding

Government support to the arts is amongst others designed to 'promote public access to and appreciation of the arts through the expansion of total resources by encouraging partnership with the private sector'. The Departments of National Heritage and the Arts Council of Great Britain help arts organizations to rely more on self-generated income (e.g. widening the base of income, maximizing box office and sponsorship income and attract more support from local authorities).

This, however, is difficult in the current (1993) economic climate. The partnership principle has worked well; business sponsorship to the arts is now a common feature in Great Britain and government grant schemes encourage art companies to walk a path of plural funding. Special initiatives and schemes (e.g. the Business Sponsorship Incentive Scheme, the Business in the Arts programme, and the European Arts Festival) were designed to promote the arts in some way.

Frohne, U. (interviewer) (1994)

'La vie en rouge.' In: *Be Magazin*, 1994, no. 1, 113-118.

Descriptors: RO, effects

The Romanian artist Dan Mihaltianu discusses in detail the artistic conditions in Romania before and after the demise of the Ceausescu regime. Now that state institutions are becoming privatized and also freedom of speech and expression is returned to the people, artists react in different ways to these new developments.

Gibson, S. (1995)

A dialogue on the state and culture in Post Communist Societies. Internet:

<http://www.euromozart.org:80/dialogue/state.htm>

Descriptors: Central Europe, funding.

The general international economic depression leaves the privatization programmes in Central Europe in a precarious situation and threatens the existence of cultural institutions. Although privatization liberated culture from government control - which in itself is a good thing - it has also decreased its financial support. Many institutions must now look for alternative sources of financing. Not an easy task, when the poor private business sector is taken into account. Impossible to do, when the absence of legal and fiscal structures and incentives, which could enhance sponsorship and private investment in culture, is considered.

Gibson, S. (1995)

'Financing culture in the period of transition to a market economy.' In: *Culturelink*, vol. 13, no. 15, 135-155.

Descriptors: Eastern Europe, funding, motives, cultural responsibility of the state

It seems most governments in Eastern European countries re-evaluate their approach to funding culture. In many former socialist countries the national government takes responsibility for cultural organizations operating on a national level, but decentralizes responsibility for local and regional cultural organizations. However, not all governments are able (or always willing) to adequately support the culture sector. Sometimes, they look for international sources of funding, but unfortunately most countries today suffer from budgetary deficits.

Survival of cultural enterprises is further threatened by the decline in attendance and the costs of basic

services have increased under inflationary pressure. The government will certainly function as a last resort, since culture has no priority and is sometimes not even included in the use of collected tax revenues. While looking for alternative sources of funding, cultural institutions often have to compete with each other for financial resources.

Many of the former socialist countries have resorted to the privatization of cultural institutions as a way to solve their problems in the culture sector. The privatizing of cultural institutions is often accomplished through the sale of unprofitable public enterprises to other private companies or into stock company, sometimes partially owned by the state or an artist's union. However, this is simply proven to be, at least in many cases, a transference of the economic problems of the government to other entities.

Profitable cultural institutions are also privatized. The revenues are often used for the development of the culture sector. Another form of privatization is the cooperation between state and private organizations, usually to maintain cultural industries (e.g. the Bulgarian state film distribution company 'Razprostratenic na filmi').

Hammarlund, A. (1997)

'Regulating the deregulation. Post-totalitarianism, musical culture and privatization in East-Central Europe.' In: *Boekmancahier*, vol. 9, no. 32, 158-170.

Descriptors: CZ, H, P, SK, types of privatization

Some aspects of privatization, désétatisation and deregulation in the musical sphere are discussed. In order to understand the present situation, the history of nationalism and etatism is outlined. During this era ownership and author's rights could not be claimed since they belonged to state institutions.

The financing of these state institutions became doubtful as the command-economy was transformed into a market-oriented economy. However, the privatization of these grand institutions (e.g. the 'serious' musical field) was hardly thinkable on a political level because there was only little commercial interest in these inefficient companies, and also because they resembled the traditional symbolic roles of the national ensembles.

This is not true for all sectors. The record production, the booksector, video and films have been transferred into a legalized commercial sector on an extensive scale. Besides these market-led enterprises, some non-commercial private organizations have emerged in the cultural sectors. However, these organizations are often in serious jeopardy because of a lack of capital and managerial experience.

Hutter, M. (1997)

'From public to private rights in the art sector.' In: *Boekmancahier*, vol. 9, no. 32, 170-178.

Descriptors: cultural responsibility of the state, models for privatization.

The traditional conviction that public goods are best provided by the state and its agencies is currently being challenged. Privatization is actively pursued in many sectors. Since the provision of art goods and services has strong public good characteristics, privatization has begun in this sector as well.

The essay discusses four different approaches for transforming state rights into private rights: private management, private law actors, private rights to intellectual property and the sale of public rights. All four strategies are investigated with reference to the conditions in the arts sector.

The result is a restructuring of the issue from a pro-and-contra-decision to a set of differentiated options. It is argued that the state's responsibility will shift increasingly from directly providing arts services to implementing and monitoring custom-made arrangements of public, state and private rights.

Irjala, A. (1996)

'(De)Centralisation processes in Nordic cultural policy.' In: *European Journal of Cultural Policy*, vol. 3, no. 1, 109-132.

Descriptors: DK, N, S, SF, cultural responsibility of the state

The decentralization processes in the cultural sector should be placed in the broader context of the reorganization of public administration in the Nordic countries as well as in a number of other Western European countries. Decentralization should be seen as a result of the upholding of welfare state principles that led to enormous public expenditure. Tasks and responsibilities of the government are placed at the level of local government, thus preventing 'government overload' and a huge central bureaucracy. The 'modern' welfare state principles now include (besides decentralization) ideas of privatization and debureaucratization.

Although the cultural policies of the Nordic states differ to some extent, three central issues are evident: the distribution of financial responsibility between governmental levels, the responsibility for regional cultural institutions and the political and administrative reorganization of the local cultural sector.

Jong, B.de (1995)

'Afstoten en verzelfstandigen van culturele instellingen: een theoretisch kader.' In: *Vakblad Management Kunst & Cultuur*, vol. 1, no. 1, 4-9.

Translated title: Termination of and self-sufficiency in cultural institutions -a theoretical framework.

Descriptors: motives, types of privatization, models for privatization

The article shows how government can realize goals of cultural policy without taking the actual implementation into her own hands. The author relates various types of privatization to different kinds of managerial needs, thus developing a theoretical framework.

A considerable amount of cultural organizations like libraries, galleries, theaters and museums are already privately-owned. In general three types of privatization exist: phasing out, leaving and terminating. Besides these forms, the term 'self-sufficiency' is explained.

The arguments that underlie privatization can be divided into two groups: political-ideological and instrumental arguments. The first consists of the idea of government at arms' length, whereas the second is related to the ideas of effectivity, efficiency and flexibility.

Again the importance of the direction of privatization is stressed (see also: Boorsma, P.B. (1994) 'Privatization: political and economic considerations.' In: *Privatization experiences in African and Asian countries. An economic and political analysis of institutional transformation*; M.N. van Dijk en N.G. Schulte Nordholt (red.). Amsterdam: SISWO, 17-34.). It is of great importance which organization produces the cultural task the government privatizes. The only difference between nonprofit and profit theatres is the opportunity for experiments in the first. The fear for commercialization seems unnecessary. However, the dangers should be realized. This is, and has always been, a task for government.

Kulturkreis der deutschen Wirtschaft im BDI (1996)

Kulturförderung in gemeinsamer Verantwortung (II). Die Krise überwinden. Grünbuch des Aktionskreises Kultur. Bonn: ARCult Media.

Translated title: Supporting culture in joint responsibility (II).

Descriptors: D, types of privatization, funding, models for privatization

The most common type of privatization in the cultural field in Germany is the public-private partnership (abbreviated as PPS). The main feature here is not competition, but cooperation between public arts organizations and private arts businesses. The success of PPS depends on the preconditions for private support to culture. One of these is a change in relevant regulation on donations and taxes. Ten improvements on tax regulation are proposed, formulated by the 'Aktionskreis Kultur'.

The book also contains some summaries of research. Some models of PPS are presented, and preconditions for private support to the arts are analyzed and some recommendations are proposed. M. Hummel (one of the speakers during the conference) summarizes a study on corporate support to the arts. She examines the size of corporation's engagement in the arts, the actual motives behind sponsorship and the frequent forms of corporate funding for the arts in Germany.

Lulanski, P. and L. Varbanova (1995)

'The culture of Sofia: at the crossroads of paradox and optimism.' In: *European Journal of Cultural Policy*, vol. 2. No. 1, 163-172.

Descriptors: BG, types of privatization, cultural responsibility of the state, implementation (legal aspects)

A sense of perspective can be felt reading one of the first paragraphs: '*The shortage of water has very rapidly transformed beautiful Sofia into a dusty place, which is in danger of epidemic diseases. How, then, can we talk about the culture of Sofia today?*' It is evident that hygiene policy has more priority than cultural policy. Nevertheless, a municipal cultural policy does exist. In fact it aims at adapting administration and management techniques to the new market conditions. The goal is to promote and support various cultural events. One of the key elements in cultural policy is privatization in the cultural field.

One type of privatization, the application of the benefit principle (i.e. user charges), cannot be used. People simply can't afford the price of - for example - a theatre-ticket. From economic analysis of the cultural sector in Sofia, it is concluded that inflation takes up most of the actual value of state subsidies. Another problem is the fact that market principles entered the arts world too rapidly, leaving them no time to adjust. Also the audience needs time to respond: private arts organizations are distrusted since citizens are not used to organizations that are not owned by the state.

The legislation in the cultural field is old and ineffective. Appropriate laws could stimulate sponsorship and give freedom to arts managers to search for additional sources of income. Then again, there isn't too much experience with handling marketing tools, so this wouldn't yield much anyway. Perhaps the arts market could be linked to the tourism industry, and educational programmes for arts managers

could be set up?

All things being uncertain, it is clear that new models for cultural policy must be found. In the process of formulating such a policy, foreign experience could prove useful. While doing so, the specific cultural traditions of Sofia Greater Municipality must never be ignored. That privatization '*is a vulnerable process and should be applied with great care*' is very clear to Sofia's policy makers.

Navoni, M. (1993)

'Conoscere gli sponsor.' In: *Arte*, vol. 23, no. 241, 76-79.

Translated title: Knowing the sponsors.

Descriptors: I, types of privatization, funding

Business patrons in Italy support a wide range of activities, from individual artists to funding restorations of works of art. The relations between businesses, art institutions and government is discussed. It is important that government creates a legal framework in which the public-private partnerships can flourish. Various legal and economic ramifications of sponsorship and the types of opportunities available are mentioned.

Network of Networks for Research and Cooperation in Cultural Development (1995).
Culturelink, special issue 1995: Cultural centres in Central and Eastern Europe. Zagreb, Croatia: Institute for International Relations.

Descriptors: H, HR, PL, types of privatization, funding, implementation (legal aspects)

The main objective of most cultural centers in Central and Eastern Europe is cultural development. Other areas of special interest are the cultural heritage and identity, education, and artistic activities. Only twenty per cent of the centres have developed commercial activities such as galleries, gift shops and restaurants. Regarding the legal status more than half of the centres are state/ government institutions, most of them national or international. Very few are funded wholly through funds, donations or the market forces.

A comparison of the (changing) status of Polish and Hungarian cultural centres is made. Although some centres benefit from the use of market forces, others do not make it. Factors that determine failure or success depend on for example the tradition of participation in culture, the location of the centre, and the prosperity or poverty of communities.

In Croatia the cultural centres are the former '*homes of culture*'. They used to be funded by the government, but the reforms changed all that. All centres are non-profit making, in accordance with the 1993 Law on Institutions. The City of Zagreb appoints funds to selected programmes (or not). However, this process of allocation is far from clear, since cultural policy remains undefined. At the moment the priorities of the municipality are concerned with the food supply and housing. Therefore, culture has been pushed to the margins of social and political concern.

Peacock, A.T. (1969)

'Welfare economics and public subsidies to the arts.' In: *Journal of Cultural Economics*, vol. 18, no. 2, 151-161.

Descriptors: GB, types of privatization, cultural responsibility of the state

An introduction to this reprint from December 1969 is given by G. Tullock on pages 149-150.

Peacock draws attention to two arguments for subsidizing the arts. They are derived from the existence

of 'market failure': the indivisibility of goods and absence of externalities of production and consumption.

After explaining Baumol's disease and setting a few assumptions, common arguments for subsidization are reduced to familiar categories in welfare economics discussion. The major question is how the benefits of live performance can be diffused so that the poor of today and tomorrow are both able and willing to access these performances and not to ask for support from the rich today and in the near future. A possible solution could be the voucher system. This form of privatization subsidizes the consumer of art forms instead of the producer.

Schuster, J.M.D. (1994)

'Funding the arts and culture through dedicated state lotteries-Part I: the twin issues of additionality and substitution.' In: *European Journal of Cultural Policy*, vol. 1, no. 1, 22-41.

Descriptors: GB, IRE, SF, USA, funding

An alternative way of funding the arts and culture has been the creation of state lotteries. The revenues are dedicated, in whole or in part, to arts and cultural activities. The new national lottery in the UK and the Irish lottery are dedicated to the arts and culture exclusively. In this part (Part II is presented in *European Journal of Cultural Policy*, vol. 1, no. 2, 1995) five cases (among which the Irish and the English case) are analyzed. The question is to what extent the lottery money represents a net increase or simply substitutes for direct budgetary allocations that would otherwise have been made out of tax revenues.

Although the cases are very dissimilar, one conclusion can be drawn from the analysis: lottery funding has helped to lift budget levels and has rarely led to complete substitution, though it is common to some degree.

Once the effects of the lottery have been identified, the strategies of dealing with these possible consequences are determined. The superior strategy, from a financial standpoint (i.e. from the point of finding more resources for the arts and culture), might be to mix lottery revenues with tax revenues.

Schuster, J.M.D. (1993)

Deconstructing a Tower of Babel: Privatization, decentralization and other ideas in good currency in cultural policy. Seminar on European cultural cooperation. Strasbourg: Council for Cultural Cooperation.

Descriptors: motives, models for privatization

Since privatization '*has been used in so many different ways by so many different people to mean so many different things*' first the goals and reasons for privatization are identified. The first reason, making the delivery of goods and services more economically efficient, is probably the most cited one. In Great Britain this has been evident in the introduction of *compulsory competitive tendering* (CCT) into the provision of local cultural services by requiring an open competitive bidding process. The second and third reasons are about reducing the size of government and the administrative burden on the state. However, there is proof that government is not always willing to let go that easily. This calls for a fundamental redefinition of the boundaries of government, which is a part of the privatization movement.

Many other goals are mentioned. Raising capital for the state by selling state enterprises, making cultural institutions more attractive to other sources of funding (this reasoning led to the conversion of the national museums in Great Britain to private trustee status), breaking the cycle of financial independence on the state, and getting someone else to pay for a public policy (passing along costs without giving up influence). The list continues by stating that privatization makes cultural institutions more responsive to their audiences and generally more adaptable and flexible, and reduces the overgrown size of the cultural sector. Last but not least it can be said that privatization is carried out

because government demands it, and the quality of the artistic and cultural experiences will improve because of the multiple sources of income.

Privatization is a new name for the ideas of 'decentralization' and 'devolution', which have been part of the cultural policy debate for fifteen years now. Devolution may be taken as a prior step to privatization. However, caution is called for, since in 1988 in Hungary two thirds of cultural expenditures went to cultural institutions but both sources and use were strictly limited. Decentralization means that policymaking and finance are to be retained by high level government, but responsibility for performance and administration are to be relegated to a lower level government (see also: Donahue, J. (1989), *The privatization decision: public ends, private means*. New York: Basic Books).

Privatization can lead to many things. One is the establishment of a 'civil society', leading to an increase in dimensions of the structure of social responsibility. Goods and services are either provided by the public sector, the non-profit sector or the private sector, whereas the financing is taken care of by collective, group or individual payment. This distinction leads to a nine cell matrix given the structure of social responsibility. In this perspective a legislative framework that creates a clear set of guidelines is of the utmost importance.

Privatization as an instrument should fit into the place, circumstances, history and culture in order to be successful.

See also: Cataloguing and Indexing Group Scotland (1993) 'Cataloguers face up to CCT threat.' In: *Library Association record*, vol. 95, no. 6. See also Internet: *http://www.radionet.co.uk:80/business_pa¼slainteg/2catani0/cigsarch/prcompul.htm*. And: Peacock, A.T. (1995) 'A future for the past: the political economy of heritage.' In: *Proceedings of the British Academy*, vol. 87, 189-243. Also on Internet: <http://britac3.britac.ac.uk/pubs/keynes94/2sec1.html>*.

Schuster, J.M. (ed.) (coming in June 1997)
Preserving the built heritage. Tools for implementation.

Descriptors: models for privatization

Traditional approaches for preserving the artistic, architectural and cultural heritage are inadequate countries around the world, especially in Central and Eastern Europe. Government action can be based on several tools: direct government involvement, regulation of preservation efforts, redefinition of property rights, provision of incentives and the creation and dissemination of information. Government intervention is important in the field of the built heritage, but governments should '*act more adroitly both in the selective use of their own resources, and in drawing upon the full range of their abilities to engage the much greater resource of private and institutional action in the preservation of the built heritage.*'

Stevens, L.K. (1996)
'The earnings shift: the new bottom line paradigm for the arts industry in a market-driven era.' In: *The Journal of Arts Management, Law, and Society*, vol. 26, no. 2, 101-113.

Descriptors: management culture, funding

In the 1970s and early 1980s arts organizations were almost all nonprofit. The theory of Baumol and Bowen (1966) firmly established the earnings gap as a reality in the performing arts. The concept became the basis for funding requests of arts organizations and at some moment an absolute. Cultural institutions no longer questioned their own viability, no matter the size of the gap. Expansion of artistic work through subsidy of new organizations and investment in new products and access, led the arts industries to a precipice from which the jump into the free market would only lead to serious injury. But, as the 1990s show increasing competition on the market for funds, the time to jump will

inevitably come.

The culture of nonprofit organizations has not taught managers to be responsive to the market. Therefore, financial and management options need to be reevaluated. An important issue is to build relationships with long forgotten audiences. Technology may be helpful here, since it enables consumers to “*receive what they want, when they want it*”. For example, the purchase of opera-tickets on the World Wide Web in a split second could prove useful for attracting the ‘keyboard’ generation that “*won’t deal with an inconvenience such as the hassle of buying tickets*”.

Investment in marketing is essential, since the arts shift from being predominantly funder driven to being more audience driven. However, a realistic view on the implications of investing more into marketing than ever before, is needed. Both arts organizations and funders have a responsibility with respect to this matter.

Youth Centre of the Council of Europe (1997)

International conference on the preservation and development of cultural life in the countries of Central and Eastern Europe. Budapest, 23-25 January 1997. Country papers.

Descriptors: BG, CZ, EV, H, HR, LT, LV, PL, SK, types of privatization, models for privatization

Each paper describes the countries cultural policy. They outline the administrative, financial, organizational and legal structure of the cultural policy. Public reforms in general play an important role in all national cultural policies. Privatization, a specific type of public reform, features in many papers.

In Bulgaria privatization in the cultural sectors is ‘*one of the levers for attaining decentralization and the economic independence of activities which could be self-supporting*’. As in most of the other countries (e.g. Hungary, Lithuania, Poland) the cultural industries (e.g. book publishing, trade and distribution, cinemas and music and video recordings) are classified as such activities. In Hungary the privatization of book publishing, trade and distribution is by and large over by now. The privatization of the motion picture distribution network is delayed at the moment due to uncertainties concerning motion picture copyrights; the preservation of cultural values are deemed essential by the state. In Lithuania some areas and objects that could not be privatized were defined in order to avoid tragedies on a national scale. Here, privatization focuses mainly on cinemas, publishing houses and sound record studios. This is also true for Poland where many state-owned enterprises were returned to their former owners. The privatization of film production develops in a much slower pace, due to a lack in strong private capital and advantageous legal solutions. Setting up these legal structures is a difficult task: on the one hand conditions must be created which allow the further commercialization of cultural organizations, but on the other hand artistic productions must be protected against exaggerated exploitation and Western competition.

In Slovakia the process of privatization and denationalization came in two stages. The first stage, the so called small privatization, included the privatization of retail shops (e.g. book stores and small musical publishing houses). This stage was not an overall success: most retail shops changed their assortment, selling groceries, meat and snacks on the side. The second stage, the so called large privatization, involved state enterprises of the cultural section (e.g. publishing houses, enterprises of book trade, film production and distribution and art-craft production). These state enterprises were transformed into joint stock companies, or limited liability companies. Like in Lithuania, the revenues from the privatization (i.e. selling the enterprises) were not directly returned to the cultural sector.

In the Czech Republic the term ‘*désétatisation de la culture*’ is used to indicate the decrease in state interventions in the cultural sector on economic, institutional and management level. Economic and political transformations in the Czech Republic are aimed at eliminating the monopoly of the state in the cultural field and to guarantee constitutional rights and liberties. In Latvia privatization can be seen as a new model for the financing of culture: the involvement of sponsors and private persons, in combination with the improvement in tax policies should provide the cultural sectors with a new source of funding. This way of looking at privatization is closely related to way Croatia uses privatization in

the cultural sector. Here, privatization takes the form of adopting market principles and reprivatizing ownership, which should modernize the economy, thus leading to the joining of Croatia with surrounding countries.

Zolberg, V. (1996)

'Paying for Art. The temptations of privatization à l'Américaine.' In: *International Sociology*, December 1996, vol. 11, no. 4, 395-408, London, Thousand Oaks, CA and New Delhi SAGE Publications.

Descriptors: Europe, USA, funding, cultural responsibility of the state

The transition from state-directed to market-oriented economies has led to a review of government patronage of the arts in European governments. The amount of American government patronage is minimal compared to private patronage. Therefore the American model of predominantly private support to the arts is favoured by European states, because the burden on the budget would be sufficiently lightened.

In the article it is explained that private patronage is too simple an interpretation of the support for arts in the United States. Through an historic overview the author describes the structure of patronage of the arts in America. She explains that in the 20th century centralization and globalization lead to an institutionalization of museums and symphony orchestras. It shows that American government does provide art forms with support provided these arts can give evidence of their disinterestedness. Once institutionalized they are freed from commercial pressures that lead to the institutionalization in the first place.

Privatization and Cultural Heritage

Bayart, D. and P. Benghozi (1993)

Le tournant commercial des musées en France et à l'étranger. Paris: Ministère de la culture et de la francophonie. La Documentation Française.

Translated title: The commercial turning point for museums in France and foreign countries.

Descriptors: GB, F, I, USA, funding, implementation, management culture

The first part sets the basis for evaluating the impact of commercial activities within (or alongside) traditional museum activities. Several cases from amongst others, France, Great Britain and Italy illustrate the possible implications. In the second part the authors show how the visited museums integrate the commercialization of their museum. It includes finance, the museum know-how, personnel management, networking, market studies, the layout of commercial space and the mail-order business.

Benhamou, F. (1996)

'Is increased public spending for the preservation of historic monuments inevitable? The French case.' In: *Journal of Cultural Economics*, vol. 20, no. 2, 115-131

Descriptors: F, types of privatization, funding

In order to answer this question that is asked in the title of the article, a few characteristics are considered. To start with, a few economic characteristics of monuments are considered. In short, they are to be passed on to future generations, the external effects may be public or private, consumption of publicly owned goods is identical for all consumers, the value of the goods comprises of market,

scientific and communication value, the goods have an option value, the free-rider behaviour can be explained by the collectively-owned nature of the goods and the marginal costs of restoration increases little with the number of consumers. As a consequence of all these characteristics, the restoration costs may be either partially or totally covered by the State even when the goods are privately owned.

There is an ever-growing demand for preservation. The historical additions and the extending of the concept of heritage are the main causes of this problem. The expansion and the lack of productivity gains in the sector of restoration lead to an ever greater proportion of the national income being earmarked for upkeep and restoration. In order to avoid a bang in the future, action must be taken now.

Three ways of counteracting this trend are discussed. The first is an appeal on sponsorship, thus replacing public funding with private funding. But the amount of sponsoring is affected by the taxes that determine the price of giving. These tax incentives are subsidies in disguise; a part of sponsorship is actually paid by government. The second alternative is merchandising. However this generally leads to an over-estimation of the secondary effects and an under-estimation of some of the negative effects. A third possibility could be delisting.

Bloemberg, W. (1995)

'Verzelfstandiging van de rijksmusea.' In: *Van overheid naar markt. Theorie, praktijk en analyse*; Coops, R.H., B.M.J Pauw, Y.C.M.T. van Rooy and J. Weitenberg. (eds.) 's Gravenhage: Sdu Uitgevers. 87-97.

Translated title: Privatizing the Dutch national museums

Descriptors: NL, funding, management culture, motives, cultural responsibility of the state

The privatization programme of the Dutch national museums affected 21 governmental services and 1300 employees. The first official motive for the privatization was the idea of the government at arm's length: cultural institutions should not be hampered by the government in their artistic work. Secondly, there was a tendency to focus more on the headlines of (cultural) policy, thus leaving the actual implementation to independent organizations.

At the start of the privatization process 5 preconditions were formulated by government focusing mainly on government responsibilities. One of the important implications was that the employees were sure not to lose their jobs or status.

Once the legal form of the museums was chosen (foundation), the next point of attention was the organization's culture. To realize a change in the relative bureaucratic culture of the museums, arrangements had to be made. Examples are: the introduction of automated bookkeeping, the updating of the administration of personnel and finances and the appointment of a commercial manager. Words like 'products', 'product-market-combination' and 'cost prices' were introduced and bottlenecks were explicated. Although most museum directors were not afraid of the new techniques and the influence of the market forces, some wouldn't or couldn't stay on as director.

The financial status of the museums is currently under construction. The funding will be based on the decision of the Minister of Culture and the policy plan and long-range plan of the museum. The institutions are free to spend the budget -which they receive for several years- as they like. Within certain limits, of course. The privatization programme also allows the museums to form reserves. The revenues from sales (e.g. tickets, T-shirts, and sponsoring) will not reduce the amount of subsidy received.

There are strong indications that the quality of the product does not suffer from the privatization process. The effects of the legal and economic status and management style will be measured in 1998 in a planned evaluation.

Buzinkay, G. (1995)

'Museums in Hungary: special privileges versus the community.' In: *Museum International*, vol. 47, no. 3, 35-39.

Descriptors: H, management culture

The Budapest History Museum transforms itself into a genuine public-service institution. The recent political changes that have been and are being implemented during the transition process, may loosen up entrenched traditions and turn museums from almost closed research dens to organizations that provide public services in the true sense of the word. Still, the realization of such a change is difficult due to the entrenched attitudes of museum people.

When the author was appointed director of the Budapest History Museum in 1992, he based his liberal programme on two key points: the museum should be a specialized museum on the history of the civilization of Budapest, and the museum should make contact with society at large.

This concept was accepted and financed by the municipality. The annual budget is at best a third of the money available to similar museums in Western Europe or the US. The extremely low salaries nevertheless make up an overwhelming portion of this budget. Important trends in society, like the decrease in discipline and a sense of responsibility result in a rather random way of decision-making and a consensus, not easily attained anyway, that may prove to be of no value.

Hebditch, M. (1992)

'Museums and the contract culture.' In: *Museums Journal*, vol. 92, no. 12, 32-34.

Descriptors: GB, management culture, effects

Museum services have changed since central and local governments are moving towards privatization. Although museums have greater autonomy now, the ethical, training and professional standards have to be kept up. This is not always compatible with strict business practices. Perhaps a separation of functions within the services could solve this dilemma. The problem could also be solved by increasing the number of museums that are funded by central government.

Hoke, D. (1993)

'Cultivating sources.' In: *Museum News*, vol. 72, no. 1, 22-24.

Descriptors: funding

Recent cuts in government funding force museums to seek alternative sources of income. Case studies show that these include public-private partnerships, drives to increase and maintain membership, the leasing of museums for conferences and cultural meetings, the introduction of admission fees, and various marketing campaigns. In some cases this has led to an increasing revenue from private sources from 5% (1986) of total revenue to 59% (1992).

Jong, A.M. (ed.) (1994)

Privatization and commercialization of open air museums: opportunity or threat?: Report of the meeting of a special working group of the Association of European open air museums at Arnhem 14 and 15 January 1993. Arnhem: Open Air Museum.

Descriptors: CZ, D, NL, types of privatization, management culture, funding

The report is written in both English and German. Most participants were West-Europeans, but Rumanian and also Czech participants were present.

During the meeting, definitions of privatization and commercialization were formulated. This was necessary in order to discuss the way privatization and commercialization affect open air museums. The report records these discussions and the declarations that were written by participants. Two points feature prominently in the report: the changing social, economic and political situation and the hazardous continuity of the cultural-historical and scholarly task of open air museums.

McLean, F. (1995)

'Future directions for marketing in museums.' In: *European Journal of Cultural Policy*, vol. 1, no.2, 355-368.

Descriptors: GB, funding, implementation

Under the leadership of Margaret Thatcher 1980s market-led Great Britain brought a new commercial era to museums. As a consequence of the social and cultural changes in the museum context, museums are being advised by their funding bodies to adopt new marketing techniques.

The collection should form the central point of concern in a museum marketing plan. Most literature on marketing does not however cover this topic. Although marketing should be a specific point of attention in a museum, it is rarely seen as a separate activity. Furthermore, the relationship with the different patrons (i.e. government and visitors/ potential visitors) is completely different. It is evident that museums adapt - to a suitable degree - marketing skills in order to stay alive and get the most out of their collections.

The new marketing thinking in museums should not be adopted literally; their relevance needs to be assessed in terms of the museum context. It is suggested that museums are perhaps better off by strengthening the relationships and balancing the needs and wants of three of their markets: the consumer, internal and influence markets.

O'Hagan, J.W. (1995)

'National museums: to charge or not to charge?' In: *Journal of Cultural Economics*, vol. 19, no. 1, 33-47.

Descriptors: UK, IRE, types of privatization, funding

The principle of free admission to national cultural institutions, especially museums, has prevailed in Britain and Ireland for over two centuries. User fees (i.e. the application of the benefit principle) are believed to undermine the objective of increasing access to museums. However, new evidence relating to the effect of charges proves otherwise.

The possible effects of charges on the level and pattern of attendance have not been negative, quite the contrary. There is no evidence that supports the contention that charges may lead to a disproportionate fall in attendance by lower-income groups. In the case of the Museum of London the opposite effect was observed: an improvement in the socioeconomic composition of attendees taking place following the introduction of user fees. Besides, '*there is nothing to stop a national museum having, as many do, reduced entry charges for certain groups such as children and senior citizens, zero charges for all on certain days the week and low-cost, frequent-user tickets*'.

It is suggested that the extra costs of displaying and providing access to the museum's collections, should largely be funded by imposing admission charges on the small, but relatively well off, sections of society that visit the collections.

Peacock, A.T. (1995)

'A future for the past: the political economy of heritage.' In: *Proceedings of the British Academy*, vol. 87, 189-243. Also on Internet:

<http://britac3.britac.ac.uk/pubs/keynes94/2sec1.html>

Descriptors: GB, types of privatization, funding

The subject of privatization is touched upon in the lecture about the supply and demand for heritage services. It is stated that “*at least, heritage services without pure public goods characteristics could be privatized in one form or the other, but with activities regulated and possibly subsidized to conform to heritage objectives.*” (see also: Savas, E.S. (1982) *Privatizing the public sector. How to shrink government.* Chatham, New Jersey: Chatham House Publishers Inc). Privatization does not require that heritage services should be provided by profit-making enterprises. The example of the National Trust illustrates this point. Putting publicly operating services out to competitive tendering (actually in operation in the case of Historic Scotland) is a possible privatization option. Another type of privatization, the application of user charges in museums, is also discussed (see also: O’Hagan, J. (1995) ‘National museums: to charge or not to charge?’ In: *Journal of Cultural Economics*, vol. 19, no. 1, 33-47).

The question of regulation on heritage is mentioned only briefly. The main issues here are the regulations on the listing of buildings and archeological sites, and the control over the exports of works of art.

An illuminating feature of the lecture is that the appendix gives the reader an insight into the decision-makers involved in the provision of heritage and types of public and private finance. In the decision-making process whether or not to privatize these are obvious important factors.

See also: Cataloguing and Indexing Group Scotland (1993) ‘Cataloguers face up to CCT threat.’ In: *Library Association record*, vol. 95, no. 6. Also on Internet: *http://www.radionet.co.uk:80/business_pa¼slainteg/2catani0/cigsarch/prcompul.htm*. And: Schuster, J.M.D. (1993) *Deconstructing a Tower of Babel: Privatization, decentralization and other ideas in good currency in cultural policy. Seminar on European cultural cooperation.* Strasbourg: Council for Cultural Cooperation. And: Peacock, A.T. (1995) ‘A future for the past: the political economy of heritage.’ In: *Proceedings of the British Academy*, vol. 87, 189-243. Also on Internet: <http://britac3.britac.ac.uk/pubs/keynes94/2sec1.html>*

Rijksdienst Beeldende Kunst (1997)

Handreiking bij het afstoten van museale collecties. Den Haag: Rijksdienst Beeldende Kunst.

Translated title: Assistance to the termination of museums collections.

Descriptors: NL, types of privatization, motives, implementation (legal aspects)

Terminating collections that are part of public property is a hazardous affair, to say the least. The guidelines in this publication - which focuses on legal and procedural aspects - are designed to simplify the decision-making process for the Dutch national museums and other museums on this matter. Termination could mean selling, donating or exchanging the object, or destroying it. Long term free loan of the object is also a possibility.

Motives for termination are that the object is never displayed, is in a bad shape, is of an inferior quality, is relatively expensive when the cultural value of the object is taken into account, or is negatively affected by changing scientific opinions.

Possible arguments against termination can also be mentioned of course. The first is that the collection of a museum is not and has never been the sum of simply adding the separate objects, but has a historical value as a whole. Furthermore, the archive function of the collection prohibits termination. The third argument concerns the possibility that the object that is up for termination has perhaps never been documented properly or is undervalued. This could very well lead to premature termination. The fourth argument here is the idea that termination is too much a subjective matter (one person may terminate other pieces of the collection whereas another would not and could even be regarded as a ‘*whim of fashion*’: popular today, gone tomorrow).

To avoid the total loss of important objects, much attention must be paid to setting up preconditions

that enable a well-considered process of termination. For instance, the museum must first offer the object to other museums in the Netherlands before offering it to private or foreign parties. Objects important to the Dutch culture may never be sold to foreigners. Furthermore, revenues from selling objects must be used for new purchases and the termination process must be carefully planned in advance (e.g. a proper termination policy must be designed).

Once the decision is reached to terminate one or more objects, the following steps can be taken. First, the object(s) must be photographed and documented. Second, it should be checked and double checked who is the rightful owner of the object. Third, the type of termination must be chosen. Destruction is only an option when the object is damaged beyond repair and the creator of the object does not disapprove.

Selwood, S. (ed.) (1994)

'The built heritage.' In: *Cultural Trends*, vol. 24, 1-28.

Descriptors: GB, types of privatization, funding

Statistics show that £434 million of public funding (including National Lottery funding) was channeled into the built heritage sector over the period of the year in 1994/1995. The private and voluntary sector contributed some £146 million to the sector. The National Trusts were the major supporters. The corporate sector also contributes to the built heritage. Volunteers can be found in forty-two per cent of historic properties in Great Britain. Preservation trusts, local organizations that preserve particular buildings and structures, monuments and land, support the heritage by buying, restoring and selling selected properties.

Zolberg, V. (1995)

'What price success?' In: *Museum International*, vol. 47, no. 186, 60-63.

Descriptors: Europe, USA, funding

American art museums are not at the mercy of market forces. Instead, their popularity and their adaptability give them a solid position in society. The privatization of European culture makes it necessary to gain support for legislation that encourages donations and strengthen the infrastructure of private support throughout, without neglecting the obligation to provide access to the arts.

Privatization and Cultural Industries

Arnestad, G. (1995)

The Cultural Responsibility of the State -from the viewpoint of the Baltic Sea States. Göteborg: Western Norway Research Institute. Report from the Ars Baltica Seminar Stockholm, August 19-21, 1994.

Descriptors: D, DK, EV, LT, LV, N, P, R, S, SF, cultural responsibility of the state

The cultural responsibility of the state depends on the model of public support to the arts that is present in a country. Whereas subsidies to the arts in one state are minimal (e.g. USA), another state could own all means of artistic production (e.g. Soviet Union). The model of public support, or combination of models, that is used in a state has consequences for the way privatization is looked at. During the conference in Stockholm the difference in models of public support the countries used, became very clear.

The Nordic states and Germany tend to optimize their well-established models of cultural policy. The other countries experiment with different types of models following the 'law of the clock pendulum'.

One time centralistic model to the liberal approach. Because of the transition from a central command to a market economy, a number of cultural activities and institutions have been transferred to the local government. This level of government, however, has a relatively low income basis. Therefore, central governments have taken steps to prevent excessive closing down of local/ regional cultural institutions.

One sector where state intervention is present, is the sector of cultural industries. Here, the production and distribution is publicly subsidized in all ten countries. In the field of literature, subsidies are aimed at supporting the publication of certain high quality products. State intervention in the record industry is relatively new and moderate. Especially high quality national recordings receive preferential treatment and protection against foreign competition. However, in all countries neo-liberal ideas have broken the long-established monopoly of public (state) broadcasting, since private channels are no longer prohibited. In the case of Polish press market the tensions between the commercial cultural industries and the intentions of cultural policies are evident: imported mass entertainment from the West has started to replace more ambitious forms of creativity. National artistic creation must be protected against excessive commercialization.

Bacchella, U. (1995)

'Turin International Film Festival.' In: *The film festival and the action of the European Commission. Proceedings of the meeting 'The film festivals and the audiovisual policy of the European Commission.'*, Torino, 26 Novembre 1994; Pieri, A. (ed.). Bruxelles: Commission Européenne, 29-37.

Descriptors: European Union, funding

The shrinking of public resources is a main concern in the film industry, together with the rapid renovation of the audio-visual market. This means a restructuring of the film industry as a result of the confrontation with market forces. This does not necessarily mean a threat, but a redefinition of the issues of selective criteria of public funding and the conflicting relations between festivals. The first issue is important since the quality of film festivals depends mainly on public funding. However, the criteria for public funding are not clearly indicated. In order to shed some light on this subject, some objective indicators are defined.

The second issue deals with the negative view on competition between film festivals. However, this need not necessarily be a negative factor, since competition '*stimulates one not to be satisfied with the already achieved results.*'. Excessive competition, however, should be avoided. Film festivals should work together and agree on the level of competition. Through mutual agreement certain areas should be defined where competition is correct and acceptable. Thus, film festivals are better equipped to face the new challenges of the open market.

Baijings, T. (1995)

'Kabeltelevisie Amsterdam: van aansluiting tot abonnee.' In: *Van overheid naar markt. Theorie, praktijk en analyse*; Coops, R.H., B.M.J. Pauw, Y.C.M.T. van Rooy and J. Weitenberg (eds.). 's Gravenhage: Sdu Uitgevers, 187-195.

Translated title: Cable television Amsterdam: from connection to subscriber

Descriptors: NL, management culture, implementation

In July 1995 all shares of KTA (Cable Television Amsterdam) were sold at an auction for \$700 million to Philips and US West. At the same time the system of pay-per-view became possible. Both initiatives called for a change in the bureaucratic organization called KTA before the actual transfer could take place.

An organization does not change if the people that work in it don't change. Therefore, human relations are a key ingredient in the process of change. In fact, these relations were quite unhealthy when the KTA started its pre-privatization programme. This programme preceded the actual privatization (the

auction). Especially the communication between the direction and staff was ineffective and inefficient and employees (including management) had become rusty, rigid and bureaucratic. An interim-manager was appointed to study the organization's bottlenecks and come up with solutions.

Slowly changes were implemented and the result seems to be very positive. Personnel has increased from 50 to 80 employees with a higher percentage of commercial experts. Relations and communication have become a lot more flexible.

For more information on cultural change, see: Woodward, N. (1988) 'Managing cultural change in privatization.' In: *Privatization in the UK*; Ramanadham, V.V. (ed.). London and New York: Routledge, 85-101.

Bart, I. (1995)

'Transition and privatization in publishing.' In: *The Hungarian Quarterly*, vol. 36, no. 140. See also Internet: *<http://www.net.hu/Magyar/hungq/no140/highl.html>*

Descriptors: H, effects

Due to inflation, the rise in production and paper costs, and the relative low buying power, the publishing market in Hungary is in peril. The implications can be stated briefly and crudely: *'increasingly fewer and poorer-quality books are going to be produced by fewer and fewer staff and authors, who will be more and more underpaid'*.

Another unwanted consequence of the new situation on the market, are the illegal book distributors. Privatization sometimes leads to an increase in criminal activities (see also: *Daily Digest*, December 20 1995, October 14, 15 and 25 1996, November 5 1996 and February 18 1997 on privatization scandals. Also publicized on Internet: *<http://search.omri.cz/9506/Digest.950608.html>*).

Another unwanted consequence of the new situation on the market, are the illegal book distributors. Privatization sometimes leads to an increase in criminal activities (see also: *Daily Digest*, December 20 1995, October 14, 15 and 25 1996, November 5 1996 and February 18 1997 on privatization scandals. Also published on Internet: *<http://search.omri.cz/9506/Digest.950608.html>*).

Jarvik, L. (1992)

After privatization: public television in the cultural market place. Internet: *<http://www.lead-inst.org/heritage/library/categories/family/lect383.html>*

Descriptors: F, GB, types of privatization, implementation

In Europe the relations between broadcasters and the marketplace have been turned up-side-down. The fall of communism and ongoing technological inventions are the main causes for this turning point. In France for example, Antenne 2 (the second public channel) will be sold off to private investors, and the private cable channel Canal Plus caused the demise of 'le Cinq'. In England the BBC announced a joint venture with private channels fully financed by advertising. However, as long as public broadcasting is hampered by administrative procedures (i.e. government influence), these possibilities cannot be transferred into actual opportunities.

When public broadcasters transform themselves in private entities and compete directly with new services using their programming to support new products, public television has every opportunity to prosper in the marketplace. The reputation public television has (i.e. quality and cultural programming) could prove to be a great benefit, providing the proper marketing strategy is implemented.

Noam, E. (1991)

Television in Europe. New York-Oxford: Oxford University Press.

Descriptors: A, B, CH, D, DK, E, Eastern Europe, European Union, F, GB, GR, I, IL, IRL, IS, L, N, NL, P, S, SF, cultural responsibility of the state, funding

In 395 pages a comprehensive view of European broadcasting systems is provided. The role of technology in the cost of distribution, the American dominance, the mix of public and private financing and the impact of television on viewers are also discussed.

Decentralization and privatization are discussed in a more general manner in chapter 29. Five stages of evolution in the systems of democratic countries can be distinguished: early private broadcasting, state broadcasting, independent public broadcasting, the television of privilege (allowing commercial broadcasters) and open television (no single media entity or point is dominant).

A review of this book can be found in: *Journal of Cultural Economics*, vol. 19, no. 4, 1995, by K. Acheson.

Quinn, B. (1995)

'Conference review. The economy of the arts: managing the growth of cultural industries, Dublin, 1-3 December, 1994.' In: *European Journal of Cultural Policy*, vol. 1, no. 2, 385-390.

Descriptors: Europe, USA, cultural responsibility of the state

European cultural policy makers are concerned with the question of whether or not the cultural industries should be founded on a competitive, open market approach like in the USA or on protectionism which strives to safeguard cultural heritage in a period of ongoing globalization. Protectionism can strengthen national cultures, but then the technological forces - that do not stop at manmade boundaries - are ignored. Another point of concern with respect to the relation of government and private initiators in the cultural sector, is the fact that employment in the recording and audiovisual sector is not sustainable to any significant degree without public funding. Privatizing these sectors would almost certainly increase unemployment. Cultural policy of European states have to consider this and other aspects -such as the rapid changes in technology- when formulating their national policies on the cultural industries.

Szõnyei, T. (1996)

'The book market goes west.' In: *Books*, vol. 6, no. 2. See also: Internet:
http://www.hu.net:80/Text/books/6_2/p93.ht

Descriptors: CR, H, cultural responsibility of the state, funding

Over 70 percent of the book market in Hungary is owned by four or five foreign financial groups (for example the Dutch publisher Wolters Kluwer). The remainder are fought over by several hundred small publishers. Perhaps only twenty of them will succeed.

Foreign ownership causes concern to some: it might lead to the formation and penetration of huge monopolies. The president of the Hungarian Publishers' and Booksellers' Association says: '*...in the Dutch or the German book market there is not the slightest chance of foreign ownership becoming as dominant as it has been in Hungary.*' In the Czech Republic the situation is somewhat different. Here, the state feels highly responsible for the publishing sector and foreign ownership is not allowed to rise above 4 percent and a large-scale sell-off of bookshops did not take place. In Hungary these rules on foreign ownership are only defined verbally.

The tide cannot be turned: the Hungarian book market is divided into a profitable segment and a small segment living from hand to mouth. The best strategy would be to select 15-20 Hungarian book

industry units which would receive all subsidies, grants, sponsorship, and so forth. Only the best are given a chance to survive in an open market.

Privatization and Performing Arts

Galinsky, A. and E.V. Lehman

'Emergence, divergence, convergence: three models of symphony orchestras at the crossroads.' In: *European Journal of European Journal of Cultural Policy*, vol. 2, no. 1, 117-139.

Descriptors: (former East and West) D, GB, USA, funding, management culture

Three models (the London, American and Eastern German model) of orchestra practice are described. They represent a broad spectrum of support for orchestras. The type of support provided to symphony orchestras (or to other cultural institutions for that matter) is the product of a nation's heritage and government policy. However, we are witnessing a convergence in approach and in form. A few trends influence this convergence.

First the trend of pluralistic funding. In all three models both public and private funding are present to some extent. Second, in the London, American and German model, orchestras tend to be more market oriented, socially conscious and rooted in their communities. Market forces are closely watched. Audiences, government policies and corporate developments receive special attention. A third trend is that the organizations within each model tend to subject themselves to an internal reorganization. Old models of management and leadership are no longer sufficient for modern life.

Mokre, M. (1996)

'Austrian theatres cost too much! A summary of a research project in Vienna.' In: *European Journal of Cultural Policy*, vol. 2, no. 2, 289-302.

Descriptors: A, funding

Certain death to theatres, now that in most European countries subsidies are being reduced although costs are rising. It seems evident that theatre financing is directly related to the context of a changing state with changing functions. In Austria, in Vienna to be more precise, theatres are almost entirely financed by public means. Sponsoring and other private financing are not very common. Austria has a history where government always paid generously for the arts. Private financing just never became an issue. Now that government expenditure has decreased, problems have emerged. Thus, the argument that '*the arts do not get much money from the public sector. So it cannot be their main purpose to reduce costs and improve organizations. On the contrary, it must be their goal to get as much money as possible from the state.*' doesn't hold in the long run. The reason for this is that policy tends to find simple solutions and the simplest solution here is the closure of expensive theatres.

Nakajima, T. and M.D. Lovick (1997)

The future of artistic institutions in Romania: the Romanian State Opera Companies. A strategy for the future: the artistic privatization project. Unpublished strategic plan.

Descriptors: RO, types of privatization, funding

Romanian state operas are a source of pride to the Romanian people. The privatization of the operas and the creation of non-profit Performing Arts Centres could be a serious threat to this national feeling of pride.

The main problem in artistic Romania today is of a financial nature. Due to insufficient resources the Romanian state is less and less able to deliver services and maintain certain institutions. However, the inefficiency of these institutions and services form a tremendous financial drain on the state. In addition, the artist's salaries are too low to survive and fixed assets are in a deplorable state. Furthermore, in order to attract sponsors, the quality of artistic products must increase sufficiently.

As a means to achieve financial stability, a balance has to be found between public and private funding. This balance can only be attained if state institutions are transformed into a non-profit structure, because the State suffers a negative attitude from the private sector, which is illustrated by the absence of private sponsors.

Wijma, M. (1996)

Privatisering van de schouwburg is dat winst of verlies? Privatisering van podiumkunstaccommodaties getoetst aan de doelstellingen van het kunstbeleid van Rijk en gemeenten toegepast op Cultureel Centrum de Oranjerie te gemeente Roermond. Groningen: Rijksuniversiteit Groningen. Unpublished thesis.

Translated title: Privatization of the theater. Winning or losing?

Descriptors: NL, types of privatization, motives, effects, cultural responsibility of the state

The study is concerned with the relation between privatization of cultural accommodations by municipalities and the objects of cultural policy of the national and local government. It is stated that important objects of cultural policy, such as quality, diversity, innovation and experimentation, are threatened by privatization if no clear preconditions are set up.

As a matter of fact, in the case of the theatre in Roermond the threats are very real. By taking additional measures (building a smaller theatre, subsidizing the local youth centre) the municipality hopes to avoid them. However, despite these, and other efforts, not all objects of a cultural policy can be realized. Amongst others, privatization has meant giving up ways to influence the theater's product for the government. In addition to this, the costs of the privatization process were higher than planned.

In the theoretical framework a categorization is made into different forms of privatization. These forms are passive termination, pure privatization, external self-reliance, and internal self-reliance. These forms differ in the way private and public entities are involved in the 'production and distribution', 'decision-making', 'financing', and 'regulation and planning'.

General arguments for and respectively against privatization are: private actors have the money to pay for the necessary renovation of some theatres, private actors can increase the number of visitors and the level of local provision and decrease the dependency on the local government, respectively the privatization of theatres will (in the end) lead to a downfall in the national and regional provision of cultural activities and the supply of experimental and innovative performing arts will decrease.

The effects of privatization of theatres are discussed briefly. It is stated that municipalities sometimes try to compensate for negative effects by developing other cultural activities. Especially productions of experimental performing arts are neglected in theatres run by a commercial director.

PART II

Programme and Contributions

PRELIMINARY PROGRAMME

Preliminary programme

Wednesday 11 June

- from 14.00 Arrival and registration at Felix Meritis, Keizersgracht 324
16.30 Welcoming address by a.o.:
Eduard Delgado (Chairman Circle);
Ritva Mitchell (Council of Europe);
Theodore Adams (Dutch Ministry of Education, Culture and Science)
17.15 Reception at Felix Meritis, Keizersgracht 324
20.00 Optional: dinner at Felix Meritis, Keizersgracht 324

Thursday 12 June

- 9.45 Welcome
9.50 Opening conference by *Aad Nuis*
Secretary of State of Education, Culture and Science, the Netherlands
10.10 Introductory address by *Carla Bodo*
Presidenza del Consiglio dei Ministri, Rome, and Italian member of the Board of Circle
10.20 Introduction conference theme by *Peter Boorsma*
Twente University, the Netherlands
10.40 Czech Republic and the case of the book industry:
Jirina Smejkalova, Donau University Krems, Austria
11.00 Coffee break
11.30 Great Britain and the case of cultural heritage:
Magnus Linklater, Chairman of the Scottish Arts Council
11.50 Hungary and the case of film and broadcasting:
Mihaly Galik, Budapest University & Hungarian National Public Radio Foundation
12.10 France and the case of the museums:
Françoise Benhamou, Laboratoire d'économie sociale, Paris
12.30 Lunch
Parallel Seminars: monuments/theatre/books
14.00 Introduction moderator and three case studies*
14.50 Tea on the spot
15.00 Discussion led by moderator, based on prepared 'agenda'
16.50 Conclusions by moderator
17.00 Reception at the Boekman Foundation, Herengracht 415
19.30 Optional: dinner at Felix Meritis, Keizersgracht 324

* Contributors to the seminars

Monuments/Built Heritage: Mark Schuster (USA, moderator), Effie Karpodini-Dimitriadi (GR, rapporteur), Stephen Creight-Tyte (GB), Alessandro Leon (I), Lidia Varbanova (BG)
Theatre: Dragan Klaić (NL, moderator), Ocker van Munster (NL, rapporteur), Zlatko Gulekov (BG), Peeter Jalakas (EV)
Books and publishing: Kirill Razlogov (R, moderator), Susanne Janssen (NL, rapporteur), Darius Cuplinskas (H), Grzegorz Boguta (P)

(Please note: this information is subject to alteration)

Preliminary programme

Friday 13 June

9.30 Welcome

Parallel Seminars: museum/opera/film

9.40 Introduction moderator and three case studies

10.30 Coffee on the spot

10.45 Discussion based on prepared 'agenda'

12.30 Conclusions

12.40 Lunch

Plenary Sessions

14.00 Report Seminars Cultural Heritage (by two rapporteurs)

14.30 Report Seminars Performing Arts (by two rapporteurs)

14.45 Report Seminars Cultural Industries (by two rapporteurs)

15.15 Tea break

15.45 Concluding keynote speakers: *Vladimir Skok* (until 1997 member of the World Commission on Culture and Development at Unesco; Canada) and *David Throsby* (President Association for Cultural Economics International, Australia) will explore the theme of the conference and all contributions made from a respectively cultural political and an economic theoretical point of view.

16.30 Plenary discussion, led by *Eduard Delgado*, President of Circle and Director of Interarts, Barcelona

17.30 Epilogue by *Raymond Weber*, Director of Education, Culture and Sport of the Council of Europe

17.45 Epilogue by *Marcelino Oreja*, the European Union

18.00 Reception at Theater Institute Nederland, Herengracht 168

20.00 Optional: dinner at Felix Meritis, Keizersgracht 324

Saturday 14 June

14.00 Visit to Dutch cultural institutions

20.00 Farewell dinner, offered by the Dutch ministry of Education, Culture and Science

** Contributors to the seminars:*

Museums: Mark Schuster (USA, moderator), Magne Velure (N, rapporteur), Marlies Hummel (D), Miklós Cseri (H), Jan Vaessen (NL)

Opera: Neil Wallace (NL/GB, moderator), Corry Prinsen (NL), Ugo Bacchella (I), Tateo Nakajima (RO), Ruth Mackenzie (GB)

Film and broadcasting: Kirill Razlogov (R, moderator), Josephine Dries (NL, rapporteur), Celestino Spada (I), Georgina Born (UK)

(Please note: this information is subject to alteration)

PROLOGUE TO THE EPILOGUE

Vladimir Skok

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Curriculum Vitae

Since January 1997, Vladimir Skok, a specialist in international cultural relations and policy development, has been acting Director, International Relations, Department of Canadian Heritage in Ottawa. He is responsible for managing the international dimension of the Department's varied and complex responsibilities which include International co-operation, trade promotion and development, International strategy and planning, Trade policy and relations and Francophonie relations. Skok is Associate Member of Circle and Board Member of the European Research Institute for Cultural Affairs (ERICArts) in Bonn, Germany.

From 1994 to 1996 Mr. Skok was on leave from the Government of Canada with Unesco in Paris, first as a specialist with the independent World Commission on Culture and Development (WCCD). Established by the UN and Unesco in 1992 under former UN Secretary-General, Javier Pérez de Cuéllar, the Commission's report, *Our Creative Diversity*, was released in November 1995 and has been translated into more than ten languages. Designed to intensify debate on the links between culture and development, the report's action plan aims to put culture squarely on the international policy agenda. Following completion of the Commission, Vladimir Skok developed and participated in the worldwide follow-up strategy to the report from the newly-established Culture and Development Office in Unesco.

In Canada, from 1989 until 1994 Skok created and managed the International Comparative Research Group (ICP) within the federal government's Department of Communications (DOC) and then Department of Canadian Heritage (DCH) on culture, communications and identity strategies issues, drawing from 15 years of experience in international relations and policy R&D in the area.

As an official in the international relations service of the Communications and Heritage ministries between 1982-86 and 1990-1994, he has actively assessed, promoted and protected the Department's interests and in various international fora and NGOs including the OECD, Unesco, The European Commission, Council of Europe-Culture Committee, Cultural Information and Research Centres Liaison in Europe (Circle), Culturelink, International Institute of Communications (IIC), Association for Cultural Economics International (ACEI), Organization for Security and Cooperation in Europe (OSCE) and the Asia-Pacific Economic Cooperation forum (APEC). Bilaterally, he has represented Canadian cultural, communications and trade policy interests in the USA, Latin America, Europe and Asia and on the Department of Foreign Affairs Visual and Performing Arts Promotion Consultative Committees. Between 1986 and 1989 he was Chief of Staff to the Assistant Deputy Minister Broadcasting & Cultural Affairs during one of the most dynamic periods for Canadian cultural policy development.

Trained in international relations (political science) and public administration (Carleton), he undertook professional development in arts management (Banff School of Arts and Management), European Community Law (Harvard Law School, USA) and cultural and citizenship participation (French Ministry of Foreign Affairs *Séjour d'étude* programme). He is completing advanced studies in European Cultural Planning (De Montfort, UK).

Selected Publications

(1996) *Our Creative Diversity - World Commission on Culture and Development*. Unesco Publishing, Paris/HMSO London.

- (1993) *Participation à la vie culturelle en Europe. Tendances, stratégies et défis*; V. Slok (Coordinating ed.). Paris: La documentation Française.
- (1993, co-author: D. Cliche) 'Violence on Television. Sensitivity vs. Censorship'. In: *Intermedia*, June-July. London: International Institute of Communications.
- Books, Reading and Publishing in Canada*, National Contribution to the 7th Conference of European Ministers responsible for Cultural Affairs, Council of Europe.
- (1991) 'Contribution du Canada'. In: *Le soutien public aux industries culturelles en Europe et au Canada*; F. Rouet et X. Dupuis (eds.). Paris: La documentation française.
- (1991, co-author: J. Jurkovic) *Challenge and Survival. Canadian Cultural Policy and Globalization*. Krakow: Cultural Symposium of the CSCE.
- (1991; co-author: T. Andruszkiewicz) 'Professional Training in the Art in Selected Countries.' In: *Art is never a given. Professional Training in the Arts in Canada*. Ottawa: Task Force on Professional Training for the Cultural Sector for Canada.

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Curriculum Vitae

Professor David Throsby has published widely in the economics of the arts and culture over the last twenty years. He holds a PhD from the London School of Economics and has been Professor of Economics at Macquarie University, Sydney, Australia since 1974. He has been a consultant to many national and international organizations, including the World Bank, OECD, FAO and Unesco. He has been on the Executive Board of the Association for Cultural Economics International since its inception, and is currently (1996-1998) its President. Professor Throsby has been Chairman of the National Association for the Visual Arts (Australia) since 1984, and serves on the Boards of several cultural organizations and institutions, including the Museum of Contemporary Art (Sydney), and the Australian visual arts copyright collecting agency VISCOPY. He is a member of the Editorial Boards of the *Journal of Cultural Economics* and the *European Journal of Cultural Policy*.

Selected Publications

- (Forthcoming, 1997) 'Seven questions in the economics of cultural heritage' in: Michael Hutter and Ilde Rizzo (eds.) *Economic Perspectives of Cultural Heritage*. London: Macmillan.
- (Forthcoming, 1997) 'Making preservation happen: the pros and cons of regulation' in: J. Mark Schuster, John de Mochaux and Charles Riley (eds.) *Preserving the Built Heritage: Tools for Implementation*. Hanover, New Hampshire: University Press of New England.
- (1996) 'Desegregated earnings functions for artists' in: Victor Ginsburgh and Pierre-Michel Menger (eds.) *Essays in the Economics of the Arts*. Amsterdam: North Holland: 331-346.
- (1995) 'Culture, economics and sustainability' in: *Journal of Cultural Economics*. vol. 19, no. 3, pp. 199-206.
- (1994) 'A work preference model of artist behaviour' in: Alan Peacock and Ilde Rizzo (eds.) *Cultural Economics and Cultural Policies*. Dordrecht: Kluwer: 69-80.
- (1994, co-author: Beverley Thompson) *But What Do You Do For a Living? A New Economic Study of Australian Artists*. Sydney: Australia Council.
- (1994) 'The production and consumption of the arts: a view of cultural economics' in: *Journal of Economic Literature*, XXXII (1) March 1994: 1-29.

- (1994, co-author: Joan Jeffri) 'Professionalism and the visual artist' in: *European Journal of Cultural Policy*. 1 (1) 1994: 99-108.
- (1983, co-author: G.A. Withers) 'Measuring the demand for the arts as a public good: theory and empirical results' in: W.S. Hendon and J.L. Shanahan (eds.) *Economics of Cultural Decisions*. Cambridge: Abt Press.
- (1979, co-author: G.A. Withers) *The Economics of the Performing Arts*. London: Edward Arnold.

Privatization and Culture: Some Economic Issues

Economists look at privatization in terms of the economics of regulation and competition. In recent years there has been an increasing emphasis in economic policy in most countries, including most European countries, on opening up the economy to market forces and reducing state involvement. Many goods and services previously supplied by governments, especially in the transport, communications and energy sectors, have been transferred to supply through competitive private markets. When these processes involve the transformation of state monopolies into one or more private corporations, governments are likely still to retain some presence in the market place, through regulation, e.g. of prices, aimed at preventing exploitation of consumers.

When considering privatization in economic terms, one can make a sharp distinction between ownership and efficiency, though the two are by no means unrelated. Questions of ownership relate to what proportion of society's assets "should" be owned or controlled in the public or the private sector. As such, these issues mostly reduce to questions of ideology; but even though such matters rest on individual beliefs and values, it can be stated as a general fact that the prevailing political ideology in the West in the last decade has moved increasingly towards a heightened role for private ownership in the economy. In regard to efficiency, the issue is one of economic function, i.e. what allocation of resources will maximize the achievement of society's objectives.

Thus, the privatization debate, from an economic viewpoint, becomes one of what form of ownership, structure and operation of enterprises can produce given outputs most efficiently, and whether privatization serves equity objectives more or less well than other alternatives. Two observations might illustrate these remarks. Firstly, in regard to ownership and efficiency, although the empirical evidence is not conclusive, it does at least seem true that ownership per se is not what causes differences in efficiency, but management structures, incentive patterns, work practices etc. Thus there is no necessary reason why private firms are more efficient than public enterprise, and the "corporatisation" of, say, public utilities might have as great an impact on efficiency as would their privatization. Secondly, equity issues may be of concern, especially when profitable public enterprises are privatized. In such a case, the revenue streams accruing to the public at large (as "stakeholders" in the public sector) may be transferred to a more concentrated and potentially more wealthy group of shareholders, and the overall distributional outcome could therefore be regressive in the long run, especially if the asset sale was at less than a true economic price.

Turning to culture and the potential role for privatization in the cultural sector, we should bear in mind two fundamental matters relating to the government's role in regard to the arts and culture in a contemporary mixed economy. The first relates to the rationale for government intervention in the market place for the arts and culture. After all, if free markets are expected to deliver goods and services most efficiently across the board, why should any public funding be provided to the arts and cultural sectors? There is now substantial theoretical literature putting forward arguments for state involvement in the arts and culture on grounds of market failure. That is, it is argued that these activities give rise to public-good benefits (also known as "positive externalities") which accrue to the community at large and which are not captured by market processes. Free markets will thus produce an undersupply of cultural goods and services compared to the social optimum, and a prima facie case for government intervention is established. These theoretical arguments have been supported by empirical evidence, such that it can now be said that even in the most market-oriented economies a basic role for government can be established in supporting cultural activities in theatre, dance, music, visual arts, literature, and possibly film, and in

assisting cultural institutions such as libraries, museums, galleries, performing arts centres, and so on.

The second fundamental issue is an extension of the first, i.e. that the objectives of society, and hence of governments, in providing support for the arts and culture, have a significant non-economic (in the sense of non-financial) content, being related to goals of cultural expression and enhancement. Thus if we are applying the economic arguments concerning privatization to the cultural sector, we should bear in mind that this sector is expected to serve the goals not just of economic policy but also of cultural policy, and the criteria for judging the latter will differ from the sorts of economic indicators conventionally used to assess economic success. Nevertheless, within the cultural industries themselves, whatever the extent to which they are supported through the public purse, there are serious and growing problems of efficiency and financial viability in many parts of the world, not least in Europe. Thus it is the intersection between the role of the state in provision of culture, the rebalancing of the public sector/private sector mix invoked by privatization, and the increasing pressure on cultural industries to deliver cultural products in an economically efficient manner, that gives this conference its particular focus and interest.

Summarizing, an economic perspective on these issues could be represented in general terms somewhat as follows:

1. The fact that structural change towards increased private ownership and control is occurring in a number of sectors of the economies of many Western countries does not automatically mean that the same sorts of structural changes will or should occur in the cultural sectors of those countries. At the same time it has to be recognized that the pressures for structural change, especially of course in the transition economies of Eastern and Central Europe, are very strong, and the cultural sectors in all countries will feel these pressures acutely.
2. There may be useful lessons, both positive and negative, to be learned from existing privatization experience in many countries that could be useful to cultural institutions, organizations, enterprises etc. in coping with the realities of diminishing government budgets, pressures for greater efficiency, changing market demands, new regulatory environments, and so on. For example, state-owned museums and galleries might look to alternative models of corporate management as a means of improving efficiency.
3. A move towards greater private sector involvement in culture (following any of the definitions of privatization contained in the Discussion Paper) could be turned to the advantage of the cultural sector if it enabled greater efficiency, expansion of revenue sources, diversification of activities, greater responsiveness to consumer demands, better achievement of cultural objectives, etc. For example, there may be scope for increased individual and corporate sponsorship and philanthropy in replacing diminished public subventions to theatre companies, music groups, etc.
4. However, a constant constraint on such moves is provided by the very nature of cultural goods and services themselves as having significant public-good characteristics. Hence, as noted earlier, pure market solutions are not likely to lead to socially optimal outcomes, and the means must be preserved of securing the public interest in the activities of the arts and cultural sectors. There may be some parallel here between public interest regulation of privatized state monopolies in areas such as transport, communications, etc. and maintenance of the public sector's role in provision of arts and culture under various forms of possible privatization in the cultural sector.

MODERATORS

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Dragan Klaic has been the Director of the Theater Instituut Nederland in Amsterdam since 1992. Before that he was Professor of Theatre History and Drama at the University of Arts in Belgrade, Yugoslavia. Educated in Belgrade and at Yale School of Drama, Klaic has been lecturing widely in Europe and the USA, held visiting professorships in the United States and participated at many international congresses and symposia. He worked as a drama critic for the major Yugoslav papers, as a dramaturge and consultant with professional theatres and festivals, created two documentary TV series, co-founded and co-edited *Euromaske*, *The European Theatre Quarterly*, and has published numerous articles in production dossiers, collections of essays, lexicons and many periodicals in several languages. He wrote and edited several books on theatre history, medieval theatre and drama, contemporary Yugoslav theatre. Dragan Klaic is a Contributing Editor of the magazine *Theater* (USA) and member of the boards of *Praemium Erasmianum* (Amsterdam), *Sarajevo International* (Amsterdam) and *Transeuropeenne* (Paris) and of advisory boards of the Apex program of the European Cultural Foundation (Amsterdam), of the Soros Open Society Institute programs (New York) and of the Nexus Institute (Tilburg).

Selected publications

(1992) *Terrorism and Modern Drama*; John Orr and Dragan Klaic (eds.) Edinburgh: Edinburgh University Press.

(1991) *The Plot of the Future: Utopia and Dystopia in Modern Drama*. Michigan: University of Michigan Press.

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Curriculum vitae

Since 1989 Kirill Razlogov has been Director of the Russian Institute for Cultural Research. From 1977 until 1989 he was employed by the State Film Committee as special advisor to the President. From 1976-1977 he was Head of Section at the Film Arts Institute and before that (1969-1976) he was researcher at Gosfilmofond (State Film Archive).

Since 1988 he is Professor at VGIK (State Film Institute, Moscow) and since 1972 Part-time Assistant Professor at High Courses for Film Directors and Script Writers (Moscow). As an artistic director he was responsible for the television series: Cinemarathon (RTR, 1993-95) and Century of Cinema (Ostankino-ORT, 1994-95).

During and before these activities he graduated in the following studies:

Doctorate: Academy for Social Sciences (Moscow), 1995; Film, Politics and Religion in the 70s and 80s. Ph.D.: Institute for Art History (Moscow) and Institute for Theatre, Music and Film (Leningrad — Saint-Petersburg), 1977; Problems of Expression in Early Silent Film. 1895-1914.

M. A.: Academy for Foreign Trade (Moscow), 1984, major in International Economics

B. A.: Moscow State University, 1969, major in History of Arts.

Razlogov has participated in a large number of International Conferences in Russia and abroad (Europe, USA, Japan, Philippines, Australia etc.) and has organised and managed International Congresses, Conferences and Symposia in Russia (1973 — present) as well as International Film Events in Russia.

And he is member of the Bureau of the Network of European Research Centres (Circle), 1995 — present, member of the Association of French speaking sociologists Vice-President of American-Soviet Film Initiative (A.S.K.), 1989-1993 and President of Euro-A.S.K., 1990-1993. Besides that he is member of the Advisory Council of the European Audiovisual Observatory and of the Council of Telluride Film Festival (USA). And he was Russian Representative in the Cultural Committee of the Council of Europe, 1993-1996

Selected publications

(1996; co-authors: I. Butenko, T. Razmustova et al) *State Cultural Policy in Russia*.

(1996) *Comparative Charting of Social Change. Russia: 1960-1995*; K. Razlogov and I. Butenko (eds.). McGill University Press.

(1996) *First Century of Cinema*. Moscow: Locid publishers.

(1993) 'Access for non-EC Members to "Fortress Europe"'. In: *Harmony or Confusion for Culture in Europe*.

(1993) 'La Renaissance Religieuse en Ex-URSS dans le Contexte Europeen'. In: *Convergences Europeenes*.

(1992) *Market and the Arts: Enemies or Allies*.

(1991; co-authors: A.-M. Autissier, A. Lange et al.) *Le cinema et l'audiovisuel en Europe de l'Est*.

(1990) 'Culture for Uneducated People.' In: *Social Sciences*, No. 4.

(1990) 'The Role of Technology in the Development of the Screen Language'. In: *What is Screen Language?*

(1989, co-authors: A. Prokhorov and V. Ruzin) 'Culture of the Next Millenium.' In: *Problems of Philosophy*, No. 6.

(1987) 'The Phenomenon of Video and the Audiovisual Culture.' In: *Technology of Film and Television*, No. 12.

(1984) 'The Place of Cinema in the System of Culture'. In: *Film: Analytical Methodologies*.

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Curriculum vitae

J. Mark Schuster, Associate Professor of Urban Studies and Planning at the Massachusetts Institute of Technology, Cambridge, Massachusetts, USA, is a public policy analyst who specializes in the analysis of government policies and programmes with respect to the arts, culture, and environmental design. He has been a Postdoctoral Fellow in the Research Division of the French Ministry of Culture, a Fulbright Fellow and Distinguished Visitor under the auspices of the Queen Elizabeth II Arts Council of New Zealand, and a Visiting Professor in the Division of Legal, Economic, and Social Sciences at the University of Barcelona where he was affiliated with the Centre d'estudis de planificacio and the Centre d'estudis i recursos culturals. His research has included the use of matching grants, tax incentives, and dedicated state lotteries to fund the arts; the economic and political justifications for government support for the arts; the role of the arts in urban development; the role of the state in heritage preservation; and the issues involved in the privatization of cultural institutions. He is a founding member of the Association for Cultural Economics and a member of the editorial boards of the *Journal of Planning Education and Research*, the *European Journal of Cultural Policy* and *Poetics*.

Selected publications

- (forthcoming June 1997) *Preserving the Built Heritage — Tools for Implementation*, the Salzburg Seminar. University Press of New England, Hanover, New Hampshire.
(co-authors: John de Monchaux and Charles Riley II)
- (1996) 'Questions to Ask of a Cultural Policy: Who Should Pay? Who Should Decide?' In: *Culture and Policy*, Vol. 7, No.1.
- (1995) 'The Public's Interest in the Art Museum's Public'. In: *New Research in Museum Studies: Volume V-Art in Museums*; Susan M. Pearce (ed.). London: Athlone.
- (1994) 'Arguing for Government Support of the Arts: An American View'. In: *The Arts in the World Economy: Public Policy and Private Philanthropy for a Global Cultural Community*; Olin Robison, Robert Freeman, and Charles A. Riley (eds.). Hanover, NH: University Press of New England.
- (1994) 'Funding the Arts and Culture through Dedicated State Lotteries-Part I: The Twin Issues of Additionality and Substitution'. In: *The European Journal of Cultural Policy*, Vol. 1, No. 1; and 'Funding the Arts and Culture through Dedicated State Lotteries-Part II: Opening the Way for Alternative Decision Making and Funding Structures.' In: *The European Journal of Cultural Policy*, Vol. 1, No. 2.
- (1993) 'Deconstructing a Tower of Babel: Privatization, Decentralization, Devolution, and Other Ideas in Good Currency in Cultural Policy'. Background Paper DECS-Cult/CP (93) 2 prepared for *Seminar on European Cultural Cooperation*, Council of Europe, Council for Cultural Cooperation, Strasbourg, France, February 1993; published in French in: *Politiques Culturelles et Societes en Transformation*. DECS-Cult/CP (93) 10, Council of Europe, Strasbourg, France, September 1993. (This paper has also been published in Catalan and is forthcoming in English in *Voluntas*.)
- (1991) 'The Formula Funding Controversy at the National Endowment for the Arts'. In: *Nonprofit Management & Leadership*, Vol 2., No. 1, September.
- (1989) *Who's to Pay for the Arts? The International Search for Models of Arts Support*; J. Mark Schuster and Milton C. Cummings (eds.). New York: American Council for the Arts.
- (1989) 'Government Leverage of Private Support: Matching Grants and the Problem with "New" Money'. In: *The Cost of Culture: Patterns and Prospects of Private Arts Patronage*; Margaret Wyszomirski and Pat Clubb (eds.). New York: American Council for the Arts.
- (1986) 'Tax Incentives as Arts Policy in Western Europe'. In: *Nonprofit Enterprise in the Arts: Studies in Mission and Constraint*; Paul DiMaggio (ed.). New York: Oxford University Press.

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Curriculum vitae

Neil Wallace set up Offshore in 1994. Offshore is an independent organization for performing arts production and training in Amsterdam, the Netherlands. Offshore works with a small team of staff and associates in Amsterdam, London and elsewhere. The aim of the organisation is to promote understanding and learning through international collaboration between artists and performing art professionals.

In 1976 Neil Wallace got his MA Hons in English literature at the University of Dundee, in 1977 a diploma in accountancy at the University of Heriot-Watt, Edinburgh. From 1997 until 1991 he has been Depute director of the Festivals Office, the unit responsible for co-ordinating and implementing the city's 1990 Cultural Capital of Europe programme. From 1991 until 1994 he has been Programme Director of Tramway in Glasgow, responsible for conceiving, planning and implementing programme at Tramway, both touring and on site, and for year-round fund raising programme to support plans and initiatives. He was executive co-producer for a large-scale consortium projects here and abroad, and as a section head within the Glasgow City Council's Department of Performing Arts and Venues responsible for supervising a Tramway turnover of approximately £ 1.5 million and core team of 14. Neil Wallace has been organiser of field trips for the Arts Council Drama Department in 1993 and 1994. He has been chair and speaker in many seminars and conferences in Britain and abroad.

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Curriculum vitae

Josephine Dries studied sociology and communication science at the Universities of Nijmegen and Brussels specializing in media policy. Since April 1993 she has been working as a researcher at the European Institute for the Media in Düsseldorf focusing mainly on the projects 'Language Transfer in Television and Film' and 'Perspectives of Public Broadcasting in Europe'. Since April 1997 she has been the vice secretary of the Dutch Government Commission on Information Policy in The Hague.

Selected publications

(1996, co-author: Runar Woldt) 'The role of public service broadcasting in the information society'.
Conference paper for the European Broadcasting Union conference *An Information Society for All*, March

1996.

(1996) 'The flow of television programmes and films in Europe'. In: *Transferts Linguistiques dans les medias audiovisuels*; Y. Gambier (ed.). Lille: Presses Universitaires du Septentrion.

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Dusseldorf: European Institute for the Media.

(1995) 'Breaking Eastern European Barriers'. In: *Sequentia*, Vol. 4, p. 6.

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Dusseldorf: European Institute for the Media.

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Curriculum vitae

Susanne Janssen studied General Literature and Linguistics and she is now an Assistant Professor in the Department of Art and Culture Studies at the Erasmus University of Rotterdam, where she teaches Sociology of Art and Culture. Prior to that she worked at the Department of Language and Literature at Tilburg University and was engaged in a research project sponsored by the Dutch Society for Scientific Research (NWO).

Her research interests focus on the institutions and agents involved in the material and symbolic production of art and literature. She has published work on the functioning of literary criticism, the careers of writers and the consumer behaviour of literary readers. Among other projects, she is currently working on an analysis of the socio-cultural position of Dutch art journalism between 1965 and 1995 and on research into the participation of women in the literary world.

Selected publications

(forthcoming) 'Making one's mark in literature. On the possibilities for writers to exercise influence on the critical reception of their work'. In: *The Systemic and Empirical Approach to Literature and Culture as Theory and Application*; Steven Tötösy de Zepetnek (ed.). Siegen-Edmonton: LUMIS-Publications and RICL, Vol. 7.

(1996) 'Reviewing as social practice. Institutional constraints on critics' attention for contemporary fiction'. In: *Poetics. Journal of Empirical Research on Literature, the Media and the Arts*, No. 24, 275-

297.

(1995, co-authors: L. Vos and T. Ijdens) *Auteurs en hun oudedagsvoorziening. Rapport van een onderzoek op verzoek van de Vereniging van Letterkundigen en de Federatie van Kunstenaarsverenigingen*. [Writers and their provision for old age.] Research commissioned by the Dutch Association of Writers and Translators and the Dutch Federation of Artist Associations. Rotterdam: Erasmus Centre for Art and Culture.

(1994) *In het licht van de kritiek. Variaties en patronen in de aandacht van de literatuurkritiek voor auteurs en hun werken* [The spotlights of criticism. Divergences and patterns in the attention of literary criticism for authors and their works] Hilversum: Verloren.

(1991) 'The modus operandi of literary reviewers'. In: *Empirical Studies of Literature*; Elrud Ibsch, Dick Schram and Gerard Steen (eds.). Amsterdam-Atlanta: Rodopi, 185-194.

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Curriculum vitae

Dr. Effie Karpodini-Dimitriadi is an archaeologist and has a Ph.D in Folklore. She is Director of the Institute of Cultural Studies of Europe and the Mediterranean in Athens, a Council of Europe Expert and President of the European Network PACT-EURETHNO. Among many other professional activities in the present and the past, since 1993 she has been Tutor of the European Diploma in Cultural Project Management, and since 1989 she has been Supervisor of Cultural Projects and Seminars financially supported by the European Commission. Ms. Karpodino-Dimitriadi is also a Member of, among others, the Board of Cultural Administrators Training Centres; the International Board of ECTC, a Unesco sponsored organization; ICOM and of ICOMOS and the French Association of Anthropologists (AFA). Since 1994 she has been editor of volumes on European Cultural Heritage published in English. Since 1981 she has written publications on Greek Heritage and Archelological guides (*The Peloponnese, Historical and Archaeological Guide, Greece, The Greek islands*).

Suggested publications

(1997) *Science et Conscience du Patrimoine*; Nora Pierre (ed.). Fayard editions du patrimoine, Paris.

Brisbane, Mark and John Wood (1996). *A future for our past?* English heritage.

Cultural Heritage Committee, report on cultural heritage policies in Europe (1996). Strasbourg: Council of Europe.

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Heilbrun, James, and Charles M. Gray (1995) *The Economics of Art and Culture, an American Perspective*. Cambridge University Press.

(1994) *Castles and Fortifications in Crete*. (Monograph, in Greek.)

Clotfelter Charles T. (1992) *Who benefits from the Non-profit Sector*. Chicago: The University of Chicago

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Curriculum vitae

Ocker van Munster holds a Master's degree in macro-economics, political economy. Since 1986 he has been Senior Consultant at Berenschot B.V. In this capacity he is responsible for the consulting group Public Administration, particularly for assignments in the field of art and culture.

Examples of projects in this area are: Investigation into the organization and effectiveness of marketing offices for the arts and investigation into the privatization of government and municipal museums in the Netherlands (evaluation of efficiency investigation of a few large government museums and theatres and research into the market position and the spectators range of stage performances in the Netherlands.)

From 1983 — 1986 he was employed by the Ministry of Welfare, Health and Cultural Affairs, federal directorate of Financial Affairs. As Head of the department of Cultural Affairs he was responsible for advising the departmental management about policy affairs of the directorate of Cultural Affairs and testing the budget and policy plans of the directorate.

As policy assistant of the Town Clerk's office of Finance of Rotterdam (1977 — 1983) he was responsible for the development of budget and planning systems and preparation and support of economic operations in Rotterdam.

Additional positions: Teacher at the Erasmus University Rotterdam: Financial Management in the cultural sector and Chairman of the Board of the Theater Park, Hoboken Rotterdam.

Selection of projects at Berenschot's

- Project Leader of organization transformations of theatres and museums;
- investigation into the organization and privatization of the Historic Buildings Council;
- management practice for executives in the cultural sector;
- investigation into the feasibility of the foundation of a new theatre group;
- research into the privatisation possibilities of municipal and national museums commissioned by the NMV (Dutch museum association);
- management training for managers in museums;
- design organization structure for a concert hall/museum in Prague commissioned by the ministry of Welfare, Health and Culture;
- efficiency survey at museum Boymans van Beuningen;
- screening and drawing up business plans in the framework of the privatization of national museum paleis Het Loo and the Mauritshuis;
- research into strategy and cooperation possibilities for the Rotterdam municipal museums;
- Project Leader of extensive structure research into performing arts by order of State Secretary Nuis;

Publication

(1996) *De toekomst van het Middenveld (the future of the `midfield')*. Delwel publisher.

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Curriculum vitae

Corry Prinsen worked as a teacher in elementary education before she joined Onafhankelijk Toneel (Independent Theatre) as a part-time administrator in 1979. Independent Theatre is a collective of theatremakers with varying backgrounds: visual arts, modern dance and acting. In each production members work together, with different guests. Since 1983 Corry Prinsen has been Independent Theatre's full-time managing director, and in that capacity she coordinates among other things the tours abroad. From 1988 on the company made large opera productions, besides the theatre- and dance productions. Next to her work for the company Corry Prinsen is a member of the board of Stichting Dansateliers and of Stichting Podiumkunstwerk.

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Curriculum vitae

Magne Velure, a cultural anthropologist since 1972, has been working as curator and director at different museums of cultural history. He has been a member and/or chairman of several national committees related to museum questions. In 1994-96 he worked full time as chairman of a governmental commission preparing a national report on museums in Norway. Since the summer of 1996 he has worked as adviser at the Royal Norwegian Ministry of Cultural Affairs, and as from May 1 1997 he is Acting National Librarian.

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Curriculum vitae

Ugo Bacchella is partner of Fitzcarraldo Ltd, a consulting agency which operates in Italy and Europe and Director of the Piemonte Cultural Observatory and the Cultural Management Training Project. He works for the European Commission, the Council of Europe, local and regional authorities, art organizations and business community. Lectures regularly in Italy and abroad.

Selected publications

(1997; co-author: Luciana Conforti) *La sponsorizzazione culturale: il caso del Piemonte negli anni novanta*. Torino: Rosenberg & Sellier.

(1995) *Produrre cultura, produrre comunicazione: impatto economico di un settore composito nell'area metropolitana torinese*. Torino.

The film festivals and the action of the European Commission. (co-author: Antonella Pieri) Torino.
(*Behind the scenes: White Paper on the management of Italy's Opera Houses 1987-1990*. Torino: Fitzcarraldo s.r.l.

Outline Seminar on Opera (Friday 13 June) Privatization of Italian opera houses

Background

The 13 symphonic and opera houses Accounts for 50% in the Government's allocation for performing arts. Share of private support in overall turnover: 2,5% (1995).

The corporate support for the arts in Italy

- spread of arts sponsorship and patronage outstanding during the 80s, despite a lack of a public policy; accounts for 6% of the public funding;
- consists of about 400 billion a year, 2/3 for heritage, 1/3 for performing arts, strongly biased towards conservation and established arts rather than creativity and innovation;
- the banking system, along with major public and private companies in the Northern / Central Italy, are the more committed supporters.

The public policy

- Lack / weakness of public policy of incentivisation;
- Current government policy wants to involve the private sector in the process of reforming cultural institutions, not only to raise money;
- The first legislative decree was nr. 367/1996, concerning opera houses and performing arts institutions of national / international scope. Other measures facilitate the private initiative in museums. Substantial fiscal benefits will be introduced for the non profit sector.

Arguments in favour and against the privatization

- involving the private sector both in funding & management will provide a unique opportunity to improve efficiency;
- the private legal status allows private contracts;
- the law is the first step for the state in withdrawing from funding culture;
- private sector is not interested in the process, but in few cases.

Objectives of the law and foreseen consequences for the opera houses

- compulsory transformation within 3 years of opera houses from public bodies into foundations managed according to criteria of efficiency and entrepreneurship and respecting budget constraint;
- sharing funding and power between public and private;
- incentivating private support through a tax relief up to 30% of taxable income for contributors to the endowment, provided they commit themselves to give the same amount for three years;

- privatistic labour contracts for the employee;
- commercial activities managed by the Foundations will be tax exempt.

Arguments in favour of reviewing the law

- the law is tailored only on the needs and possibilities of Teatro alla Scala;
- the opera houses have to participate to the endowment, but there won't be an ad hoc allocation, so the expenditure for artistic production have to be used;
- fiscal incentives are extremely modest;
- decision making power is still steadily in the public hands;
- the process won't work and the outcome will be cutbacks in public funding.

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Curriculum vitae

Françoise Benhamou teaches Economics at Parix X University and at the Institut d'Etudes Politiques of Paris and Lille. She is a researcher at the Laboratoire d'Economie Sociale, Paris I University. She has been an advisor to the French Minister of Culture for two years (1989-1990) and in charge of the National Library for the Arts in Paris (1991-1992). Benhamou is the author of *L'économie de la culture* (La Découverte, 1996) and different papers and administrative reports about Heritage conservation, libraries, cultural organizations, and cultural industries.

Selected publications

- (forthcoming, October 1997) 'Fondements et limites de la notion de mission de service public en matière culturelle'. In: *Sciences de la Société*, 42, Special: 'La crise du service public'.
- (forthcoming) 'French Policies for Heritage Conservation.' In: *The Political Economy of Heritage*; Alan Peacock (ed.). London: The Institute of Economic Affairs.
- (1997) 'Conserving Historic Monuments in France: A Critique of Official Policies.' In: *Economic Perspectives of Cultural Heritage*; Alan Peacock (ed.). London: McMillan.
- (1997) 'Questions posées par l'économie publique aux bibliothèques.' In: *Economie des bibliothèques*; Salaun (ed.). Lyon: ENSIB.
- (1996) *L'économie de la culture*. Repères: La Découverte.
- (1996) 'Is increased public spending for the preservation of historic monuments inevitable? The French case'. In: *Journal of Cultural Economics*, 1, 1-18.
- (1996) 'Statut et financement du secteur culturel. Un état des débats'. In: *Archives de Philosophie due Droit*, 41, 107-117.

Outline Plenary Contribution (Thursday 12 June)

French cultural policies recognize the importance of the State, because of the specificity of cultural activities. Public status and public financing of the arts result from economic and historical evidence. Thus, privatization is not directly preconized. Nevertheless, the economic and political context (diminishing funds, changes resulting from the European treaties) implies changes in the status, the management and the financial means of museums and historic monuments. In France, the 'Cultural State'

(Fumaroli) is more and more debated and different forms of indirect privatization emerge. But limiting the field of the public sector, even indirectly, without a strong tradition of sponsoring and in a context of crisis of public finances weakens cultural institutions. Privatization's success depends on economic and legal changes. It cannot be promoted as an easy means to compensate for the lack of public funding.

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Carla Bodo, a law graduate from the University of Genoa, is director of the Observatory for the Performing Arts at the Department of the Performing Arts of the Italian Prime Minister's Office and the President of the Italian Association for Cultural Economics. Her books and publications mainly focus on the institutional, financial and economic aspects of cultural policy. She belongs to the board of editors of the journal *Economia della Cultura*. Among her international activities, she is founding member of Circle and member of its board, member of Unesco's Italian National Commission, and a consultant to the Council of Europe and the European Commission.

Selected publications

- (1995) *Armonia o disordine per la cultura in Europa. L'impatto del Mercato unico e del trattato di Maastricht*; R. Fisher and C. Bodo (eds). Presidenza del Consiglio dei Ministri.
- (1995) 'La politica culturale delle regioni italiane tra flusso e riflusso'. In: *Economia della Cultura*, No. 3.
- (1994) 'Assetto istituzionale e finanziamenti allo spettacolo in ambito internazionale'. In: *Economia della Cultura*, No. 1.
- (1994, co-author: S. Iannilli) *La spesa statale per la cultura in Italia 1987-92*, ISPE, Working Papers No. 11.
- (1994) *Rapporto sull'economia della cultura in Italia 1980-1990*; C. Bodo (ed.) Presidenza del Consiglio dei Ministri.
- (1993) *Council of Europe, Cultural Policy in Austria, Strasburgo. Rapporto di valutazione sulla politica culturale dell'Austria elaborato insieme ad altri quattro esperti designati dal Consiglio d'Europa*.
- (1992, co-authors: L. Trezzini and M.C. Turci) *L'impatto economico dei finanziamenti pubblici alla cultura: lo spettacolo dal vivo e i festival*. Napoli: Editoriale scientifica.
- (1992) 'L'emergenza spettacolo nell'Italia degli anni '80'. In: *Economia della Cultura*, No. 2.
- (1992, co-author: C. Parisi) 'La spesa regionale per la cultura 1986-1988.' In: *Quaderni dell'Osservatorio Regionale Lombardo*, No. 8.
- (1989) *Protection et gestion des sites patrimoniaux en Italie*. Ministère de la Culture et de la Communication, Département des études et de la prospective. Parigi.
- (1988) 'The boom of cultural sponsorship in Italy'. In: *Cultural Economics 88: a European Perspective*; J.M.D. Schuster (ed.). Atti della Conferenza di Ottawa dell'Association for Cultural Economics, Università di Akron.
- (1988) 'Financing culture at the local level in Italy.' In: *Paying for the Arts*, Atti della IV Conferenza internazionale sull'economia della cultura di Avignone, tradotta anche in francese e pubblicato in *Economia de la Culture*, Vol. II, La documentation française.
- (1986) *Pubblico o privato, un falso dilemma: la politica culturale negli Stati Uniti*; C. Bodo (ed.). Napoli:

Guida Editore.

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(1984) 'Financing of Culture in Italy'. In: *Funding the Arts in Europe*; J. Myerscough (ed.). Londra: Policy Study Institute.

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Curriculum vitae

Educated at the Warsaw University, Grzegorz Boguta has obtained his Ph.D. in Biophysics. Since 1990 he has been managing director of PWN (Polish Scientific Publishers) and established a non-profit NOWA Foundation and above-ground Independent Publishing House NOWA. In 1977 he was one of the initiators of the Independent Publishing House NOWA, which operated during its first years completely underground. He is also co-founder and President of the Polish Chamber of Books. He was advisor to Solidarno_ and was appointed by Lech Walesa as chief of the union's printing activity and chief coordinator of equipment deliveries from the West (1989). Besides, he was among other things employed by the Warsaw University, faculty of biophysics as a resident professor, by the Institute of Nuclear Research and by the Institute of Biochemistry and Biophysics (IBB) of the Polish Academy of Sciences and he was consultant to the Minister of Culture and Arts regarding post-underground printing and publishing houses interests in Poland.

Outline Seminar Books and Publishing (Thursday 12 June) **Privatization of the publishing houses in the post-communist countries of Central and Eastern Europe.**

1. The fall of communism

Apart from the existing traditional publishing houses under state control, many small publishing houses have started to become established.

This mixture is characteristic of a transitional period. On the one hand, we have a decreasing number of old, state run firms, which are, in most cases, very important for national culture.

On the other hand, in many newly-established firms — private, of course — the situation is not always stable. Not infrequently, we find managers who are part of the "new rich" on whom huge amounts of money have been poured, not always from known sources.

2. Privatization and the participation of international publishers.

There is an opinion amongst the decision makers of the large publishing houses that the costs of privatization are too large, and are accompanied by complicated restructuring of state run operations. It is not a rare situation where the Trade Unions oppose any foreign capital involvement, and are a serious barrier.

Selected examples of privatization:

- Wolters Kluwer acquisition of Akademiai Kiado in Hungary.
- Reed Elsevier acquisition of 51% of state law publishers in Poland.

The takeover of Akademiai Kiado (a company previously owned by the Hungarian Academy of Sciences) was a very controversial issue, widely criticized in the Hungarian media.

Additional acquisition of smaller-size publishing houses by Wolters Kluwer has resulted in a situation where WK controls nearly 80% of professional publishing in Hungary, which gives them a quasi monopolistic position.

This of course results in an adverse attitude towards foreign capital within the scientific and cultural establishment of Hungary.

Reed Elsevier adopted more flexible tactics of establishing cooperation with the local companies and their management, one example of which is a 50/50 joint-venture with my company, Polish Scientific Publishers PWN.

Through such structure — a partnership, we cooperate on the development strategy through acquisition of other local publishers, both state and private. However, the international publishers more often than not decide to establish their own subsidiaries or take over new private publishing houses which are usually well managed. The newly formed daughter companies do not always achieve success, an example of such a situation is the organizational and financial problems of Springer Hungarica, a 100% subsidiary of German Springer Verlag.

3. Privatization versus domestic capital

The often arising situation of a lack of understanding the local realia creates, as I already mentioned, is a reluctant approach by the government decision-makers, the management and employees of large foreign publishers. In this atmosphere the preferred form of transfer of ownership rights is such, where the staff and management take over the so far state-owned publishing houses. This is the dominant form of privatization in the publishing industry in Poland and the Czech Republic.

The enterprises created in such a way are structurally and capital-weak, and not able to compete with international corporations. This results in a growing frustration and hostile attitude towards foreign capital.

4. Privatization versus joint-venture concept with participation of international firms

The communist system threatened the development of culture through the ever present censorship and lack of freedom to publish. The fall of communism brings about other threats — the likely degradation of national culture in each of the post-communist countries.

My opinion is that the best solution would be to join the capital and experience of the international firms with the local knowledge of the market. A well balanced partnership, keeping all of the local conditions, can be the best remedy in a period of dramatic transition of countries in our region.

It is a well known fact that operating with local partners has given foreign investors a distinct advantage over other outside 100% state controlled companies. Customers sometimes are nationalistic, especially when the customer is a government agency or ministry.

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Curriculum vitae

Since 1978, Peter B. Boorsma has worked as a Professor in Public Finance at the Twente University, Department of Public Administration and Public Policy. Among other things, he is specialized in privatization, public sector economics, public expenditure cutting policies, economics of infrastructure, and financial management in the public sector. From 1969 until 1974 Peter Boorsma was Associate Professor in Micro Economics at the Free University of Amsterdam, and from 1974 until 1978 (Vice-)Head of the Bureau of Budget Preparation at the Ministry of Finance. Boorsma has been, amongst others, a member of the Dutch Senate (Christian Democratic Fraction, since 1987), chairman of the Senate Finance Committee (since 1991), and a member of the OECD — Advisory Group on Privatization, oriented on Central and Eastern European Continent (since 1992).

Selected publications

- (1996, co-author: N.P. Mol) 'Public Financial Management'. In: *Public Policy and Administration Science in The Netherlands*; W.J.M. Kickert and F.A. van Vught (eds.). New York: Prentice Hall.
- (1995, co-author: P. de Vries) 'The Drive for Public Productivity; The Dutch Experience, 1980-1993'. In: *Public Productivity & Management Review*, Vol. 19, no. 1, Sept. 1995, 34-45.
- (1994) 'Privatization: political and economic considerations.' In: *Privatization experiences in African and Asian Countries*; M. P. van Dijk and N.G. Schulte Nordholt (eds.). Amsterdam, 17-34.
- (1993) 'Economic and Monetary Union and public financial management: The Dutch "public financial revolution"'. In: *Administration*, Vol. 41, No. 2, 166-177.
- (1993) *La privatizacion en Holanda. Programa Euro-Latinoamericano de Formacion en la Administracion Publicas*, Buenos Aires Argentina, 1 November 1993, 1-20
- (1990) *Public Finance and Steady Economic Growth. Proceedings of the 45th Congress of the International Institute of Public Finance*, Buenos Aires, 183-196.
- (1989) *Privatization. Paper for Congress American Economic Association*, Orlando, USA, 19 November 1989

Outline Plenary Contribution (Thursday 12 June) Privatizing the Muse

1. What is Privatization?

In some countries privatization means the sale of public owned firms, or broader: the transfer by government of property rights to the private sector. It may be useful to call this 'privatization in the strict sense'. In other countries privatization has a much broader meaning (for which reason some prefer a term like 'désétatisation'), encompassing a variety of privatization modes; ranging from selling public owned companies to the introduction of user fees, from a free hand-out of shares to management contracts. The broader approach will be used, but necessitates giving more attention to specifying the specific mode of privatization discussed. If you, in country X, discuss 'privatizing' a public broadcasting company, you might imply something else than if another person is discussing 'privatizing' an opera house in country Y.

In formerly communist countries, privatization in the strict sense has more possibilities of application than in western countries: since certain goods/services such as publishing and printing or the music industry are provided in the latterly mentioned countries by private market enterprises, while in East European countries such firms were also state-owned. Other types of privatization may be used in all countries, such as applying user fees or introducing contract management.

As to different modes of privatization, there is a connection between characteristics of the goods or service provided and the type of privatization:

I. the more the goods (or service) provided have a 'good public character', the less privatization in the strict sense is possible (or desirable).

II. the more the goods have a 'good public character', the less appropriate is the application of user fees, and the more the continuous need for government subsidy remains.

2. Why many privatize the arts? Or why not?

In the discussions many arguments are used by proponents and by opponents, both parties not always listening to each other.

In political decision-making certain services have been privatized in a specific way without realizing that the alleged benefits may be expected from another mode of privatization in another setting. Disappointment that the alleged benefits are not realized is the outcome.

In the cultural sector there may exist prejudices that privatizing the arts will ruin them. Again, also in this sector 'it depends'. Which sub-sector is discussed? Selling museums may be impossible, for a lack of buyers, and may be undesirable, but changing the legal status from a part of a government department into a private foundation, and giving at the same time another status to the management may change efficiency. So again, it is a question of the right mode, to find the proper organization and 'financing' structure to realize the most efficient and effective provision of culture, under the restrictions of cultural goals, such as low thresholds, giving incentives to stimulate cultural development and diversity, etc. In some cases far-reaching privatization proposals may work out, in other cases the provision should remain as much as

possible in the public domain.

In decision-making, attention should be given to the right link between the target organization on the one hand and the specific privatization mode on the other. But also, what is desirable and/or possible in one country may differ in another country. Not only the start-conditions may differ considerably, but also the tradition or culture: it may be possible to operate an opera-house as a market firm in New York, but not in old York. Furthermore, there are differences in capacities within and between countries. A management buy-out may be sensible in one gallery, run by a director with managerial and financial talents, but not in another institute.

A warning seems in place. In the cultural sector people involved may say that privatization is not possible since 'market financing' will not adequately cover the full costs, or will require prices, which hinder the admission of large groups of society. Such a statement may apply to privatizing the financing (or funding) of some sectors such as ballet companies, orchestras, museums, but might not apply to other sectors such as a big opera festival, pop music concerts, music industry, publishing and printing. Thus: full cost user fees or prices are appropriate in the last category of cultural provisions, but not in the first group.

The contribution during the conference will discuss more systematically arguments pro and contra, making use of the answers on the Boekman questionnaire.

3. Privatizing the Muse in Practice

In the end the paper will discuss some experience, making use inter alia of the information given via the Circle questionnaire, included in this reader.

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Curriculum vitae

In 1997 the anthropologist Dr. Georgina E.M. Born will be employed by the University of Cambridge as an Assistant Lecturer in the Sociology of Media and Culture. From 1989 until 1997 she has been Lecturer at the Department of Media and Communications at the University of London, Goldsmiths' College and before that (1986-1989) she was a Lecturer in Communications at Brunel University, department of Human Sciences.

From 1984 onwards she developed consultancy activities. Examples of projects are: ESRC Media Culture and Media Economics Programme: 'Redefining public service broadcasting: an ethnography of the BBC' (£134,000 for three years). An examination of the changing nature of the BBC in a period of unprecedented change (1995-1998) and Consultant to the British Film Institute and South Bank Centre, in the planning of a national multimedia research and production centre (1995).

In June 1997 Georgina Born will contribute to the Conference on Quality in Television, British Film Institute and MEMC Research Programme: 'What is this thing called "quality"? Towards a plural aesthetics of television'. She will also present a paper at the Conference on intersections between public

and private media and culture (Australia Key Centre for Cultural and Media Policy, Sidney) in November 1997.

Selected publications

(Forthcoming 1998) *Western Music and its 'Others': Difference, Representation and Appropriation in Music*; Georgina Born and David Hesmondhalgh (eds.). Berkeley and Los Angeles: University of California Press.

(1996) '(Im)materiality and sociality: the dynamics of intellectual property in a computer software research culture'. In: *Social Anthropology*, Vol. 4, No. 2. Cambridge: Cambridge University Press.

(1995) *Rationalizing Culture: IRCAM, Boulez, and the Institutionalization of the Musical Avant-Garde*. Berkeley and Los Angeles: University of California Press.

(1993) 'Against Negation, for a Politics of Cultural Production: Adorno, Aesthetics, the Social.' In: *Screen*, Vol. 34, No. 3. Oxford: Oxford University Press.

(1993) 'Music policy, aesthetics and social difference'. In: *Rock and Popular Music: Politics, Policies, Institutions*; T. Bennett et al. (eds.). London: Routledge.

(1993) 'Understanding music as culture: contributions from popular music studies to a social semiotics of music'. In: *Tendenze e Metodi nella Ricerca Musicologica*; R. Pozzi (ed.). Florence: Olschki.

Outline Seminar on Film and Broadcasting (Friday 13 June) Pseudo-privatization and managerial transformations in British public service broadcasting

In this lecture I outline a number of key structural developments which have transformed the character of the BBC in recent years, giving a sense of problems that arise and looking at possible futures. The central issue is how government has sought, for political, ideological and economic reasons, to impose market conditions and new forms of managerial accountability on the BBC. The BBC case suggests that, as with many examples of privatization and rising accountability among British corporate bodies, this is not so much a question of reduction of government control, but of new, indirect and devolved controls; and, in the BBC's case, this occurs within the framework of substantial continuing structural dependence on government. While some commentators see these changes as preliminaries leading to the likely actual privatization of the BBC, others argue that the recent changes wrought by the Director-General John Birt have been productive concessions aimed in part at fending off the threat of full privatization by the Conservative government.

The main structural developments are:

1. The creation of an *external market* in suppliers. These arose from 1982 an independent television production sector following the birth of Channel 4, Britain's first 'publisher-broadcaster'. In 1986, the government imposed a quota whereby 25% of all BBC broadcast programming had to originate in the independent sector;

2. The creation of an *internal market*, from 1993, through John Birt's policy of Producer Choice (directly influenced by the Thatcher government's imposition of an internal market within the National Health Service). This involves not only all internal transactions, but the choice to buy services outside, thus creating commercial competition;

3. Increasing dependence, in high cost areas of programme-making, on *external sources of finance*: through commercial co-productions, co-finance deals, rights sales, merchandising et cetera;

4. A new prominence given to *market and audience research* as aids to creative and editorial processes, commissioning and scheduling, allied to a stress on *ratings*: common features of commercial film and broadcasting, and until recently less present within the BBC;

5. The rise of a culture of *audit and accountability*, manifest in continuous and cyclical auditing processes at all levels of the BBC: a key non-market process aimed at transforming the managerial culture, again shared with other major British public institutions (the NHS, the education sector);

6. A new culture of *entrepreneurialism*. This involves the BBC competing in wider industry developments — 24 hour news services, digital terrestrial and satellite television et cetera — often in partnership with large commercial partners (e.g. Flextech/TCI, the BDB consortium). the aim is to intensify and add to the BBC's commercial operations, ostensibly to provide a source of increasing and independent funding against future reductions in government-regulated funding through the licence fee.

In analyzing these developments, I will indicate key issues arising and show how the BBC epitomises some classical problems inherent in a mixed economy in culture. The final question must be: can a mixed economy be sustained, or will these changes mean an inevitable drift towards commercial values and so the erosion of the BBC as we have known it?

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Curriculum vitae

Dr. S. Creigh-Tyte is Chief Economist of the Department of National Heritage in London. As Head of the Economics Branch he is responsible for economic analysis and research across all the Department's spheres of interest, including the arts, museums and galleries, the built heritage, broadcasting and the media, sports and recreation, the National Lottery, tourism and macro-economic issues. From December 1996, he is Visiting Professor in Economics at the University of Durham. Amongst many other professional activities in the present and the past, in 1993-1994 he was Assistant Director of the Centre for Small and Medium Sized Enterprises at Warwick Business School, University of Warwick. Creigh-Tyte is, among other things, a member of the Association for Cultural Economics International.

Selected publications

- (forthcoming) 'The Development of British Policy on Built Heritage Preservation'. In: *Economic Perspectives on Cultural Heritage*; M. Hutter et al (eds.). London: Macmillan.
- (1996) 'Building a National Lottery: a Review of British Experiences', presented at the 9th *International Congress, Association for Cultural Economics International*, Boston Mass.
- (1996) *The Economic and Social Impact of the National Lottery: A literature review*. London: CELTS.
- (1996) *The National Lottery — A First Report on the Distribution of Proceeds*. London: Department of National Heritage.
- (1996) 'The National Lottery and Regeneration: Some Issues', presented at *The Role of Arts and cultural Industries in Local and Regional Regeneration*, Regional Studies Association Conference, Leeds, November 1996.
- (1996, co-author) *Option Appraisal of Expenditure Decisions: A Guide for the Department of National Heritage and its Non-Departmental Public Bodies*. London: DNH, March.
- (1996) *Recent Developments in the Funding of the Heritage Sector in the UK*. Centre for Leisure and Tourism Studies.
- (1995) *Private Opportunity, Public Benefit. Progressing the Private Finance Initiative*. London: H.M. Treasury.

Outline* Seminar on Monuments/Built Heritage (Thursday 12 June)

The Department of National Heritage (DNH) which was established just over 5 years ago is responsible for Government Policy on the arts, sport, the national Lottery, Libraries, museums and galleries, broadcasting, film, press freedom and regulation, the voluntary and community sector and tourism, as well as Heritage — meaning primarily the Built Heritage in DNH terms. It also oversees the listing of historic buildings and scheduling of ancient monuments, for the export licensing of cultural goods, for the management of the British Library St Pancras project and the Government Art Collection, and for two agencies, the Historic Royal Palaces Agency and the Royal Parks Agency.

The Department's aim is to enrich people's lives. To meet this aim it seeks to:

- Encourage high quality and diversity in current creative activities;
- Safeguard existing creative achievements and promote understanding of the past;
- Extend opportunities to enjoy and appreciate rewarding leisure activities;
- Promote the contribution all its sectors make to national prosperity and prestige;
- Carry out these activities with proper stewardship of the resources available.

The development and launch of the UK National Lottery (NL) from 1992 onwards has changed the outlook for capital project funding across DNH sectors almost beyond recognition with the 5 "good causes" beneficiary sectors — the Arts, Heritage, Sports, the Millennium and Charities each of which has its own Distributing Body. In the case of heritage this is the Heritage Lottery Fund of the National Heritage Memorial Fund (NHMF).

At the same time the UK government has developed the Private Finance Initiative (PFI) intended to transform the way in which all public sector investment projects are approached, by emphasizing that public sector organizations should consider the services required rather than the assets, and transferring risk to the private sector while still ensuring value for money.

I will discuss the development of both these initiatives, focussing especially on the Built Heritage. It will be argued that neither constitute privatization. For many years detailed decisions across the various sectors for which the Department of National Heritage has responsibility have been dealt with at arms length from Ministers, with individual Non-Departmental Public Bodies (NDPBs or Quangos as they were previously known) such as the Arts Council England and National Heritage Memorial Fund deciding their own spending priorities within their own overall budgetary allocations. The 5 new Lottery Distributing Bodies represent a development of this general approach, but with Lottery funded spending still counting as General Government Expenditure, but not constrained by public spending targets.

Likewise, PFI projects rely on future streams of public expenditure to pay for the services being provided to the public sector even though initial private capital investment was required to acquire any necessary assets.

In order to place these developments in context, it is interesting to note that by early 1997 the 5 NL Distributing Bodies had together announced almost 13,000 awards for over 19,000 projects to a total value of £3.1 billion. NHMF's Heritage Lottery Fund alone had announced 780 awards totalling £560 million. Overall the Lottery financed projects are estimated to account for almost 3 percent of total UK construction activity (both new build and repairs / maintenance / renovation) in the late 1990's.

I will consider the scale of funding made available through these developments, its character and impact. The possible interaction between NL "free capital" and PFI funding elements on individual projects will also be explored and the NL and PFI placed in the overall UK Heritage Sector context.

(* The views expressed in this paper are personal and do not represent those of the DNH or Durham University)

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Curriculum vitae

Since January 1st 1996 Miklós Cseri has been director of the Hungarian Open Air Museum in Szentendre. He has worked at this museum from 1987 onwards, as researcher, scientific secretary, deputy director and acting director. Before that he was ethnographer-researcher at the Herman Ottó Museum in Miskolc (1981-1987). He wrote one book (1987) and 47 scientific articles and edited 15 collections of articles. He

is or has been a member of several organizations, for example: ICOM Hungary (1993); ICOM (Vice-president), National Committee, Hungary (1996), European Open Air Museums' Association (1991), Danubian Earthen Structures' Network (1994, chair-person). Cseri has had several scholarships, i.e. in The Netherlands in 1995 (open air museums, protection of cultural heritage, museums and tourism, project managing). His fields of interest are, among other things: museum marketing, museum managing, fund-raising cultural heritage and tourism, museums and tourism, museums and public organizations, (foundations, associations) and independence-autonomy of the museums.

Outline Seminar on Museums (Friday 13 June) Dreams and reality... Process of privatization of the Hungarian Open Air Museum

In Hungary 735 museums and exhibiting places were in operation in 1996. 16 of them are under the direct authority of the Hungarian Ministry of Culture, the others — the majority — are run by the local authorities. In the field of the cultural sphere the political changes since 1990 first of all resulted in all the museums and exhibiting places (besides the national museums) formerly owned by the state are now managed by the local governments.

The Hungarian Open Air Museum — one of the 16 national museums — is working with a central budget and under treasury regulations. These regulations, however, have several drawbacks for us, as one of the most dynamically developing museum in the country, with a continuously increasing number of visitors.

In recent years a process has begun — governed partly by the national museums' and partly by the government's interests — which would provide an opportunity to increase the autonomy of these museums and institutions. This regards the personal policy management, the utilization of extra charges without restrictions and also the establishment of national and international relations. At the same time, however, the financial and legislative environment — parallel with the economic difficulties of the country — makes the operation of museums more difficult. The financial restrictions become more strict, the state subvention is, however, decreased.

This lecture is about the efforts, results and possibilities to be made by the national museums, for example the Hungarian Open Air Museum, in order to increase their own autonomy and independence.

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Curriculum vitae

Darius Cuplinskas is Deputy Director of the Regional Publishing Center at the Open Society Institute — Budapest, a coordination and support centre for the publishing activities of the Soros Foundations in Central and Eastern Europe. Prior to this position, he spent five years in Lithuania working in the areas of education and publishing. He is a graduate of the University of Toronto.

Outline Seminar on Books and Publishing (Thursday 12 June)

Eastern Europe has undergone a massive shift from state-run economics to private ownership, from state-controlled culture towards pluralism, and from centralized social control to multicentric civil society. The

publishing industries in these countries have both played an active part in these processes, and have been completely reshaped by them. I will attempt to draw some lessons from this experience.

I can not be very specific yet about the content of my presentation, because I want to base it on the results of a survey of the state of the educational and academic publishing industry in Central and Eastern Europe which our Centre is conducting. The results are now (April 1997) coming in, though we have not yet analyzed them systematically.

From what I have seen so far, however, I believe that this data will yield some interesting patterns about the connections between the economic, legal, and institutional environment, the degree of state involvement (in the form of subsidy schemes and/or direct ownership) in publishing, and the vitality of the publishing industry in a given country.

I will illustrate these general conclusions with specific examples of success and failure in Hungary, Latvia, Lithuania, Macedonia, Poland and Romania. I will also speak about two experiments in Slovenia and Slovakia where publishers have grouped together to establish semi-commercial distribution and marketing structures to replace ailing or ineffective state-owned enterprises.

Eduard Delgado

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Curriculum vitae

Eduard Delgado (degrees in Modern History, Social Anthropology and Arts Education) is the designer and director of Interarts Observatory, which is a NGO in the working field of international cultural cooperation and specializing in urban and regional cultural policies. It has developed strong working links with Unesco, the Council of Europe and the European Commission.

From 1992-1994 he was full-time Programme Advisor at the Cultural Policy and Action Division for the Council of Europe. Also for the Council of Europe he was participant in project 5 (Culture and Cities) and participant and rapporteur in project 10 (Culture and Regions). For Unesco he acted as consultant in Mexico, Cuba, Venezuela, Tunisia, Jordan and the occupied territories in Israel.

He was responsible for the design and management of the Inter-regional Cultural Cooperation Scheme and did special consultancy work in the Russian Federation, Rumania, Bulgaria, Slovak Republic, Czech Republic, Lithuania, Hungary and Poland. He designed, managed and participated in the programme on Culture and European Urban Neighbourhoods.

He is currently chairman of Circle and member of the Task Force for the World report on Culture and Development.

Selected publications

- (1997) 'El espacio cultural: Las claves.' In: *La factoría*, February.
- (1997) 'Out of the Pot: Cultural Ecology'. In: *The Changing Dynamics of Communications*; Danielle Cliche (ed.). London: The International Institute of Communications.
- (1997) Contribution to *European report on Culture and Development 'In from the Margins'*. *Evaluation Report on European Diffusion of ACP Cultures*. European Commission DG VIII.
- (1996) *The Art of Regeneration, Nottingham*. (Article)
- (1996) *Cultural policy for partnerships in Aruba*. Unesco.
- (1996) *Euro-Magreb Cultural cooperation. The design of a Moroccan Centre*. Unesco.
- (1996) *Design of a Phare Programme for Culture in Bulgaria*. European Commission DG1.
- (1995) *European Theatre Policies and Irish Theatre*. Irish Arts Co. (Article)
- (1993) *Spanish Report on Cultural Policies*. (Unpublished)

- (1991) *Employment in the Arts and Regional Development*. Circle Conference Report. Dublin
 (1991) *Final report Culture and Regions Project*, Council of Europe.
 (1990) *Frontiers Conference publication*. Glasgow.
 (1990) *Design of a Centre for Cultural Resources in Palestine*. Unesco
 (1988) *Cultural Atlas. Province of Barcelona*.
 (1987) *Mid-Term report for Culture and Regions Programme*. Council of Europe.

Mihaly Galik

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Curriculum vitae

Mihaly Galik (PhD in Economics) has been Professor at the Budapest University of Economic Sciences and Member of the Board of the Hungarian Radio Public Foundation since 1996. From 1993 until 1996 he was Associate Professor. Before he became Managing Director at the Hungarian Radio (1990-1992), he was editor of the Economic Programmes Department. From 1974 until 1976 he was advisor to the Vice President, National Oil and Trust and before that he was Assistant Professor (1968-1974). In 1995 he coordinated the research project 'Media Economics Subproject', financed by the National Fund for Social Sciences in Hungary (OTKA).

Selected publications

- (1997) *Mediagazdaságtan 1-2*. Budapest: Aula (a textbook on Media Economics in Hungarian).
 (1996) 'Foreign Capital is Welcome Here.' In: *Media Studies Journal*, No. 2 and 3.
 (1991, co-author: Zoltan Jakab) *Survival, Efficiency and Independence*. Dusseldorf: The European Institute for the Media.

Outline Plenary Contribution (Thursday 12 June) **Privatizing television broadcasting and the film industry in Hungary, 1990-1997**

Prelude: formulating the outline of a media system in the late 1980s in order to transform the total party-state monopoly in the media into a pluralist sector corresponding to the needs of democracy (transition scenarios):

- the press: relying mainly on the market model
- radio and television broadcasting: introducing the dual (public and commercial combined) system
- film industry: liberalization in general, but few specific ideas

Television broadcasting caught in the centre of political debates at the start of the newly born democracy (main issues):

- the legal status of the would-be public sector
- the system of allocating frequencies for commercial broadcasters
- the failure of the first broadcasting bill in Parliament at the end of 1992
- the so-called media war, the battle for the domination of Hungarian Television (and

Hungarian Radio)

The 1996 Broadcasting Act

- outlines of the dual television broadcasting system set by the law
- the process of transformation of the state television broadcaster into a public service one
- delay in allocating frequencies to commercial television broadcasters
- the bidding process for frequencies
- regulating the distribution, keeping the state monopoly in terrestrial transmitting

The film industry

- the state of art in the late 1980s: the vertically integrated state monopoly in the industry, getting to the end of the golden era of the Hungarian movie
- liberalizing film distribution: the fatal blow to the closed system
- disintegration of the film industry, crisis in home filmmaking and the disappearance of the audience
- the state support for making and distributing Hungarian movies: methods and results
- dual sector in the film industry as well, or can Hungarian filmmaking be viable economically?

Conclusions

Zlatko Gulekov

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Curriculum vitae

Zlatko Gulekov is director of the 'Stefan Kirov' Drama Theatre (since 1993) and the initiator and organiser of the Summer Theatre University in Sliven. From his graduation at the Higher Institute of Theatre and Film Arts in Sofia in 1988 until 1993 he worked as actor. In 1995 and 1996 he was co-organiser of the 'Theatro Eco Fest' in association with the 'Idea for Theatre' Foundation.

Since 1993 he is member of the Bulgarian Theatre Managers Association and since March 1996 he holds a chair of board of the Summer Theatre University Association.

Outline Seminar on Theatre (Thursday 12 June)

'Stefan Kirov' Drama Theatre — Sliven, Bulgaria and the Summer Theatre University Association: case synopsis

The *Change* and the effects on post-communist culture:

1. political — drawback of ideological censorship; tendency to sustain centralized system of control; imitation of modernization and decentralization;
2. legal — changes and drawback in labour law, government decree 23/1991 (giving opportunities to cultural organizations to develop profitable activities); authors' rights law almost inapplicable, poor law for electronic media, law for the NGOs;
3. social — pauperization of culture; lower rates of prestige; lower public attention; objections against reform resulting from fear of losing job security; money for culture goes for social purposes but not for cultural activity (quality and quantity);
4. economic — decrease of government subsidies; increase of own income from profitable activities, constant decrease of overheads beyond official rates of inflation and government compensation, poor development of the arts market, overproduction yet lower income from the public, large

- development of video rental and cable TV, a lot of new entertainment enterprises (discos, bars, bingo halls);
5. aesthetic — commercialization and poor quality along with a variety of new work by young artists, developing innovation but suffering from rigidity of the environment.

This is a case where the search for other sources of income and later on the contracting out of specific activities of the production process or of specific functions are implied. The private initiative Summer Theatre University was institutionalized in a NGO association, that can draw funding to counterbalance the withdrawal of government funding and control.

The motives behind that case of privatization are as much artistic as they are business motives and as a whole it is an attempt to change conservative attitudes in the existing environment and cultural policy.

The arguments used against this privatization process include the fear of closing down, loosing job security, loosening control over budgets (repertory, productions, events), decrease of audiences, too many experiments, less entertainment for 'general audiences', gossip and media.

Empirical studies that evaluate privatization in the field of culture and results.

- the quality of the service offered;
- the price of the service offered;
- employment figures;
- 'the cultural climate';
- status of the organization: political, social, artistic.

The case

'Stefan Kirov' Drama Theatre — Sliven, Bulgaria

1. Brief description of the organization:

legal status, functions, staff, property, business on premises, financing, productions

2. Economic development charts 1992-1996

annual rates of inflation compared to annual rates of subsidy increase in %

annual rates of subsidy increase compared to rates of own income increase %

annual figures of box office increase compared to rates of inflation %

annual figures of number of performances compared to annual rates of box office increase and rates of audience attendances increase

3. Artistic development

introduction and implementation of project presentation and project-based planning of production and activity, priority — young artists' innovative work

4. Organizational development

changes in style of management, teambuilding, trust, risk, sharing responsibility, opportunity for the artistic ambition.

The Summer Theatre University

initiative of the 'Stefan Kirov' Drama Theatre — 1993/1996

1. What is it?

2. Economic development charts 1993-1996

rates of inflation compared to rates of income increase

Ondrej Hrab

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Curriculum vitae

In 1975, Ondrej Hrab graduated from the Prague School of Economics. Immediately following, he worked as a sociologist. Since the mid-70s, he has been active in the non-totalitarian cultural sphere. Conspiratively, he presented non-conformist international culture in Czechoslovakia, introducing groups and artists, such as Living Theatre, Bread and Puppet Theatre, and Min Tanaka, to the Czechoslovak scene. In the mid-80s, Hrab became manager of one of the country's most influential theatres — the Ha Theatre in Brno. Since 1990, Hrab has been secretary of the Czech Theatre Community, where he is concerned with cultural politics, theatre management and international collaboration.

In October 1991, he became director of E. F. Burian Theatre in Prague, with the aim to re-build the theatre into a modern cultural centre, under the name Archa Theatre. During the reconstruction phase of the theatre space, Hrab's innovative ideas have made Archa a versatile theatre, that is able to present every form of the performing arts — theatre, dance, and music, as well as an exhibition space for visual arts. Since the Archa Theatre opening in 1994, Hrab continues to actively pursue different kinds of theatre to bring to the Czech Republic.

He has also been active in promoting the Czech culture in other European countries, in such projects as Prague Week during the Culture Capital of Europe festivities in Antwerp in 1993 and he was co-founder of the Art Administration Studies at the Jana_ek Academy of Art in Brno (1992). In addition to this, he is also involved in international education programs, including workshops for theatre management and administration, such as the Cultural Leadership Project of Arts International of New York. At the beginning of 1993, he went to the United States where he was in residency, studying management of major U.S. theatre organisations. At that time, he was invited to give a lecture about contemporary Czech Theatre at N.Y.U. He was the Czech co-ordinator for the Royal National Theatre of London project, 'Seeding a Network'.

Between 1992 and 1995, Hrab was a member of the executive committee of IETM, the European theatre organisation, and is currently a member of the council. He is the founder and member of the board of APEXchanges, the programme of the European Cultural Foundation in Amsterdam. Hrab received the achievement award from the Foundation for Contemporary Performance Arts (1994) in the USA, where he was the first foreigner to receive such an award.

Outline Seminar on Theatre (Thursday 12 June) Privatization of Cultural Institutions in the Czech Republic

The transformation of the economy in the Czech Republic was relatively well designed and went quite fast and smoothly. The government of Vaclav Klaus applied the radical, yet sophisticated, methods of privatisation while still keeping inflation and unemployment under control. Beside the standard privatisation methods used especially during the course of so called 'small' privatisation of services and small enterprises, the innovative method of the 'Coupon Privatisation' was applied to the 'grand privatisation' of large companies. The monetary policy of the Central Bank kept the Czech Koruna a very strong currency. Today, however, the 'transformation miracle' shows quite substantial holes in the foreign trade balance, protection and control of financial flows and system of banking. But in general, the Czech privatisation is considered to be successful.

Unlike the economy, though, the cultural field was out of focus of privatisation. Until now, the Ministry of Culture still has not developed a Cultural policy reflecting the free trade environment. During the early 90's, the Ministry decided to be rid of the enterprises (i.e. gramophone companies, film studios, some publishing houses, etc.) and agencies (Pragokonzert), which were sold to the private hands. That was all.

The system of the 'not-for-profit' sphere was not changed. The major cultural institutions have the status of 'Subsidised Organisations', which is the term inherited from the socialistic regime. It means that they are funded and controlled by the Ministry of Culture, regional authorities or municipalities. The structure is more or less the same as before 1989, but some of the organisations have only changed their names.

The 'Subsidised Organisation' has a legal status which makes the organisation basically dependent on the

founding subject. The Director of the organisation is appointed by the Ministry or by the Mayor of the City. The economy is controlled by the founder (state, district or city). This means the decisions about the cultural organisation itself are made politically. On the other hand, such organisations have quite a comfortable life from a secured budget which is covered by approximately 80% from the founder. In the Czech Republic, there are 83 officially registered 'Subsidised Organisations' under the Ministry of Culture, 16 'Subsidised Organisations' under the regional authorities and 684 'Subsidised Organisations' under the municipalities.

The phenomenon of the 'Subsidised Organisation' was the main reason for the collapse of the discussion about privatisation of culture in mid nineties. At the very beginning, the concept of the 'non-for-profit' organisation was always mixed up with the problem of transformation of those 'Subsidised Organisations' controlling great State-owned or City-owned property.

The discussion of the not-for-profit organisation reached the top the government a few years ago. During a television discussion, President Havel and Prime Minister Vaclav Klaus were in clash discussing the concept of the civic society and the need of not-for-profit. Havel advocated the need of not-for-profit; Klaus, a market economy fundamentalist, was defending the profit as the only stimulation of efficiency.

In the cultural field, with the exception of the first years after 1989, the word *privatisation* was rarely used.

The slow and vague approach towards not-for-profit created a very liberal playground for hundreds of 'citizen's associations' and 'foundations'. These organisations were in fact out of reach of the public control. And in addition to the true cultural service organisations, there are plenty of very obscure organisations with absolutely opaque financing profiting from quasi not-for-profit status.

The solution seemed to be law 248/95 of the Public Welfare Societies (PWS). Several paragraphs of this law limit the organisation so much that until now the statistics registered only 3 cultural PWS in the entire country. The new law regarding foundations is under execution currently in Parliament. It's new definition will limit a foundation to be more of a fund-raiser and distributor of money rather than an active non-for profit enterprise running one school, theatre festival, etc.

But the legal structure is considered only as the first step towards more of a liberal life of the culture institutions. What is missing is the policy — the policy of the State and Municipal institutions towards the non-for-profit sphere, as well as the policy towards privatised commercial cultural enterprises.

Recently a steel company became to be a major shareholder of the Barrandov film studios, once the pride of the Czech film industry. The company replaced executive director Vaclav Marhoul, the progressive young film producer, with the manager of the steel mill. However it is almost certain that the steel company in the film studios would follow other goals than to produce films, and yet there is no chance to prevent it. The State is an owner of so called 'golden stock', but because there is not a policy to protect minority shareholders, this does not have any value.

The theatres, and that's the field I am working, are in the majority of the 'Subsidised Organisations'. Even though there is a legal opportunity to transform them into the Public Welfare Societies, there is no real chance to do this unless the State and Municipalities would develop the environment for their life. Such an environment would be outlined by the cultural policy changing the rules of the distribution of the State budget, as well as the conditions for multiple sources of funding of the Public Welfare Societies. This still has a long way to go. The standard and transparent decision making procedures are against the interest of the vivid bureaucratic machinery, which doesn't see any reason to lose its power.

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Curriculum vitae

Marlies Hummel (Diplom-Volkswirt), since 1992 head of department of Structural Analyses and Cultural Economics at the Ifo Institute for Economic Research, Munich, is Lecturer on Cultural Economics at the Economics Department of the University of Karlsruhe.

She studied political economy at the universities of Tübingen (Germany) and Geneva (Switzerland). In Tübingen and Munich she was employed as Assistant professor. Since 1982 Marlies Hummel has conducted research at the Ifo Institute in the fields of 'Structural Analyses', 'Taxes and Government Interventions' and 'Culture and the Economy'.

Selected Publications

(1997) *Vorschläge für Anreize zu wirtschaftlichem Verhalten der Kultureinrichtungen im Rahmen der Verwaltungsvorschriften/Forderrichtlinien Kulturräume*. Ein Gemeinschaftsgutachten des Ifo Instituts für Wirtschaftsforschung und Radermacher und Partner, Berlin im Auftrag der Gemeinsamen Kommission zur Verteilung und Verwendung der Mittel aus dem Kulturlastenausgleich. München. Vorgelegt vom Ifo Institut: Marlies Hummel (Projectleitung), Elisabeth Wolf-Csanady; Radermacher und Partner, Berlin: Stefan M. Labe, Jasmin Mulalic. (Veröffentlichung in Vorbereitung).

(1997) *Cultural districts and the financing of culture in Saxonia*. A Study effectuated by the Ifo Institute for Economic Research and Radermacher & Partner.

(1996) *Eintrittspreise von Museen und Ausgabeverhalten der Museumsbesucher*. Ein Gemeinschaftsgutachten des Ifo Instituts für Wirtschaftsforschung und des Instituts für Museumskunde, Materialien aus dem Institut für Museumskunde. Berlin (Heft 46). Vorgelegt vom Ifo Institut: Marlies Hummel (Projectleitung), Lisa Becker, Christoph Saul; Institut für Museumskunde, Staatliche Museen zu Berlin — Preussischer Kulturbesitz, Bernhard Graf, Monika Hagedorn Saupe. (*User fees and expenditures of museum visitors in Germany.*)

(1995) *Kulturfinanzierung durch Unternehmen in Zeiten verschärfter ökonomischer Sachzwänge*. Ifo Studien zu Kultur und Wirtschaft 16, München. (*Private funding of cultural activities*).

(1994; co-author: C. Waldkircher) *Wirtschaftliche Entwicklungstrends von Kunst und Kultur. Gutachten im Auftrag des Bundesministers des Innern*. Schriftenreihe des Ifo Instituts für Wirtschaftsforschung Nr. 132, München/Berlin. (*Economic trends in the development of cultural activities.*)

(1991, co-author: K.H. Brodbeck) *Wechselwirkungen zwischen wirtschaftlicher und kultureller Entwicklung*. Gutachten im Auftrag des Bundesministeriums für Wirtschaft, Schriftenreihe des Ifo Instituts für Wirtschaftsforschung Nr. 128, Berlin/München. (*Interdependencies of economic and cultural developments.*)

Outline Seminar on Museums (Friday 13 June)

Cultural heritage: museums in Germany

Privatization in the case of German museums takes place in many forms: We find changes in the legal status (change into a foundation status) as well as incorporation of cultural institutions into public districts co-financing up to 50% of the deficits of museums ("Kulturräume", a special case of cultural financing in Saxonia); public managers are given more discretionary power over handling which is achieved either by changes in the legal status or by "budgeting", i.e. by giving amounts of public expenditures at the free disposal of museum managers. Contracting out of activities (e.g. museum shops, items and personnel

necessary for exhibitions) and the search for other sources of income (e.g. higher user fees, revenue from sponsored activities) are of increasing importance.

Motives behind privatization policies in the field of cultural activities are mostly economic. Efforts in bringing down public deficits lead to lower increases or even reductions in public expenditure for cultural institutions and activities. The resulting pressure on cultural budgets leads to efforts for improving the efficiency of organizations on the input side (e.g. by contracting out) as well as on the output side (improvement of services, search for new "customers"). The stimulation of democratic forces is of special importance in Eastern Germany (e.g. in the "Kulturraume" in Saxonia).

Arguments against privatization in the defined terms are mainly based on:

- allocative aspects (sharp reductions may lead to an inferior quality of services or even to an entire close down);
- distributive aspects (reduced access to cultural heritage, e.g. for low-income groups in the case of an increase in entry fees);
- social and political aspects (e.g. cultural institutions are necessary for a democratic society).

Arguments in favour of privatization focus mainly on:

- dynamic allocative aspects (some pressure on the financial side stimulates creativity of institutions resulting in either improved and/or new services or in efficient cost management and price, i.e. fee policies);
- distributive aspects (improved and/or new services will attract new visitors; a differentiated price policy can compensate for increases in fees);
- social and political aspects (private funding will help to intensify a private-public partnership).

In my contribution during the Seminar on Museums I will focus on the broad variety of factors of success and failure in the different strategies of museums and public authorities (Communities and Lander), that were adopted. Effects on the price and quality (including the diversity) of the services offered will be shown by the results of a 17 museum — 20.000 visitor-survey.

As for the interesting question of private initiatives counterbalancing the withdrawal of government funding in Western as well as in Eastern Germany, a survey of the Ifo Institute on private funding of the arts will be presented in addition.

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Curriculum vitae

Peeter Jalakas, director and playwright, graduated from the Tallinn Pedagogical University theatre department in 1987, majoring in directing. While at university he founded a student theatre group and in 1987 the first free group in Estonia 'VAT Teater'. He continued his studies in residence in Scandinavia (Odin Teatret etc.). In 1989 he founded the theatre group Ruto Killakund and in 1990 he organized the first international theatre festival in Estonia — 'Baltoscandal', that continues as biennial event. 1990-1991 he worked at Theatre a.s. Ruhr in Düsseldorf, Germany. In 1991 he founded the Von Krahl Theatre, that was the first independent theatre in Estonia, home for Ruto Killakund and venue for many guest performances. With Ruto Killakund he participated in the international theatre and culture project 'Journey to Delphi' which travelled with different groups through Sweden, Denmark, Germany, Poland, Czech Rep., Hungary and Slovenia.

In 1993 he joined the international theatre organization IETM and he participated in the Association of Performing Arts Presenters annual conference in New York and the Annual Meeting of

National Performance Network in USA.

From 1994 to 1996 he was the head of the city and state funded theatre in the town of Rakvere. Since 1996 he has worked as the head of Von Krahl Theatre, which is one of the founders of Estonian Stage Productions, the non-profit organization for contemporary theatre and dance information in Estonia.

He directed e.g.: with Ruto Killakund and Von Krahl Theatre: S. von Krahl 'Birthday'; 'Estonian Games. The Giraffe Moves on'; A. Kitzberg 'Werewolf', 'Voices'; 'Icecube of Love'; 'Strange Angels'. With NYVD Ensemble and Von Krahl Theatre 'Soldiers Story' by I. Stravinsky, premiere in October 1996.

Alessandro Leon

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Curriculum vitae

Alessandro Leon, born in Washington (USA), has been an economist at CLES since 1985. Among other things, he has done research into local and regional public subsidies for the performing arts (1997), feasibility studies of cultural and tourism activities in Italy (1996), a feasibility study for the restoration, recovery and management of the Palazzo Ducale of Colorno (1995) and for a city Museum in Assisi (1995), financial analysis of the nonprofit management of cultural heritage (1994), a study of the impact of privatizations in France, Germany and the United Kingdom (a general framework of the oil/gas sector, 1993-1994) and a feasibility study of a service centre of historic buildings (1991). He was also involved in a project for the restructuring of the Capitoline Museums (1988) and the restoration and recovery of the historical theatres in the Marches Regional Government (1988).

Selected Publications

(Forthcoming) *Lo spettacolo dal vivo in Italia*. Vallecchi editore.

(1996) 'The economics of the cultural heritage as a source of income and employment'. In: *Cultural research in Europe 1996*, vol.II; I. van Hamersveld and N. van der Wielen (eds.). Boekman Foundation & Circle.

(1996) 'Politiche espositive e mercato delle esposizioni'. In: *Economia della Cultura*, anno VI, n.2.

(1993) *Crisi economica e finanza pubblica*. Roma: Lega Nazionale delle Cooperative e Mutue — CLES/

(1992) *I beni culturali in Italia*, vol. I and II, Camera dei Deputati, Roma.

Outline Seminar on Monuments/Built Heritage (Thursday 12 June) The Italian debate on privatization is less ideological than that in the United Kingdom: a possible answer

In Italy the public sector role on cultural goods and specifically on heritage is not at stake. The heritage is viewed as a *composite good* with private and public characteristics. On the one hand, the stream of marketable services of an historical building may derive from such uses as dwelling, office, commercial, and other productive activities. On the other hand, the social identity of a local community or the (local/national) educational policy may be implemented through the quasi-marketable stream of cultural services connected with the use of the historical buildings (museums, expositions, seminars, etc.). At the same time, cultural goods are merit goods, implying that the public sector is responsible for their conservation. Thus, a potential conflict between private and public uses of the heritage is inherently present in many actual situations in Italy. Interestingly enough, however, the principal conflict is all inside

the public bodies (local councils vs. central government inspectors, regional administrations vs. local councils, etc.), and rarely between private owners (citizens or companies) and local or central administration. Translated into the Italian institutional framework, the national public authorities apply *safeguard & conservation* policies to all the (registered) cultural goods in the Nation, wherever located and whoever the owner. The local councils/regional authorities either *manage* themselves the heritage¹ or (rarely) to commit it to the private companies.

However, public resources sunk into the heritage sector are scarce relative to its diffusion and dimension, and the Maastricht Treaty constraints the public budgets. The *Baumol disease* makes takes its course, fastening the entire process in a vicious circle.

Furthermore, the national museums and the local cultural institutions have shown very poor management performance compared to cultural nonprofit organizations in the UK, France or the USA: higher costs, lower revenues, insufficient services in quality and quantity. Even if the Italian wealth of heritage is dimensionally incomparable with the other countries, the performance gap is too wide to be ignored.

Thus, in the long run the Italian performance is a combination of: a) a high priority to conservation; b) a poor educational policy; c) a management failure, that has depressed the demand of cultural services by the population.

In brief, the public management model failed to provide cultural goods and services to meet social development, even if it is true that a large share of the Italian cultural goods continue to be available for the next generations. The meeting of market, quasi-market and non market objectives asks for a new set of rules (institutions, training, public funding, etc.) and a move toward new forms of cooperation between the public and private sectors. The trade-off conservation-management may be softened in all cases in which marketable services cross-subsidize social services.

In conclusion, in Italy the aim of the State is to apply an intergenerational ethic rule, but at the cost of leaving unsatisfied educational and cultural policies, on the one hand, and economic benefits from tourism, on the other. Privatization is therefore a process that takes place locally, with a project appraisal approach, in order to single out managers, professionals, experts, and private companies either for management, or for sponsorships. The present picture is quite disappointing: it will take time to shape the cultural market in Italy.

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Curriculum Vitae

Magnus Linklater is a writer, journalist and broadcaster. He is Chairman of the Scottish Arts Council; Scottish columnist for *The Times* of London; Presenter of the weekly Eye to Eye programme on Radio Scotland. He was Editor of *The Scotsman* newspaper from January 1988 until July 1994. He has held a number of senior journalistic appointments in British newspapers over the past 30 years.

He studied law and modern languages (BA) at Trinity Hall College. Magnus Linklater is Honorary Doctor of Arts at Napier University (1994); Honorary Doctor of Law at Aberdeen University (1997); Chairman of the Edinburgh Book Festival (1995-1996); Fifth Estate Theatre Company (1990-1996); Scottish Arts Council (1996-).

¹ National museums excluded. In the case of national museums the public authorities are responsible for both conservation and management.

Selected Publications

- (1986, co-author David Leigh) *Not With Honour — The Inside Story of the Westland Scandal*.
(1989, co-author: Christian Hesketh) *For King and Conscience — John Graham of Claverhouse, Viscount Dundee*.
(1992) (co-Editor) *Anatomy of Scotland*.
(1993) *Highland Wilderness*.
(1997) *People in a landscape — The New Highlanders*.

Outline Plenary Contribution (Thursday 12 June) Privatization and culture: the United Kingdom approach

Throughout the 1980s Great Britain was a pioneer of privatization. Margaret Thatcher saw it as 'fundamental' to improving Britain's economic performance. But for her it was more than that — it was one of the central means of reversing what she saw as 'the corrosive and corrupting effects of socialism'. Through privatization, she aimed at reducing the power of the state and enhancing the power of the people. 'The state,' she said, 'should not be in business.' In the space of a decade she had transformed the industrial landscape by transferring such vast institutions as British Aerospace, British Shipbuilding, British Airways, the telephone, water, gas and power services from public to private hands — one of the great revolutions of our time.

How strange, therefore, that in the field of culture, Britain should have remained relatively immune from this process. Although, as I shall explain, the private sector and market ideology has had an enormous impact on the arts and heritage, there has been no wholesale attempt to move any major cultural organizations directly from state control into private hands. In searching for a reason, it may be worth quoting Baroness Thatcher herself. In her memoirs she explains that while she recognized that when it comes to the arts "the state" frequently means simply 'the vested interests of the arts lobby', nevertheless there were, in her view, special reasons for government to retain control:

'I was profoundly conscious of how a country's art collections, museums, libraries, operas and orchestras combine with its architecture and monuments to magnify its international standing (...) the public manifestation of a nation's culture is as much a demonstration of its qualities as the size of its GDP is of its energies (...) it mattered to me that culturally as well as economically Britain should be able to hold its head up in comparison with the United States and Europe.'

Under her premiership, central government spending on the arts rose sharply in real terms, though government funds were increasingly used to attract private sponsorship. Perhaps her most notable contribution to this process was the introduction, in 1990, of a new tax relief for one-off gifts to charities from individuals and companies. Since her day, there has been no concerted drive by government to remove arts organizations from the subsidized sector and transfer them to private ownership. The principal museums, galleries, concert halls, theatres and performing companies within the UK continue to receive their support from national or local government, and it is generally recognized that they will do so in the foreseeable future.

There are, of course, more complex reasons for this reluctance to privatize. The issue of ownership is complicated; there are few definable "productivity gains" to attract potential shareholders; recent experience of some privatizations in the UK suggest that interest may be diminishing in the whole concept; but most important of all is the engrained public perception that the main 'flagship' cultural organizations are part of our heritage and that the government that proposes to sell them off would be committing political suicide. The prevailing view is that in private hands they would rapidly move downmarket with a resulting 'artistic deficit'.

At the same time, those who run museums, galleries etc simply do not have the entrepreneurial skills to hold their own in the commercial world, so any privatization venture would have to begin a massive retraining programme. Finally, there is a strongly held belief in the heritage field that the interests of the public are not reflected in the sovereignty of the customer. There is strong opposition to pricing and competition, witness the resistance to museums charging for entrance. This does not mean, however, that they have been immune from the influence of the free market. The past decade has seen a steady decline in the proportion of public funds available to the arts, and in that context the cultural sector has had to transform itself. I would propose to examine how this has happened under the following headings:

1. The move towards greater self-sufficiency, with the heritage sector in particular involved in commercial ventures. Museums charge entrance fees, market their property, including intellectual property (via CD Rom etc). Orchestras compete for lucrative foreign tours and recording contracts. Subsidized theatres raise funds through various marketing devices, and consider themselves in direct competition with the commercial theatre. To illustrate this I would draw on examples in London and Edinburgh.

2. Government agencies involved in heritage and culture have been devolved into semi-independent status, known as Quasi Autonomous Non-governmental Organisations or 'Quangos'. English Heritage and Scottish Natural Heritage, responsible for monuments and the countryside, represent a form of privatization. They are not Quangos in the traditional sense, but under contract to provide cultural services to the government. In theory at least their contracts could be open to alternative 'bids' after these expire. National Museums and Galleries, Arts Councils etc all operate under an 'arms-length' principle. I would explain how that works and what effect it has had.

3. Sponsorship by private companies is now a major component in the cultural scene. Here I would propose to discuss the experience of one major Museum — the National Museum of Scotland, to indicate how far it has travelled down this road, and to demonstrate how far private funds are involved in their major new venture — the building of a whole new £50 million wing. Festivals like the Edinburgh Festival now see sponsorship as a more important source of funding than government, whether national or municipal. It plays a part in maintaining cultural heritage at various levels. I would offer examples here, with statistics showing how it has fluctuated over the years.

4. Lessons from the above: sponsorship tends to drive culture towards the popular and commercial and away from the avant-garde and experimental. It is also, in its way, as unpredictable as public funding. It rarely offers long-term support. A shaky economy can mean unpredictable withdrawals of sponsorship. Commercial organizations expect a return from their investment and are becoming more demanding in what they require. So public subsidy continues to be important in supporting the essential infrastructure of the arts and innovation which will rarely attract more than a small, if imaginative, minority of private sponsors.

5. At the same time government has introduced elements of privatization into the subsidized sector. Services, such as catering etc. have to be competed for under a Compulsory Competitive Tendering scheme. The Government Audit Commission has a key role in reviewing business plans and devising performance indicators. I would explain how this works, and offer examples to illustrate it. Grants are withheld from organizations that are unable to produce skilled management and effective business plans.

6. The lottery has drastically altered arts funding in Britain, providing a source of finance that now frequently outstrips government subsidies. So far this has gone into capital projects, but from this year revenue funding is also possible. The lottery rules demand "partnership" funding for major projects, which often comes from the private sector. This goes beyond straight finance. The private sector has a wealth of experience to offer in the construction of capital projects, management skills, and a wide network of contacts to make projects happen.

7. Following from the above, a new Private Finance Initiative has been launched to provide better value for money. Under PFI public sector projects applying for lottery funds would be designed, built, financed and operated by the private sector which bears the associated risks. I would offer a case study of how this is intended to work.

8. I would like to throw in some ideas about tax incentive schemes to encourage patronage, and the suggestion that the new rich should be encouraged to be private patrons of the arts to a far greater extent than is usual in Europe (though more common in America). I am presuming that you will have sufficient input from the United States where, of course, privatization has played a far more significant role in the arts than here, and where, as I understand it, there is something of a crisis in funding.

9. Conclusions: what we are looking at in Britain is a mixed system of funding, in which private and public finance, together with the lottery combine (sometimes uneasily) to support arts and heritage projects. There is no evidence that governments of the future are going to reverse significantly the trend of declining support for the arts. At the same time there is no great move to transfer major arts organizations or institutions to the private sector.

10. In short, our culture survives, for better or worse, in a mixed economy. Not everyone would say it was for the better.

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Curriculum Vitae

Ruth Mackenzie is executive director of the Nottingham Playhouse and is connected with the Edinburgh International Festival (Insight Talks). As a consultant she advised Theatr Clywd (Wales) and Barbican Centre (London). From 1986 until 1990 she was Head of Strategic Planning at the South Bank Centre and from 1984 until 1986 she was Drama Officer at the Arts Council of Great Britain. During the two years preceding her work at the Arts Council she was Artistic Director of the Bradford Multicultural Festival (Bradford Metropolitan Council). From 1982 until 1984 she was employed by the University of Bradford as Fellow in Theatre and at the same time she was Director of Theatre in the Mill. Before these activities she was co-founder/Director and Writer of Moving Parts Theatre Company and Editor's Assistant of Time Out Magazine.

In 1982 she got her M.A. in English; in 1994 Hon D.litt, Nottingham Trent University and Honorary Fellow, University of Nottingham; FRSA.

During the last few years she was among other things Council Member of Nottingham Common Purpose, Boards Member of Dance 4, Board Member of London International Festival of Theatre, Member of ABSA National Development Forum, Member of Arts Council of England Lottery Panel and Opera Judge, Prudential Arts Awards. In 1995 she was awarded an OBE for services to the theatre.

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Curriculum Vitae

Born in Toronto, Canada, Tateo Nakajima started musical studies at a very early age and graduated from the Royal Conservatory of Music, Toronto in 1988. Since then, Tateo Nakajima has studied and worked, first as a violinist and later as a conductor, in many different European countries including, the Netherlands, Switzerland, France and now in Romania. Nakajima has been director of a number of different ensembles in those countries and has worked to improve, not only the artistic quality, but also the financial situation and administrative procedures of the ensembles concerned. Besides the purely artistic concerns of his profession, he firmly believes that conductors have an important role in the development and growth of artistic institutions. In December 1997 he will be conducting at the Wiener Staatsoper.

Tateo Nakajima has been a consultant for the Cooperative Housing Foundation — Romania since September of 1996 when he, in collaboration with the director of the foundation, Matthew Lovick, conceived the Artistic Institution Privatization Project, which proposes the privatization of the Timisoara State Opera and the creation of a non-governmental, non-profit performing arts centre in the current Opera building.

Outline Seminar on Opera (Friday 13 June)

From the outset I would like to make it clear that the knowledge and concepts that I have on this subject are pretty much limited to performing arts companies (especially opera, symphonic orchestra and to a much lesser extent, theater companies) and their logical counterpart, the Performing Arts Center.

I should also mention that as a conductor, I, in principle, would be very happy being state supported for ever. The truth however is that funds are diminishing, which calls at the very least for higher efficiency, a need for searching or creating income sources, and maximum capitalization on one's resources, whatever they may be. I agree wholeheartedly that a clear definition of terms and perhaps even a search for new terms is becoming necessary when dealing with 'Privatization'. The basis for my participation will be the project that we are developing in Timisoara. The form of privatization, or, perhaps more correctly, the forms of privatization proposed there were arrived at after a study of existing situations in different parts of the world and the application of the most relevant solutions to the Central/Eastern European situation. The factors analyzed included the economy, cultural history, sociology, and politics.

I believe that an interesting discourse on privatization would be to start with the apparent need for change. Why should we change anything? Once defined, then one can look at what solutions we are proposing for these problems. Another interesting aspect is the reaction of the people here to the idea of privatization. Already we have heard some very interesting reactions, mostly in reaction to the traditional view that it is one of the State government's responsibilities to support cultural activities. One must also keep in mind the fact that this is a country still very unused to the idea of privatization of any sort. For them, this word invokes one image only, the emergence of foreign buyers!!!! Whereas, in reality, the form of privatization that is being proposed here is actually a form of 'democratization'. Although the project is indeed a North American initiative, the fact is that we are setting it up so that Romanian citizens will be the sole board members of the new organizations. We have already run into the question of whether citizens who heretofore have no tradition of true voluntary work and have lost the habit of taking responsibility for their decisions (a by-product of the Ceausescu regime) can actually run such an organization. My belief is that a careful selection of members will ensure a sound future.

The privatization process has brought many new concepts to the fore. These include a totally different emphasis on the role of the administration. The concepts of customer service, fiscal accountability and communications have been new ideas here that form an integral part of the CHF project.

Central to this project is, naturally, finance. The project was born from the premise that the artists should be paid at least a living wage and that, inevitably, government subsidy will soon go down. The idea is to have the luxury of changing to a survivable format before being forced to do so, thereby insuring the luxury of time to adjust. Another rather unique aspect of this project was the basic premise that a significant change in ticket prices was impossible, putting the income generating onus elsewhere.

The Cooperative Housing Foundation — Romania is a USAID funded project for NGO development in Western Romania. CHF-Romania provides free-of-charge technical assistance to 12 local non-governmental organizations spanning a wide variety of sectors, from health services to agricultural cooperatives, housing associations to small business groups. CHF-Romania's Artistic Institution Privatization Project, already strongly supported by the Romanian Ministry of Culture and many other local and international groups, is currently undergoing a comprehensive feasibility study. This study will be ready by October of 1997. The founding of the local non-governmental organization for the project, the Association for the Development of Culture — Timisoara is being done with the generous support of the Canadian International Development Agency.

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Curriculum Vitae

Dr. Jirina Smejkalova graduated in Czech Literature, Linguistics, and Psychology, at the Charles University in Prague, 1984. In 1991 she got her Ph.D. in Sociology of Culture (*Institutions of Literary Taste*) at the Czechoslovak Academy of Sciences, Prague. Her professional activities include research and teaching. Since 1996 she is Affiliated Professor at the Department of Cultural Studies at the Donau-University, Krems (Austria). Among other things, she was Fellow at the Internationales Forschungszentrum Kulturwissenschaften, in Vienna (September — December 1996); Visiting Assistant Professor at the History Department of the Central European University in Budapest (1995-1996); Coordinator of a research project 'Democratization, Social and Political Change and Women's Movements', (Hungary, Czech and Slovak Republics, 1994-1995, developed with Prof. Chris Corrin, University of Glasgow); Assistant Professor at Charles University, School of Social Sciences, Prague (1992-1994); Coordinator and Research Fellow at the European Centre for Human Rights Education of Unesco, Prague (1990-1992). She was co-founder and Academic Board Member of the Centre for Gender Studies, Prague (1990).

Selected Publications

- (forthcoming) *Censoring Canons: Czech Literatures Reconfigured*. (book-project in progress.)
(forthcoming) 'Freedom for Publishing / Publishing for Freedom'. In: *Budapest Review of Books*. (Spring 1997, review essay.)
(Forthcoming) 'When the Censor Was Gone: Crossroads of Czech Publishing'. In: *Cultural Crossroads in Europe*. Stockholm: Swedish Council for Planning and Research (RFN).
(1997) 'Open Book and Its Enemies: Transformation of Publishing in Central Europe'. In: *Transition*, OMRI, Prague, Vol. 3, No. 1 (10 January).
(1994) 'Censoring Canons: Transitions and Prospects of Literary Institutions in Czechoslovakia.' In: *The Administration of Aesthetics. Censorship, Political Criticism and the Public Sphere*; Richard Burt (ed.). Minneapolis: University of Minnesota Press.

Outline Plenary Contribution (Thursday 12 June) Privatization and the Czech Book Production

My inquiry into the privatization of Czech book production, distribution and reception and its re-figuration after 1989 is rooted in understanding culture and literature as an institutionally ordered field of textual practices and consequences. At the more general level my project is looking at the shifting limits of state intervention to the establishment of civil society as it is reflected in cultural production.

I will examine the process 'de-socialization' of Czech literary life and its institutions following the dramatic political and social changes of 1989, which despite the revolutionary rhetoric in the media was far from being an overnight jump into the 'realm of marketed freedom'. Here I focus on the changes in property relations of publishing houses and distribution chains, in print runs, book prices and daily performances of the private publishers — whose number rose from 45 to approximately 3.000 between 1989 and 1994 — including the editorial and copyright policy.

Two types of involvement of the private sector to the post-1989 literary institutions will be followed: the privatization process of the formerly state-owned publishing houses and its coordination by the Ministry of Culture on the one hand, and the explosive mushrooming of the new independent private publishers after 1989 on the other. As examples of the variety of private initiatives and their consequences in the field of book production, I will present several case studies of the most significant Czech publishing houses. The current discussions on state

regulation of book prices, VAT on books, and availability of loans and credits for the publishing houses will be summarized. The post-89 Czechoslovak and later on Czech state — supported by the 'post-revolutionary' rhetoric of 'end of state paternalism' — performed a clear tendency to withdraw from the realm of cultural production. However already in the early 1990s many arguments were heard calling for state intervention be it in a directly repressive form (debates on child pornography) or in a form of indirect financial assistance (grant committee for books of fiction, poetry, science).

Even though I have brought in evidence from the available statistical data, conducted interviews, as well as media coverage and public debates, the alarming lack of empirical research in the areas of cultural production and reception in countries of the former Communist block is to be discussed. At the same time I will try to identify issues which are in most urgent need for comparative, interdisciplinary, and hopefully internationally coordinated research.

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Curriculum Vitae

Celestino Spada joined Rai Radiotelevisione Italiana, the Italian public service company, in 1968. After many different experiences as programme manager at national and regional level, he is now responsible for qualitative research on radio and television programming and programmes.

Selected Publications

Celestino Spada is among other things the Italian editor of Raymond Williams' *Television. Technology and cultural form*. (De Donato Bari 1981) and, with Giuseppe Richeri, the editor of the section 'Audiovisual' of the first *Rapporto sull'Economia della Cultura in Italia 1980 — 1990*, produced by Associazione italiana per l'Economia della Cultura and published by Presidenza del Consiglio dei Ministri (Roma, 1995).

Outline Seminar on Film and Broadcasting (Friday 13 June)

In Italy, privatization of broadcasting in the nineties means as always, to put pluralism and competition into the system. The peculiarity of the Italian situation is that one side of the tv duopoly is a private company and that for the other side (the State owned company Rai) there is just a possibility, stated by a popular referendum in 1995, for private investors to share part of its stock.

The breaking of duopoly is now discussed in Parliament in terms of limiting the number of tv national broadcasting channels a single company could have under licence or of the amount of revenues a single company could draw from the media or communication systems (to avoid a commanding position). The change in national and international telecommunication systems is crucial in order to increase the number of (new) subjects, or of industrial or financial partners of the existing ones.

As regards the total or partial privatization of the public side of the actual duopoly (one channel or part of its stock) many would like to know more about it. There is no open discussion on this issue, and the reasons and goals some newspapers comments assign to it are often self-contradictory (to save money and to achieve institutional fulfilment as a regional-based tv network, to promote national production and to have low costs of broadcasting, etc.).

It is possible that, by the time of the Amsterdam Conference, the Italian Senate will have made some statements regarding these points.

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Curriculum Vitae

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Selected Publications

- (1996) 'Le changement dans les musées'. In: *Musées. Gérer Autrement. Un regard international*; Jean-Michel Tobelem (ed.). Paris.
- (1996) 'The "privatization" of the Netherlands Open Air Museum: an interim balance'. In: *Rethinking the Balance. Government and non-governmental organizations in the Netherlands*; Tymen J. van der Ploeg and John W. Sap (eds.). Amsterdam.
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- (1989) 'Opening and Closing: On the Dialectics of the Museum'. In: *Generators of Culture*, ICOM, Den Haag.
- (1986) *Musea in een museale cultuur. De problematische legitimering van het kunstmuseum* (diss.), Kerckebosch, Zeist.

Outline Seminar on Museums (Friday 13 June)

The role of the Dutch government is changing rapidly at the moment, in the sense that the government is withdrawing. Where government played a very central role (e.g. in the museum field) this withdrawal took the form of 'désétatisation' (awful concept). Government no longer holds itself responsible for the running or even the management of those museums which take care of the national (and still state-owned) collections. In doing so, national government not only freed itself from the burden of daily management-responsibilities, but also created some distance, which could be used to develop and prescribe a more general 'museum policy'. (It is of course much more relaxed not to be responsible for the actual implementation of those policies; now the poor museum directors have to find ways to make their collections relevant to members of the third generation of immigrants etc. It is relatively easy to find the words for a policy like this; it is much more difficult to find practical solutions to the numerous problems that arise every day.)

From an organizational point of view the 'autonomization' or 'desétatisation' of the former Dutch state-museums (Rijksmusea) was not a very radical model at all. From an institutional perspective however 'autonomization' turned out to be a very radical solution, which gave rise to many fundamental — and ongoing — changes in the museum.

The new conditions under which museums have to operate above all result in a growing awareness of the environment and as a matter of fact in a new and much more complex environment.

Museums are learning; they are experiencing daily that change is necessary in order to survive. Till now most of the 'policies of change' focus on improving and extending services to the public, rationalizing internal procedures, attracting new supporting groups, developing programmes for additional fundraising etc. It is absolutely necessary that museums become more aware of the fact that both a drastic reshaping of internal structure and a rethinking of museology are necessary.

In short: Autonomization is a vital impulse to become a better museum.

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Curriculum Vitae

Lydia Varbanova is Professor in Cultural Economics at the University of National and World Economy in Sofia, Director of the Arts Management Programme at the New Bulgarian University in Sofia and President of the Balkan Arts Foundation, also in Sofia. She has received fellowship grants by: the Japan Foundation for a research project at Chukyo University, Japan (1995); the NATO democratic institutions programme for a research project (1992-1993); the NEA for a visiting researcher at the UCLA, Los Angeles, California (1993). Among other things, she is a member of the European Network of Cultural Administration Training Centers (ENCAT); the Association of Cultural Economics International (ACEI); the International Federation of Theatre Research (IFTR) Research. In her teaching she concentrates on arts management and marketing, fundraising, cultural policy and privatization of culture.

Selected Publications

- (1997) *Arts Management*. Sofia: UI Stopanstvo.
(1997) *Sponsorship and Donations in the Arts*. Sofia: UI Stopanstvo.
(1996) 'Economics of the Performing Arts in the Developed Countries.' In: *Journal of Economic Thought*, No. 4.
(1995 co-author: P. Lulanski) 'The Culture of Sofia — at the Crossroad of Paradox and Optimism'. In: *The European Journal of Cultural Policy*, Vol. 2.
(1993) *Performing Arts Management in the Post-totalitarian Society*. ITC Proceedings, Nagoya, Japan.

Outline Seminar on monuments/Built Heritage (Thursday 12 June)

The presentation aims to analyse the challenges and threats for the cultural heritage and the society as a whole as a result of the privatisation; to provide an overview of the Bulgarian situation in the field of cultural heritage and the process of privatisation; to outline the leading role of the government in the process of privatisation of culture; to discuss how the privatisation of the built cultural heritage could influence the processes, the prices, the quality of services, and the incomes in the cultural sector.

1. general outlook of the built heritage sector in Bulgaria — a brief retrospective view (1888-1997) and the current situation. The issues of nationalisation, privatisation and restitution during different periods. Types and categories of built heritage in Bulgaria. The total number of announced and declared built heritage in 1996 is 29402. Ten of them are part of the Unesco Register of World Heritage;
2. the government role and responsibility in the privatisation of cultural heritage in terms of objectives, priorities, programs and practical tools. The main trends of the current cultural policy in Bulgaria, priorities in preservation of cultural heritage, government institutions in the field of built heritage and their functions. General motives of the government behind the privatization of the cultural heritage;
3. Obstacles for the privatisation of cultural heritage in Bulgaria — political, financial, legal,

- organisational and social;
4. Props and cons for the privatisation of cultural heritage. Possible effects and consequences. Some positive effects are: removing the state monopoly over the cultural activities, decreasing of the government expenditures; seeking alternative sources of funding for preservation of the cultural heritage; stimulation of private activities and innovative ideas; development of entrepreneurship; practical application of the principles of regionalization and decentralization. Some negative effects are: increase of unemployment among cultural workers; drastic changes in the labour market structure; lack of adequate professional skills of cultural workers in other areas; threat from cultural commercialization; use of the cultural heritage for private benefits; isolation of the national cultural institutions from their mission to preserve, develop and protect the cultural heritage in the country;
 5. sustaining vulnerable balance between public and private ownership of the cultural heritage — some main conclusions.

PART III

Country Reports

23 European countries reflect on privatization, *désétatisation*, and culture

Introduction to the country reports

Cas Smithuijsen
Director Boekman Foundation

Preface

This overview of privatization and culture in Europe is based on the answers to a questionnaire from 23 European countries, published in this conference reader*. Related to the theme of the conference, the results show a rather consequent division line running between experiences and developments in 'Eastern' and 'Western' Europe. In order to sort out the information neatly, this line is also drawn in the following text. Of course this procedure doesn't reflect reality in all its details. Scandinavia has other experiences with privatization processes than France or Spain. One should equally keep in mind that the 'transition countries' in Central Europe differ significantly from their Eastern neighbours with regard to economic and social reforms. Therefore, this contribution has a preliminary status and is primarily made for the convenience of the people that will assist the 1997 CIRCLE-conference in Amsterdam. This summary cannot replace the 23 stories that have been sent in: they are informative and often a revelation. They should be read as thoroughly as they are written.

Is privatization an issue?

Privatization became a political issue in the eighties. It is often said that the phenomenon gathered momentum in Great Britain initially, during the Thatcher administration. From that time on, in almost all European countries privatization in whatever form has been and still is an issue in economic and social politics.

The most radical forms of privatization are found in former totalitarian ruled countries. In those countries the state-apparatus was forced by the people to abandon its political and administrative ties with the former regime. A remarkable reduction of the state role in economics was reached as a result of denationalization processes: most of the industrial and real property and real estate, nationalized in 1940, was given back to the previous owners or their heirs. However, privatization is not only tied with denationalization processes. It was also helpful in speeding up social, political developments in a direction that was desired by many Eastern Europeans: the direction towards a multi party democracy and a market economy. It was commonly expected that privatization should raise the level of working motivation and facilitate the implementation of technological innovation. Market economy orientation indeed stimulated private enterprise, also in culture. Poland indicates that the quickest and almost complete privatization took place in the area of the press, books and distribution of film, musical and video recordings. As an undesired result of these private activities, a black market boomed in Poland - and not only there.

In Western Europe privatization processes started almost everywhere in the eighties for political and economical reasons. Privatization was seen as a means to get rid of the high financial burden and administrative tasks of the state. In Greece for instance, government controlled about 50% of the national economy directly. At the same time privatization provided a political answer to liberals problematizing the state's monopolies in a variety of social, economic and cultural affairs. In many countries state companies of telecommunications were sold, or the state remained involved only as a minor stockholder. Countries that wanted to enter the economic community of the European Union had to abolish many forms of state protection. But also technological development and international competition led to a gradual prevalence of private enterprise since the late eighties.

Does privatization affect cultural sectors?

In most European countries privatization more or less affected the cultural sector. Forms of privatization run from transfer of property rights from the public administration to the private market down to deregulation and the autonomization of the administration of state subsidized institutes. For institutes of this kind, privatization (or: debureaucratization) doesn't automatically mean less state control. In Finland, privatization did not bring a major change in the traditional balance of power, but was merely 'the redelination of the interface between the public and the private sector'. This country, along with Flanders, reports a strengthening of governmental control over culture through budgeting. More distance between the state and the autonomous (but subsidized) institutions opens the possibility for the state administration to create more overview and to take far reaching financial decisions if necessary. The introduction of private public companies shows the same combination of widening up the span of control and reducing the financial contribution of the state simultaneously.

Museums

From Spain to Norway and from Ireland to Russia, most museums are still part of the central or municipal government. In many former communist/socialist countries, the governmental responsibility for museums has been handed over from the national government to the municipalities.

However, privatization is pushed through many museums as 'autonomization'. Almost everywhere regulations are introduced or about to be introduced to make museums more independent and more successful in fundraising. New non-bureaucratic structures should enable museums to develop self earned resources by selling catalogues and running souvenir shops. In Great Britain, the introduction of entrance charges by a number of museums was (and still is) not without discussion. Contract management and enhancing user fees have become common practice in museums (and also theatre and opera) almost everywhere.

Monuments/cultural heritage

In former communist/socialist countries, most monuments were nationalized before or right after World War II. After independence, it was rather generally decided to give back these monuments to the nominal owner or his heir. It also occurs that the monument stays in the public sphere. The reason why has to do with the actual functioning of the monument. If it accommodates a public cultural institution for a long period already, it may keep that public function. A choice has been made between giving back property rights to the former owner - be it an individual or a church - and giving back the building itself. Both alternatives of 'reprivatization' are practiced. In Slovenia, as an exception, there is no restitution of cultural property at all, but only financial compensation.

As to moveable monuments, the Slovak Republic mentions the following solution: if nobody claims ownership of a specific piece of cultural heritage, it will be handed over to a relevant museum.

Great Britain has a very impressive ensemble of historic monuments and sites. They are assembled in the *National Trust*, a private organization primarily financed by subscribers, taking care of the restoration and exploitation of the monuments. The related monuments are either donated to the National Trust or are still privately owned, but many owners don't consider their properties as places to live any more. Also in the Netherlands, it used to be enough to open a castle for public visits occasionally in order to get grants from the government to finance maintenance. Nowadays, when subsidy is necessary to prevent a historically interesting monument from deterioration or even collapsing, a sound exploitation plan is required. This plan should indicate a sufficient degree of public interest, be it a payed visit to a castle, or an expensive candle-lit dinner, accommodated in an historic site.

Theatres, performing arts

In former communist/socialist countries most of the theatres are still owned by the state or the city. In Slovenia the new regime put an end to the Yugoslavian tradition of local 'self-management' also in the cultural field, by nationalizing cultural institutions. At the moment, decentralization (or: regionalization) of theatres and other cultural institutions is a key issue in Russia.

Parallel to the museum debate, there is a performing arts debate starting up everywhere in Europe on how theatres can reserve additional revenues to become less dependent on state subsidy. Greater cost-efficiency is being imposed upon public art institutions and cultural service organizations. Also pressure to earn more income is put on the managers responsible for performing arts institutions. Norway, The Netherlands and Flanders have introduced a sort of quota system regarding theatre companies. They have to create a self

earned income - in the Netherlands that is 15% of the total budget in a certain year. This system is introduced to force the theatre companies to show a minimum of public response. In Flanders also a more intensive relation is developing between commercially exploited theatres and subsidized stage art, especially dance. In all European countries the demand for entertainment is growing. To meet this demand, joint ventures are made between subsidized performing arts, the private entertainment industry and commercial broadcasting companies.

Privatization comes in when politicians and cultural officials are looking for a better financial situation. In 1995 the Greek National Theatre and National Opera changed their legal status from public to private. This facilitated the delegation of responsibilities to the artistic director. It also made it easy to combine state subsidy and private (sponsor) money in one theatre exploitation. In Italy proposals have been formulated to privatize the opera theatres for the reason of cutting down their high costs, 'inflated by bureaucratic management and redundant personnel'. But the implementation of privatization has proved to be impossible up till now. Italian anti privatization arguments are based upon the concern that the already existing gap between the rich North and the poor South will widen. There is also concern about loss of employment. Sweden tries to resolve spending problems in the public sector simply by introducing an embargo on new, state related cultural institutions. The already existing institutions get more freedom in management, but at the same time less money.

Cultural industries (books, audiovisuals) and broadcasting

In former communist/socialist countries no private cultural enterprises whatsoever existed. After independence state enterprises were sold to the private sector in many Eastern European countries. In the book sector, the audiovisual sector and in broadcasting, enterprise transfers from the state to the private sector were realized. State owned cultural industries and cinemas were sold to external managers. Public/private enterprises were created with mixed managerial boards. Lithuania reports privatization of publishing houses resulting in public private partnerships with various proportions of public and private shares. Voluminous public enterprises were split up into few smaller enterprises, ready to be privatized soon. Privatizing film and book industries dit not mean automatically that these industries were taken over by commercial entrepreneurs. Also non profit enterprises and foundations came up in the non profit sector. Estonia and Slovenia indicate that the former state owned film industry now functions as a facility house for (private) filmmakers.

After some years of independence most state broadcasting enterprises in Eastern Europe are surrounded by private and/or local radio and tv stations. State enterprises like bookshops, printing houses, publishing houses were changed into private manufactures - not uncommonly owned by the enterprise workers. Also, cinemas, newspapers and bookstores were handed over to municipalities. In Bulgaria cinema halls, of which 94% belong to the state, are about to be privatized. In some countries the municipalities were allowed to privatize the enterprise or object in the future, with the obligation to continue the previous main functions for a certain period (5 years). After this period however, often owners of book shops were forced to change their core business into selling alcoholic drinks and snacks - or close down business due to economic circumstances.

In Western Europe cultural industries are based on private, commercial enterprises. Multinational book publishers are active in several Western European countries (Austria mentions German publishers taking over Austrian ones), but are also taking over former state enterprises in Poland and other Central European countries. Takeovers are also to be found in the music recording industry. Polygram, for example, is interested in taking over recording companies in countries like Hungary and Poland. In Bulgaria the state lost its monopoly in the audiovisual industry. The introduction of a copyrights law in 1993 couldn't solve the problem of piracy.

After the introduction of commercial broadcasting in Western Europe, struggles between public and private broadcasting companies have become a chronic phenomenon. Many countries have trouble with the monopoly position of their public broadcasting corporation and are about to decide whether or not to reform the corporation into a joint stock company, or a private company. Many countries are formalizing a dual structure of private and public broadcasters. Arguments pro (limited) privatization are for the expected improvement of management and the limitation of political control.

Efficiency arguments and market orientation are again used when thinking of privatizing the film companies in Western European countries. Public/private companies could increase the value of the national resources in

terms of cultural and industrial tradition, as was said in Italy. It should also open the way to get more highly qualified jobs and to update technological skill more easily. Altogether, a closer relation with the private market should give Italian cultural enterprises a better market position in Europe and the world.

Different ways of privatizing

The transfer of property rights from the public to the private sector, for instance the selling of publishing rights, is generally felt to be the most characteristic form of privatization. Next to this the establishment of new privately owned and managed cultural institutions - be it profit or non profit - are felt to be essential to realize new, private organized cultural life in Eastern Europe.

In Western Europe the approach to privatization is less uniform. Great Britain identifies privatization mainly with economic innovation processes. Germany doesn't speak of real privatization as long as transfer of property is only realized partly: public private partnership. In France, privatization is not a characterizing element in cultural policy, but it signifies the necessity of more diligent administration of and accountability for subsidies and grants. The 'value for money' principle stresses the importance of public support through ticket sales. This public support can be interpreted as a contribution to the *notoriété* of the subsidizer. Greece particularly links privatization to the change of legal status from cultural institutions into autonomous administrative organizations operating under private regulations - although subsidized. A key phenomenon is the introduction of contract management into the cultural and artistic scene.

Privatization is also associated with contract management, contracting out of specific activities of the production process, and the developing of alternative funding programmes in the private sphere, mostly as a complement for state subsidies. Finally, in the case of film and broadcasting, funding through advertising occurs.

Motives behind privatization

Denationalization/liberalization

In Eastern Europe privatization is very often seen as a means to get rid of the former politically ruled bureaucracies. After 1989 the former communist/socialist states became independent, but the real freedom came through programmes of consequent denationalization. As Estonia says: 'administration was aware of the need to distance itself from Soviet-time practice, when cultural life was subjected to an ideological and aesthetic control'.

Croatia and the Slovak Republic fit the motives in favour of privatization into a larger framework of desired pluralism, necessary to create optimal conditions for economic prosperity and a free and open culture. Ownership should be more balanced between public and private; prices of all products and goods should be market regulated. Finally, there should be a multi party system, more influenced by the citizens. Privatization was supposed to bring about a free market system and prosperity and wealth for everyone. The Slovaks add to this that culture is part of social life, which also is accommodated in the public sector. Therefore, the public sector should not be dominated by a monopolistic state government, which blocks the opportunities for the 'third sector' to grow. The third sector forms the base for non profit activities, mediated by non governmental institutions and private organizations. Also Bulgaria mentions the motive of breaking the state monopoly over cultural activities.

Also in Western Europe denationalization drives to privatization. Austria wonders if the monopoly of the state broadcasting company (ORF) still harmonizes with the free market situation that prevails in the country. The political grip on the ORF is still very strong. Désétatisation should make public broadcasting more independent and imply a reduction of political influence on the programmes of the ORF. In Norway a growing number of private radio stations send their programmes through the air, but the domination of the public broadcasting system is still beyond political discussion. France makes a distinction between state policy and the public forces, which are non-governmental and essential for the evaluation of cultural development. Not only opera programmes and museum exhibitions have to reflect the public taste to a certain degree, but also the industrial cultural enterprises have to be aware of *l'attention publique*.

Debureaucratization/deregulation

Processes of debureaucratization in many Eastern European governmental administrations also influenced the organization of cultural life. The governments no longer carried the financial and administrative burden of organizing everything down to the most detailed level of individual activities.

In Western Europe, privatization has been a solution for administrative problems in the first place. In the Netherlands the incentive was deregulation. The arguments for privatizing (i.e.: autonomizing) of the Public Record Office in the Netherlands were triple: (1) the urge for clear separation between the making and the implementation of policy, (2) stimulation of decisive management and market conformity and (3) a better connection with the fast developing information technology. Municipal theatres in the Netherlands were privatized because local government wanted to get rid of managerial tasks in order to concentrate fully on main policy issues. Museums were autonomized because the state should control museums, not run the museum business.

Saving public money/attracting (additional) private money

Both in Eastern and Western Europe strong financial motives are hidden behind privatization, motives occasionally going beyond cultural interests. The Ukraine gives the example of prestigious cultural buildings (museums and libraries) that are sold to house banks, stock market etc. only for financial reasons. In Western Europe privatization also seems to be the result of decreasing public budgets for culture. As cultural subsidies are part of the state's expenditures, many countries also try to reduce contributions in the field of culture. As Richard Luce, Minister for the Arts in Great Britain in 1987 said: 'The Government's aim is to ensure that public expenditure takes a steadily smaller share of the country's national income (...) The arts Council be seen in isolation from this dramatical change in the political and economic climax'. Austria mentions the European treaty as an inspiration for politicians to diminish the state's debts in order to be able to join the EMU. Greece also refers to the 'European convergence', which implies the reduction of public expenditures.

The most harsh way to 'privatize' a cultural institution on behalf of money shortage is simply to stop subsidizing and see what will happen. A more elegant way is to reorganize the institutions in order to let them function more cheaply and thus ease the state's financial burden. The German Minister of Foreign Affairs stresses the need for an adequate answer from the cultural institutions to the decrease of public money. They should not commercialize, but rationalize their spending habits through flexibilization and deregulation, avoidance of duplication of work and a better coordination of mediators. Another 'instrumental' (in contrast to 'ideological') motive for privatization is given by people who want the organizations to function better. This can be realized by giving institutions more administrative autonomy, more responsibility to the management. This is what the Netherlands call 'internal autonomization': excluding the museums from the national bureaucracy - a process that hardly altered the amount of money flowing from the ministry to the 'privatized' institutions, at least in the short term.

Preliminary results of privatizing cultural organizations

In many Eastern European countries state-owned cultural institutions face severe financial difficulties and lots of cultural workers have lost much of their traditional standing and job security. The reverse situation is also found: Slovenia gives priority to the national cultural institutions and the security of its personnel, but no room is left for new cultural phenomenons to emerge.

In Croatia more space has been given to private initiative and cultural variety. The legal framework has been adapted to make private ownership fit in. Now there is an equal legal position for publicly and privately owned cultural institutions. In practice however, lack of a sufficient amount of money blocks the development of culture, as fixed costs of cultural institutes are rarely covered by public sources. The book industry in Croatia is faced with a reduced level of production and quality because of a 'chaotic and uncontrolled' process of privatization. This also threatens the distribution of books. It seems that eventually only public bodies guarantee stability and quality in cultural life. Privatization can widen up cultural experiences, but only if the procedures will be carried out slowly and controlled, says Croatia. Bulgaria asks for a law to regulate the privatization process in culture. Different procedures should be clarified.

In many Eastern European countries, cultural industries, publishing houses, music recording industry, film distribution and enterprises offering theatre facilities are privatized. In the Slovak republic, independence caused a boom of publishing houses around 1990, but only a few (20) survived. The national film and cd-

market in the Slovak Republic also turned out to be too small for successful entrepreneurship; only printed periodicals and radio stations are doing quite well in the private sector. Also in the Slovak Republic denationalization led to the development of cultural activities in the non profit sector. Foundations and cultural associations for music, literature etc. are mushrooming in the third sector next to galleries and many pop music groups. At the same time the total number of workers engaged in the public sector has gone down. The private sector is attractive for people who want a better life: wages are higher than those of civil servants, and when a cd-shop is transformed into a café, a nice profit can be made.

The Ukraine experiences a reduction of the cultural sector through privatization. Book industry, film and broadcasting enterprises along with show business and galleries were gradually transformed into private companies. In the new regime some companies proved to be successful; other companies did not survive. The shrinking of the public sector was not compensated by the growth of the private sector.

After independence the Czech Republic is faced with hundreds of citizens associations and foundations, 'out of reach of the public control'. Next to the true cultural service organizations also plenty of 'very obscure organizations' with absolutely untransparent financial administration are profiting from a quasi non profit status. A law on foundations should separate the real from the phoney ones.

In Western Europe the most direct interpretation of privatization is that institutions are equipped with less money but better management today. Great Britain mentions the example of a museum having to sell a part of the collection to avoid bankruptcy. In Finland, no evidence is found so far that public resources are used more accountably. But, the new cost-efficiency orientation and management by performance contract may have altered hierarchical relations with the state administration. Austria is still looking for 'mixed models' that combine the advantages of public control and private initiative. France experienced a limited, but nevertheless unexpected contribution of patronage to the national culture. But, also this contribution is aimed at public goals: in the cultural sector *l'initiative privée est d'origine tout à fait publique*. Greece has many indications that the effectiveness of cultural organizations has been improved. Through sponsorship private capital has been attracted. Privatization may have caused less job security and in the case of changing broadcasting from public to private, this has caused a decrease in governmental funding.

Conclusions

The main difference between Eastern and Western Europe is the difference in the political and also economical urge of denationalization. The sale of former state enterprises to the private market, seemed to be the fastest way to get rid of the old situation of a completely state run society. But what to do with the state run cultural institutions? In the majority of Eastern European countries a 'third sector' of non commercial culture did not exist. The absence of a third sector proved to be a problem for the development of non commercial, private organized culture. Without a legally protected (including: tax exemptions) non profit sector/*secteur privé non marchand* in the cultural field, privatization almost automatically meant commercialization. That's why by the end of the century, privatization brings about mixed feelings. People involved in cultural policy, consider privatization as a means of getting more efficiency and less uniformity, but also as a loss of possibilities to control the national culture (cf. Russia), or to protect domestic artistic life against international commercialization (cf. Poland, Hungary). At the same time, people carrying out cultural programmes are on the lookout for money and consumer markets constantly. After unlucky experiences in the private sector, they want state aid again, but remain independent.

Western European countries are rapidly integrating economically and politically. As a result of these integration processes, a debate is coming up on cultural identity on a national and regional scale. In the years to come more cultural activities will be developed in the commercial sector. Commercial activities will be undertaken on an international scale more and more. Publishing houses and cultural industries will operate on an international level almost everywhere, serving an international consumers market. At the same time it is to be expected that the attempts of the nations to 'construct' national identities everywhere in Europe will lead to a continuation of state aid to cultural institutions. This especially counts for cultural institutions which are able to contribute to the cultural identity of the nation: museums, theatres, libraries and monuments. What will happen in the third sector is uncertain at the moment.

The motives behind privatization in the cultural sector are not always clear and openly discussed. According to Finland they have to be considered as spin offs of overall economic and industrial politics of deregulation,

liberalization and fair competition, briefly the spin offs of market oriented thinking.

Privatization is in the air, not on the agendas, says Spain. If motives behind privatization are not clear, then the cultural sector must clarify the effects of privatization on cultural processes by itself. The pros (liberalization, pluriformity, efficiency) and cons (commercialization, increasing prices, loss of public control) of privatizing cultural organizations should be properly sorted out. This can be done by bringing together experiences from the participating countries and to reflect on these experiences systematically.

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Austria, Belgium (Flanders), Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Italy, Lithuania, the Netherlands, Norway, Poland, Russia, Slovak Republic, Slovenia, Spain, Sweden, The Ukraine.

All contributions are included in this reader.

Questionnaire Circle Round Table 1997

Privatization/désétatisation and culture Limitations or opportunities for cultural development in Europe?

1. **Is privatization an issue in your country? (See 'Introduction' in the enclosed Discussion Paper.)
Could you give some illustrative examples?**

2. **a. In which cultural fields have (types of) privatization processes already been initiated in your country?**

b. Can you tell us more about these processes? For each cultural field, you might focus on one particular case in your country. Please explain the changes in: A. funding; B. ownership; C. regulation; in the following sectors:
 1. Museum
 2. Monuments
 3. Theater
 4. Opera
 5. Book and publishing
 6. Film and broadcasting

3. **With which definitions of the term 'privatization' would you characterize these processes? (See: 'Defining terms' in the enclosed Discussion Paper.)**

4. **What do you think are the motives of your government behind the privatization policy for the cultural sector? (See: 'Motives' in the enclosed Discussion Paper.)**

5. **a. What are the social consequences of these processes?
b. What are the economic/financial consequences?
c. What are the legal consequences?**

6. **Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control? (See: 'Evaluations' in the Discussion Paper.)**

Austria

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1. Is privatization an issue in your country? Could you give some examples?

For years 'privatization' in the cultural sector, in particular cultural institutions in charge of public cultural tasks, has been an issue of discussion in Austria. Austria has a strong tradition of a government-controlled and government-managed cultural sector. Primarily due to severe budget cuts last and this year the discussion on 'privatization' has become more intense; efforts, measures and proper models of reorganization for each cultural field or institution are going to be debated. The plans reach from the (partial) transfer of property rights from the government to the market to the autonomization of the institutions administration.

Nevertheless there is no case of actual privatization in the cultural sector in Austria. First steps towards privatization or better automatization have been initiated and also implemented in the form of 'privatization' of the administration of cultural institutions, mainly cultural service offices, by excluding them from the federal/public administration.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

More or less concrete plans of reorganization towards various types of (partial) privatization have been initiated in the fields of audiovisual media, theatres, museums, etc. Please note that the reorganization of cultural institutions mentioned in the following is not yet decided but is still under debate. Therefore no details concerning funding, ownership, legal status, regulations etc. can be given.

Museums: The Federal Museums

A first step towards 'privatization' of the Federal Museums (group of 11 museums) was the introduction of the so-called 'partial legal capacity' which among other advantages allows the national museums to make a profit by selling e.g. catalogues, all sorts of souvenirs in special museum shops. Further steps towards privatization are discussed but not finally decided.

Monuments

All affairs regarding monuments /cultural heritage are charged by the federal administration.

Theatre/Opera: The Federal Theatres Association (Bundestheaterverband)

Concerning the reform of the Federal Theatres Association (Staatsoper, Volksoper, Burgtheater and Akademietheater) various models of its reorganization (even ranging to the incorporation of a stock company) are under discussion. At present it is planned to transfer more competences to the association's general secretary and to offer its management more autonomy in various aspects combined with the so-called 'partial legal capacity' according to the Federal Museums schemes which e.g. would enable the association to reserve any additional revenue.

Book/Publishing

This sector is in private hands. Austrian publishing houses are more and more in the hands of German publishers or they seek very close cooperation. Their presence on the German market on the one hand and the considerably high public funding on the other are absolutely necessary for the existence of Austrian publishing houses. The public funding of publishing include the promotion of literature, the funding of

publishing houses in general and, in particular, the financing of three to five book productions per publishing house.

Broadcasting

The Austrian Broadcasting Corporation (ORF), which is in public hands and, till 1997, has held the monopoly in broadcasting in Austria (except for a few regional private radio stations established a few months ago), is going to be reorganized, the establishment of a joint-stock company being discussed. Only a few weeks ago parliament passed laws to enable the establishment of private radio stations. The main idea of the reform is to facilitate the acquisition of radio licences, the licences are regionally limited. The discussions on the liberalization of the audiovisual media sector, the de-nationalization, the establishment of private radio and TV stations, the legal conditions for de-nationalization of the audiovisual media etc. seem to have reached the summit and concrete decisions are expected in the very near future, in particular concerning the reorganization of the Austrian Broadcasting Corporation (ORF).

Film

The Austrian Broadcasting Corporation (ORF) plays an important role in film promotion, not at least due to its monopoly in the audiovisual sector. (see above)

3. With which definitions of the term 'privatization' would you characterize these processes

As the reorganization of cultural institutions towards privatization is in most cases not finally decided and no measures have yet been implemented the definition of the term 'privatization' regarding the above mentioned institutions cannot yet be determined.

4. What do you think are the motives of your government behind the privatization policy for the cultural sector?

In Austria the discussion about privatization was initiated years ago. One of the main motives of privatization policies, is as in all cases the cutting of the public budget. The public budgets for the years 1996 and 1997 were considerably cut by arguing the necessary budget consolidations in view of the Maastricht criterias. At least these budget cuts and the further cuts expected within the next years have enforced not only the debates on but also the necessity of the reorganization of institutions not only in the cultural sector in order to ease the states financial burden.

Before any measures towards privatization can be implemented, the legal basis has to be established and is under discussion in each case. Concrete proposals are going to be initiated by the government which will have to be debated by parliament who will pass the necessary laws and amendments.

In the case of the Federal Museums one of the main motives for their reorganization discussed at present is to transfer more responsibility to the management by excluding it from the federal administration and at the same time to gain more independence concerning managing the museums, the decision making process, the acquisition of funding sources/sponsors and increasing the efficiency within the administration etc. Regarding the civil servants working in the museums, an autonomization would threaten their guarantees of jobs.

Concerning the Federal Theatres Association and its reform, various models of reorganization (even ranging to the incorporation of a stock company) have been discussed. The arguments in favour of reform and reorganization often refer to the fact that about 37% of the federal cultural budget are allocated to the four federal theatres. High budget cuts, as explained before, require new models in order to reduce the expenditures of the federal theatres on the one hand and to cut the public subsidies on the other.

Reorganization of the Federal Theatres Association should result in more efficiency of the administration, open new sources of funding and transfer more responsibility to the management.

The global development in the audiovisual media sector and media industry as well as the severe competition in this sector, require reorganization and proper regulations in the Austrian audiovisual media sector. The Austrian Broadcasting Corporation (ORF) has held by law a monopoly in the audiovisual media sector in Austria. Now, the free market situation with all its consequences cannot be kept away from Austria anymore.

The defenders of public broadcasting often use the public cultural and educational tasks of the ORF as an argument, since cultural and educational programmes could not compete with those of private channels

dependent on viewers' ratings. The public cultural and educational tasks of the ORF are highly accepted by the Austrian population.

Politicians and, in particular the political parties, have a considerably high influence on the ORF (e.g. on the appointment of the director, decisions concerning personnel and programming, etc.). One of the arguments in favour of privatization or better 'de-nationalization' refers to an expected reduction of political influence and dependency in the course of reorganization.

5. What are the social, economic/financial and legal consequences?

The social, economic/ financial and legal consequences of the 'privatization' or better the reorganization of institutions in the cultural sector remains theoretical as at present measures of or towards privatization are just about to be implemented. Any social, economic/financial or legal consequence of decisions and their implementation therefore remain theoretical, too.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

The arguments used against privatization in the cultural sector include the threat that public authorities would push their responsibility of funding culture more and more onto the management of each institution, and finally onto the private sector, as sponsors, etc. The growing dependence on private funders would have negative effects on the cultural development as private funders (have to) expect economic profits. Most of the cultural institutions, of course, cannot meet such economic conditions. Further arguments contra privatization include the threat of negative financial, economic and professional consequences in the course of privatization (e.g. the loss of job guarantees of civil servants, reduced salaries, reduced staff, etc.).

In Austria culture and cultural policy play an important role, also in the daily political life. The cultural sector is to a high extent dependent on public subsidies. Decisions on budgets, their allocation to the different institutions as well as management decisions are determined finally by political parties and their representatives.

The preferred models of reforms and reorganization of cultural institutions clearly show the trend to avoid actual privatization but to profit from mixed models optimizing the advantages for each case.

In order to avoid misunderstandings concerning the cultural life in Austria it is important to emphasize that in Austria private initiatives, associations, groups etc. play an important role in the cultural sector (as well as in the social welfare sector). This aspect, of course, is not discussed in this paper as privately founded institutions/associations have nothing to do with the process towards 'privatization'.

Belgium (Flanders)

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General remarks

As stated in the discussion paper (B. Defining terms) privatization is a two-way process: delegation or curtailment of government responsibilities on the one side, artists and managers who are setting up their own institutions as private initiatives on the other.

In my opinion the definitions (I to VI) are focussed on and limited to the first aspect of this process, namely

transfer of government responsibilities in any form. The second aspect should not be neglected, however. It not only concerns the setting up of institutions as private initiatives, which probably will be subsidized in future. It concerns private enterprises as well. One could argue that this is about commercialization, and in that sense different from privatization. On the other side I believe it is better to include this aspect in the discussion about government/private sector because of the potential impact of this phenomenon on government responsibilities in the long term.

1. Is privatization an issue in your country? Could you give some examples?

Privatization/désétatisation versus strengthening of government control in Flanders

Talking about privatization/désétatisation in Flanders is a complex issue. There are some examples worth mentioning showing some specific aspects and forms of privatization/désétatisation. On the other hand there is a tendency in the opposite direction: a strengthening of government control.

Strengthening of government control: a few examples

The following examples are linked to the process of decision making.

- The Flemish government intends to change advisory procedures. It intends to create a Council for Culture, Youth and Sports. The central aim is a more coordinated advisory procedure and to counteract fragmented counselling. This should be welcomed. But there's a snake in the grass. In the draft of the decree, competences of the Council and its subcommissions are limited to advices of a general order. In future, the Council and the subcommissions will be unauthorized to advise about grants. The administration, assisted by some experts, will have this power.
- More and more final decisions about grants deviate from recommendations made by advisory bodies.
- For years already, those concerned with literature make a plea for the setting up of a Foundation, a more independent organization reflecting the arm's length principle, using the Foundation for Literature in the Netherlands as a model. (Definitions III and IV). The official counterargument is overhead costs. But one could wonder if there is not a more fundamental but hidden argument involved: does this model, as an example of government at arm's length, fit with the existing political culture in Flanders? It is worthwhile to mention that in the film sector as well, people plead for a Film Foundation.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

Case 1: 4-year contracts for the performing arts and music

This case is linked to definition IV: giving more discretionary power over handling.

In 1993 a new system of recognition and subsidizing has been introduced for the performing arts, i.e. theatre companies, dance companies, music theatre, arts centres. As soon as the decree for music will be voted in, this procedure will be extended to orchestras and music ensembles.

The old system of annual decisions about recognizing and subsidizing organizations has been transformed into a 4-year-system. Advice and decisions about individual dossiers are based on a policy document drawn up by the organizations. In the two decrees several criteria are stipulated as a condition for recognition and grants (for instance, legal status of the organization, complies with the Collective Labour Agreement, minimum number of performances, at least one assignment to either a playwright, a choreographer or a composer/librettist, depending on the discipline). Another requirement concerns the organization's own income; a minimum percentage has been fixed. This latter is linked to definition VI. The idea behind this is that one must be able to show a minimal social base, and consequently public response, in exchange for a long-term subsidy.

A long-term subsidy means that the amount of the annual subsidy is fixed for a period of 4 years. The great value of this system is that it gives companies and organizations the opportunity for long-term planning. Nevertheless, their freedom is still limited and their position in the procedure is not that strong. There is no real consultation and discussion between government (or advisory board) and organization to arrive at a 'cahier à charge', with mutual rights and obligations, like the system in the French Community in Belgium. The policy document set up by an organization includes a proposed budget. In case the final subsidy is lower, it becomes unclear what the government can expect and may require.

Case 2: musicals and private initiatives

The Flemish Government subsidizes the Royal Ballet of Flanders (Koninklijk Ballet van Vlaanderen), including the musical department. For a few years however, the market for musicals and events has thoroughly changed since a private manager entered the scene. The name of the private enterprise is Flanders Eventhall plc. There are three financial partners involved: plc Hall Invest (the investment company owned by the private manager), Roularta Medium Group and The Regional Investment Company for Flanders (Gewestelijke Investeringsmaatschappij voor Vlaanderen), the latter with the Flemish Region as main shareholder. The holding has 4 daughter companies: Antwerps Muziek Theater plc, Vorst-Nationaal (a concert hall in Brussels), Music Hall plc (responsible for programming and for attracting artists and productions) and Ticket Club plc (responsible for ticketing). This means that the holding includes all aspects of the process: organizing shows and events, ticketing, exploitation.

For years already, the City Theatre Building in Antwerp, a building owned by the City and the stage for the city theatre company, was the target of criticism. Although the technical infrastructure is of a high level, it's an ugly building. The city theatre company didn't like to give performances there, also because the capacity (800 seats) was too big. At the same time this capacity was too small to invite big events and musicals. Eventhall and the City of Antwerp made a deal: the City keeps the property rights, the main part of the building is given into concession for a period of 50 years to Eventhall and Eventhall is responsible for renovation costs. The seat capacity raised from 800 to 2050 seats. The city has no longer to pay the costs of upkeep and the city earns money from taxation on tickets. When the new Center started in October 1994 it was already nearly fully booked with productions till the autumn of 1995. The Antwerp Center is a platform for the Royal Ballet of Flanders and for international productions. Entrance fees are calculated on the base of 1500 visitors. Prices vary from 900 to 2000 BEF.

Eventhall obtained the property rights of Vorst-Nationaal and is responsible for exploitation. A VIP-village was built. At the end of 1994 the number of concert-days raised from 65 to 130.

Ticket Club sells tickets all over the country and tries to attract visitors from the Netherlands as well. In 1994 500,000 tickets were sold. But there is more. Eventhall intends to build a new musical building in Vilvoorde, near Brussels, with a capacity of 2000 seats. With a project developer as partner the plans of Eventhall are even more ambitious: hotel, pubs, restaurants, health center, cinema, and its own production center. Eventhall hopes to receive subsidy from the government as it will create many jobs. In the new musical building they will use the open end-formula, the same as in Broadway (performances of a production as long as it attracts enough people).

Since 1997 there is a joint venture with the commercial TV-station VTM, VTM-Events; to produce, communicate and commercialize events on a larger scale.

Negotiations are going on with the City of Oostende to obtain a concession for the Casino Kursaal.

Bulgaria

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1. Is privatization an issue in your country? Could you give some examples?

The privatization process is a unique historical challenge for Bulgaria, as well as for many countries from Central and Eastern Europe. From the very beginning of the political and economic changes, which started at the end of 1989, the willingness and desire for privatization has been a priority in the programmes of the seven Bulgarian governments. Unfortunately, during the last seven years, the privatization process has not yet been accomplished and over 90% of the property in Bulgaria is still state owned. There are important political, financial and economic factors which prevent or even stop the process of privatization in Bulgaria and make it much slower than in the other Central and Eastern European countries. Some of them are: absence of a precise and logical strategy, every new government designs its privatization programme based on

certain political considerations, rather than on the economic reality; inefficient Boards of Directors of the transformed state companies whose members often are puppets of the political parties or bureaucrats from the ministries who are interested in retaining state ownership; lack of legal foreign investors who participate in the privatization process as buyers due to the very unstable political and economic situation in the country; Bulgarian citizens aren't solvent enough and are alienated from the process of privatization. The only major step by now is the mass privatization through investment vouchers, which was partly completed in 1996 and covered around 1100 state companies. The existing legal framework in the country is an advantage.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

The privatization in the cultural sector is partial and bears many of the characteristics of the whole privatization process in the country, at the same time it has some specific features. It would be risky and naive to expect a constructive strategy and programme for the privatization of culture, because of the overall economic and political crisis in Bulgaria.

Museums and monuments

The process of restitution affected several objects, which are part of the national heritage and have national importance. There are public discussions and unsolved questions about the pros and cons of privatization of the cultural heritage. Some state cultural buildings were given back to their previous owners and became private after the restitution. The Agency of Privatization has done several property transactions on several traditional folk houses, which are recognized as cultural heritage. All museums are still state owned. Over 300 private galleries appeared as a result of restitution rather than privatization.

Performing arts companies

There is national reform for decentralization, regionalization and implementation of the project subsidy in the performing arts, with the exception of a few national organizations. This will inevitably lead to a drastic decrease in the number of theatres, operas, and dance companies. There are only a few private companies, based on the enthusiasm of the performers rather than on a clear financial and legal background. No evidence of a privatization policy could be found in this field.

Publishing and printing

At the end of 1996 several printing and publishing companies were privatized. The expectation of the Ministry of culture is that all state publishing houses will be privatized in the very near future. There is a draft of a privatization programme for the state distribution companies in the book industry.

Broadcasting

The first private radio stations started to appear five years ago and their number is over 50 by now. Their programming is mainly based on music and partly on information. The private radio sector is very large nowadays, due to the legal opportunities to establish a private radio station, and not as a result of the privatization process. Bulgarian National Television and Bulgarian National Radio are still the biggest in terms of audience and broadcasting time. The two new private TV channels have in total 30% of the Bulgarian audience, partly because they don't have national coverage. Many new cable channels started to appear in the last few years. The National Committee of Post and Broadcasting has the monopolistic position in issuing licences for the private broadcasting companies and controlling the whole process.

The press

The first break in the publishing monopoly was the private press companies, established in 1989. They are now twice as large as the state-owned one. There is still state monopoly on the ownership of the biggest printing capacities in the country.

Film industry

The National Film Centre is established in 1991 as a state body for implementation of the cultural policy and there are no plans to privatize it in the future. The state budget covers only part of the film projects costs, and film producers seek all other financial sources. The number of private film distributors has increased rapidly in the last few years. There is a draft for a privatization programme for the state cinema halls, which are more than 94% of all cinemas in Bulgaria. There are few private cinemas as a result of restitution.

Recording industry

The state lost its monopoly in the production and distribution of audio-visual products after 1989. Piracy is still the main problem, irrespective of the existence of the Law of Copyrights in the country since 1993.

3. With which definitions of the term 'privatization' would you characterize these processes?

In a broader sense increasing effectiveness of the national economy through eliminating the bureaucratic control over the state companies. In a narrow sense transfer of property and control from the state to the private sector through selling of fixed capital. In accordance with the current legislation, the privatization is a transformation process of state-owned enterprises into single-member commercial companies through: selling of shares from the transformed companies by public auction of vouchers, public competition, negotiations with potential buyers; selling of state and municipal companies without transformation by auction; lease contract for 25 years with a buy-out clause; a management contract with a clause on management buy-out or sale to third parties; conditional sales agreement. The cash and mass privatization are realised through certain programmes of the Agency of Privatization and the Center of Mass Privatization. Privatization of culture is mixed with the processes of restitution and establishment of independent private non-profit companies. There is no clear understanding of the term 'privatization of culture' due to the many differences between various cultural sectors in term of ownership, funding and regulation.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The general privatization process in Bulgaria aims: to provide opportunities for effective use of capital and implementation of market principles; to attract foreign investors; to decrease the national debt through direct selling of state companies; to solve domestic debts between companies in the country. The Bulgarian government doesn't have any defined concept or strategy for privatization in the cultural sector. Some of the reasons are: the unstable banking and financial sector, hyperinflation, the lack of adequate cultural legislation and the frequent changes of the Ministers of culture. Nevertheless, there are several motives which could be extracted from the documents and published materials, especially the national budget annotations, the recommendations for establishment of a Monetary Board and the cultural policy document, as follows:

- to break the state monopoly over the cultural activities and companies;
- to decrease the national budget expenditures for the heavy centralised cultural sector in the country;
- to stimulate entrepreneurship and private business in the field of culture, taking into consideration the threat of cultural commercialization;
- to democratize the cultural sector through regionalization and decentralization of culture;
- to break the uniformity and making the arts organizations mobile.

5. What are the social, economic/financial and legal consequences?

Social consequences

Positive effects: increase of motivation among artists, direct link between the artistic results and incomes, development of a real labour market, new labour structure; involvement of artists in business activities.

Negative effects: inevitable increase in the unemployment rate, a need for changing the professional field for many artists and the lack of relevant adaptation possibilities; necessity for qualification in economics, management, marketing and related fields. Social schemes for artists should be different — their profession is rather public and the process of receiving financial aid is a question of dignity and self-respect for many artists. There is an expectation that the establishment of the Monetary Board in the country will lead to a drastic decrease in the budget subsidies and therefore — to a closing of companies and dismissal of personnel, which will influence the cultural sector.

Economic/financial consequences

Positive effects: possibilities for competition between the cultural institutions and artists; relief on the government budget; possibilities to develop the accumulation of funds in certain directions; possibilities for long-term investment in the cultural infrastructure. Negative effects: the threat of leaving the arts and culture only in market principles and the threat of increasing the prices of cultural products; financial difficulties for the cultural organizations in the first stages because of property changes.

Legal consequences

The main consequence is the need for new legislation which should: facilitate the establishment of private non-profit cultural organizations; establish a legal framework of tax incentives for their core artistic activity; regulate the sponsorship, individual and institutional donations to the arts through a favourable taxation system. Another set of laws should regulate the privatization process in the culture, taking into consideration the specifics and differences for each sector, as well as clarifying the procedure for the privatization of cultural buildings, cultural activities and cultural products.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

To a very limited extent. Private initiatives in the field of culture couldn't compensate for the absence of government subsidy, because they couldn't rely on their own incomes. The reason is the total poverty in the country and the limited demand for cultural products. Many private companies make profit by selling additional and peripheral products.

Canada¹

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Introduction

Over the past two decades in Canada, the potential privatization of various government services has been one aspect of a much broader rethinking of the role of government underway at both the national and provincial levels. Consistent with the trend throughout the western world, the Government of Canada embarked in the mid 1980s on a long-term programme of government downsizing, intended to reduce ballooning government deficits and to entrench a more market-oriented approach to governance. Privatization of government services was a key aspect of that thrust, resulting in the sale of a host of government crown corporations. Other activities were subject to significant reductions in government subsidies and the establishment of 'cost recovery' measures. These approaches were duplicated to different degrees at the provincial level.

Although the 1990s have seen a general continuation of this trend, there has been a slight shift in emphasis away from outright privatization to the identification of 'alternative delivery mechanisms' and 'alternative sources of funding'. This has resulted in a great deal of experimentation and the development of mechanisms which fit into virtually all of the 'privatization' categories identified in the Circle questionnaire.

In the Canadian cultural sector, successive governments at the national and provincial level have long recognized the advantages of a diversified mix of public and private sector support. This consensus has spawned a variety of cultural institutions and programmes whose ties to government take many forms. Some of them remain firmly within the federal government, such as the Canadian Audio Visual Certification Office (CAVCO)⁵ or the Museums Assistance Programme. Others, such as the public broadcaster, the Canadian Broadcasting Corporation (CBC), are semi-independent Crown Corporations funded by government. Several other funding programmes are the responsibility of arms'-length agencies, such as the Canada Council, Telefilm Canada, and the National Film Board. Although principally funded by the federal government, these agencies enjoy a high degree of autonomy with respect to their operations and funding decisions.

This mixed approach, as well as a general consensus on the legitimacy of government intervention to nurture a Canadian cultural space, has tended to minimize government privatization efforts in the cultural

sector. Indeed, while institutions such as the Canadian Broadcasting Corporation² and the National Arts Centre have occasionally been suggested as candidates for sell-off to the private sector, no major national cultural institution has been subject to privatization in the sense of actual transfer of property rights (there are, however, a small number of examples at the provincial level). In Canada, the approach to privatization has tended to fall in the Categories IV to VI of the definition provided. Generally, it has meant the shifting of discretionary power to arm's length bodies, the contracting out of specific services and/or the establishment of alternative sources of funding.

Numerous examples of cultural service diversification exist in Canada. These include public-private sector partnerships, establishment of arm's length delivery through industry associations, the use of taxation measures and lotteries⁶ to increase revenue, and employee takeovers, among many others.

The balance of this paper consists of short case studies of six models within the cultural sector. Five of these are federal government initiatives while one was undertaken by the Alberta provincial government. These case studies have been selected to conform as closely as possible to the six cultural fields proposed in the questionnaire. However, there is some variation to take into account a somewhat different categorization of the cultural sector from that in Europe. The six cases studies are:

Museums/Monuments

- Alternative Support Mechanisms for National Historic Sites and National Parks³

Performing and Visual Arts

- Canadian Native Arts Foundation (CNAF);
- Arts Stabilization.

Film and Broadcasting

- privatization of Alberta Educational Communications Corporation (ACCESS) ;
- Canada Television and Cable Production Fund.

Other Cultural Industries

- Sound Recording Development Programme

The questions set out in the Circle questionnaire are addressed, to the extent possible, in each of the case studies. As some of these models are quite recent, assessment of the economic, social and legal consequences is difficult at this stage. The responses on these aspects are therefore more impressionistic than empirical.

Museums/Monuments

Alternative Support Mechanisms for National Historic Sites and National Parks

National historic sites are designated by the Minister of Canadian Heritage on the basis of recommendations provided by the Historic Sites and Monuments Board of Canada (HSMBC). The HSMBC operates at arm's length from the government, providing recommendations on 'nationally significant persons, places and events'. The most common method of commemoration for national historic sites is by means of a commemorative plaque. Places that have been designated as national historic sites may also be commemorated by means of a cost-sharing or cooperative partnership agreement with a third party or through their acquisition and administration by the federal government. Thus, of the 786 national historic sites, the federal government owns about 20% of them, most of which (131) are under the administration of Parks Canada. The remaining 80% are owned and managed by other levels of government, organizations and individuals.

One means by which the federal government, through Parks Canada, leverages other sources of funding for national historic sites is through the *National Cost-Sharing Programme*. This programme provides up to 50% of funding for the acquisition, planning, conservation and presentation of national historic sites owned by others. Funding is conditional on the partner respecting and maintaining the commemorative integrity of the site, erecting and maintaining bilingual signage and in making the site available to the public. These and other conditions of federal funding are set out in a legally binding Contribution Agreement.

Parks Canada has also developed other mechanisms to raise alternative sources of funding for the national historic sites and national parks which it administers. The *Canadian Parks Partnership* is a nationwide network of over 60 grassroots, community-based cooperating associations. At the national level the Canadian Parks Partnership works as a non-profit charitable organization that supports the environmental and heritage education and protection mandate of Canada's national parks and national historic sites. At the local level some 60 cooperating associations provide a link between the community and the local national park or

national historic site, enhance on-site programming and services and raise money for local national parks or national historic site projects. The *Canadian Parks Partnership Fund* was established in 1992 to enable individuals, foundations and corporations to financially support parks and historic sites. In 1996 over \$8 million was raised through sales, fundraising, special events and donations. Parks Canada is also establishing a *National Parks and National Historic Sites Foundation* to generate additional funding from the private sector and individuals to support its work.

These initiatives would fall under the 'other sources of income' category of privatization. With the exception of cost-sharing which has been in existence since the 1960s, these mechanisms and a host of other measures such as new and higher user fees, are intended largely to compensate for Parks Canada's 30% budget reduction being phased in between 1994-95 and 1998-99. This will reduce its overall budget from C\$349 million to C\$244 million. It is not yet clear how much of this reduction will be replaced by alternative sources of funding.

While the financial motives of these initiatives are evident, they are also intended to enhance public awareness, appreciation of and involvement in national parks and national historic sites and to broaden the base of public support. One possible consequence of these initiatives may be the conservation and environmental implications resulting from an increased emphasis on the revenue generation capacity of national historic sites and national parks.

Performing and Visual Arts

Canadian Native Arts Foundation (CNAF)

The mandate of the Canadian Native Arts Foundation, established in 1985, is to provide Aboriginal youth with financial assistance to pursue education and training in the arts and cultural industries. It has disbursed over C\$4 million since 1988 to approximately 700 recipients. The CNAF also operates the National Aboriginal Achievement Awards Secretariat, which produces an annual awards ceremony for the national broadcaster, the Canadian Broadcasting Corporation. The CNAF is a non-profit organization governed by a board of directors from the Aboriginal business and arts communities and from the Canadian business community in general.

The organization, at its inception, derived its support almost totally from the public sector. However, it has successfully diversified its funding so that approximately 42% of its revenues are now derived from corporate donations and profits from events, such as concerts, that it produces.

The CNAF is an example of an organization that has successfully developed alternative sources of income. Corporate supporters include major Canadian corporations, such as Northern Telecom and Air Canada, as well as international corporations, such as AMOCO and Hewlett Packard. The CNAF now operates with a permanent Scholarship Education Fund of C\$1 million, which it has established to support young Aboriginal artists. While still dependent upon the government for a majority of its funding, the CNAF has made considerable progress in diversifying its support in the past few years. Moreover, it should be noted that the Foundation has diversified its federal funding support from three federal government departments in 1988 to approximately 16 today. It is, therefore, less vulnerable to the changing priorities of any one department. The success of the CNAF may have been a direct result of the dynamism of its founder, Mohawk conductor/composer, John Kim Bell, who has put enormous effort into developing corporate partnerships and sponsoring several high-profile fund-raising events.

Arts Stabilization

Arts Stabilization is one means by which the federal and other levels (provincial-territorial- municipal) of the Canadian government are working in collaboration with the private and corporate sectors to contribute to an economic base for the long-term health of our arts community. It addresses the issues of art management and governance coupled with the provision of working capital reserves, to help arts organizations achieve and maintain financial stability and to continue to create.

The Canadian version of stabilization works exclusively in partnership with community-initiated programmes across the country, the three levels of government and the corporate sector. Its objective is to provide matching working capital grants, and training and expertise to organizations so that they have the financial and management freedom to develop artistically.

Stabilization programmes are tailored to the needs of the communities they serve, and they operate as a regional centralized fund. They require specified improvements in administrative, operational and financial performance before any funding is released to participating arts organizations. The fund is raised from the private sector and three levels of government. Grants are awarded by a small management team to organizations that meet strict criteria, agree to administrative contracts, conduct their own fund-raising to

eliminate any accumulated deficit (with matching funds from the programme), develop comprehensive long-range financial and marketing plans, and accept professional managerial technical assistance provided by the central fund, if needed. Organizations must also have no deficits throughout the grant period. A participating organization's board, management and artistic leadership must develop and support these plans and commitments.

Stabilization programmes are at various stages of development across the country. The two most advanced pilot projects in the provinces of British Columbia and Alberta are in the first year of their respective five year programmes and it is too early to determine the success of these initiatives.

Film and Broadcasting

Privatization of Alberta Educational Communications Corporation (ACCESS)

The privatization of ACCESS television is one of the few examples in the Canadian cultural sector of pure privatization, meaning the actual transfer of property rights from the public to the private sector. In 1993, following a re-evaluation of all provincially funded activities the provincial Government of Alberta announced that it would no longer provide direct funding for ACCESS, the provincial government-owned educational television broadcaster. The corporation was sold to a private for-profit corporation, CHUM Limited of Toronto, for the sum of \$1. In 1995 CHUM established the Learning and Skills Television of Alberta Limited (LTA) and applied for and received a broadcasting license from the Canadian Radio-Television and Telecommunications Commission (CRTC) to operate a new private sector educational broadcasting service.

The legal framework for the new broadcasting service is set out in four separate agreements between ACCESS, LTA and the Ministries of Education and Advanced Education and Career Development. One of these, an Air Time Agreement, includes a provision whereby the Ministries will continue to provide some financial support to the service through the purchase of a weekly minimum of 47.5 hours of air time for the delivery of educational and instructional programming. The balance of funding, however, is to be raised through the sale of commercial advertising time and programme sponsorships.

Given that the licensing of a private for-profit corporation as a provincial education broadcaster was without precedent in Canada, and in light of concerns expressed during licensing hearings about the corporation's ability to maintain a truly distinct educational broadcasting service over the long term, the CRTC attached a number of legally binding conditions of licence, seen as more stringent than broadcast licensing terms and conditions normally applied to other educational licensees. For example, the service is required to broadcast not less than 60% educational television defined as programming '...forming part of a formal learning system that leads to formal assessment and accreditation' and 'educational programming directed to preschool children'. The CRTC also attached conditions concerning the quantity and type of permissible advertising material. For example, no advertising material is to be broadcast during programming directed to persons under twelve years of age.

The motivation of the provincial Government in this instance was clearly one of reducing the size and scope of government, limiting its role in the direct provision of goods and services and concentrating its efforts as much as possible to regulatory and policy-development functions. The elimination of direct funding for ACCESS television was part of a government-wide effort to reduce government expenditures. Yet it also reflected a view that production and consumption of cultural products should not be unduly protected from the laws of the marketplace.

As the new private educational broadcaster has only been in place for less than two years it is difficult to identify social and economic consequences. However, there is concern in some quarters that the need for the station to attract commercial sponsors may compromise its educational mandate and reduce the amount of Canadian content. A recent complaint about the new service to the CRTC by the Alberta Broadcasters Association, for example, argued that the service was violating its conditions of license by broadcasting American feature films. While the broadcaster countered that these films were being broadcast in the context of an educational film studies series, the incident raised the issue of the long-term implications of privatization on the nature of programming and competition with existing private sector concerns.

Canada Television and Cable Production Fund

Created in September of 1996, the Fund is a government-industry partnership developed to help finance the production of high quality Canadian television programmes in English and French. Totalling \$200 million per year, the fund is an amalgamation of three distinct funding sources for television production. The federal government contributes \$100 million a year, an additional \$50 million comes from Telefilm Canada's⁷ former Broadcast Development Production Fund, and the cable industry's former Production Fund brings approximately \$50 million more to the new Fund.

The Canada Television and Cable Production Fund is an independent, non-profit corporation, governed by a Board of Directors composed of representatives from the television, cable, production and film and video distribution industries, plus representatives from the Department of Canadian Heritage and Telefilm Canada.

The Fund can be viewed as a form of 'contract management', implying government at arm's length whereby the politicians define the goals, specific targets and funds, but public managers are given more discretionary power over handling.

The creation of the Fund was motivated by several factors. The most important being the government's desire to ensure that quality Canadian productions in under-represented categories are aired on television in Canada. In general, it costs about \$1 million to produce an hour of original Canadian drama, compared to about \$100,000 an hour to purchase a foreign-produced drama. Given these realities, the Fund seeks to provide the necessary additional money that, when combined with private investments, produces competitive Canadian productions. The resulting productions provide important economic benefits, not to mention thousands of jobs throughout the country. Furthermore, the amalgamation of formerly diverse funding sources under one Fund leads to a more efficient process.

Other Cultural Industries

The Sound Recording Development Programme

Created in 1986, the Sound Recording Development Programme (SRDP) supports and strengthens the Canadian sound recording industry by making funds available in three areas: production, marketing and distribution, and business development. Financial assistance is provided through loans and contributions.

The programme has recently been redesigned to simplify its structure, increase its funding and institute a new delivery vehicle. With a budget of C\$9,450,000, the redesigned Programme comprises six components (down from eight): 1) Audio and Video Production, 2) Marketing and Touring, 3) Business Development, 4) Specialized Music Production, 5) Specialized Music Distribution, and 6) Support to Federal Policy Development.

Components 1, 2, 3, and 5 are administered on behalf of the Department by FACTOR MUSICACTION Canada, a private-sector consortium composed of FACTOR (Foundation to Assist Canadian Talent on Records), which provides support to the English segment of the Canadian sound recording industry, and MUSICACTION, its counterpart for the French segment of the industry.⁴ Component 4 is administered by the Canada Council, while the Department of Canadian Heritage is responsible for the administration of Component 6.

Although similar to the 'contract management' form of privatization discussed in the development of the Canada Television and Cable Production Fund, the majority of the SRDP is more autonomous than the former due to the administration by the private-sector consortium, FACTOR MUSICACTION Canada.

The recent programme changes came in response to recommendations made in 1996 by the Task Force on the Future of the Canadian Music Industry. Although the Programme had been favourably evaluated in 1991, it was concluded, however, that the amount of funding available was inadequate to fully pursue the goals outlined for the SRDP (by 1994-95, annual funding for the programme had dipped to C\$4.45 million). In the wake of the Task Force report, the federal government announced C\$15 million in additional support for the Programme over the next three years which brought its annual budget up to its new level of C\$9.45 million.

Increased funding and improvements to the Sound Recording Development Programme are part of the federal government's overall strategy to increase the production and distribution of Canadian cultural products, and to help the Canadian sound recording industry increase its share of the marketplace both at home and abroad.

Notes

1. The views expressed in this paper are those of the authors and do not necessarily represent those of the Department of Canadian Heritage.
2. Since the mid-1980s, there has been considerable debate on the role of the public broadcaster and the legitimacy of continued government support. For example, Canada's private broadcasters have recently challenged the CBC's competitive advantage in the CBC's recent successful bid to win the broadcast rights for upcoming Olympic Games.
3. Note: National Parks do not consider themselves part of "Museums/Monuments" in the Canadian context.
4. Although the funding comes from the federal government, the consortium makes the final decision as to

which artists get financial support.

5. CAVCO administers a tax credit for Canadian programme production, based on a point-system to determine Canadian content.

6. Since the introduction of legalized lotteries in Canada in the late sixties, both the provinces and the federal government have developed lotteries. In 1985, the federal government left the lottery field to the provinces in exchange for a C\$24 million settlement - indexed to the Consumer Price Index - and a one-time payment of C\$100 million for the 1988 Winter Olympics in Calgary. The indexed C\$24 million goes towards the federal government's Consolidated Revenue Fund.

7. Telefilm Canada is the arms-length federal agency which funds film and television production and distribution in Canada. The agency falls under the aegis of the Department of Canadian Heritage.

Croatia

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1. Is privatization an issue in your country? Could you give some examples?

Privatization is one of the most important social, political and developmental issues in the Republic of Croatia, and is still regarded as a basic precondition and tool which should make a successful transition of the country from a former socialist (communist) to a democratic country in the western European sense. A higher level of working motivation as well as faster technological improvement are expected from widely established privatization processes.

Privatization as a constant social issue is regarded within the scope of so-called 'three pluralisms'. Namely, the basic social and political aim is to achieve and establish: 1. pluralism of ownership -which should put public and private ownership (taking into account all specific sides) in equal position; 2. pluralism of market — by which market-regulated prices of all products and goods will be formed; 3. political pluralism (embodied in democratic multiparty system) — by which all democratic procedures, control of political power within society and influence of citizens on the sphere of power will be established. As it is expected privatization is the basic precondition to achieve higher efficiency of production and functioning of a overall social system. That also means that privatization has a direct (crucial) influence on the 1st 'pluralism', and a very significant one on the other.

For example: How an issue like privatization is regarded as an issue of utmost social importance is shown in early 1991 when the 'Law on Transformation of Social Enterprises' — which is completely concerned by the issue of privatization was adopted. The intention of this Law was to define the real owner of enterprises (either State or private), because under the term 'social enterprise' or 'social ownership' the real owner of the enterprise was not clearly defined and recognizable. In March 1996 Parliament adopted the new Law on Privatization to replace the above mentioned Law, and to stress clearly that privatization is a part of overall developmental strategy and policy of the country.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

Privatization as a process has been most widely introduced in the field of cultural industries (particularly in the fields of book publishing and broadcasting). The process is generally (not particularly in the cultural field) characterized by three main trends:

1. the sale of ownership rights to an external buyer who becomes the owner-manager; 2. combination of ownership (private and public) with the establishment of a mixed managerial board;
2. combination of ownership rights to an external buyer who becomes the owner-manager;

3. transformation of huge public enterprises into a few smaller ones with already listed possibilities of their privatization.

Museums

The privatization of already existing museums by non-public owners has not been undertaken. At the moment owners of the museums are completely defined (state, province, town or commune). There are many private collections (very often the size of small or medium-sized museums) which are completely owned by the private persons or enterprises, but which are listed and protected (sometimes also financed) by the public authorities on different levels.

Monuments

This field — when the issue of privatization is concerned — is treated as highly important and relatively delicate, particularly because of the overall process of denationalization of property. Despite that some significant steps — particularly of a legislative nature — have been made when either non-moveable or moveable cultural monuments (goods) are concerned.

If the field of non-moveable cultural monuments according to the Law on Property from 1997 the right of their running is — by the process of transformation of ownership — given to the nominal owner (which could also be a private person or institution). If, on the contrary, moveable cultural monuments are concerned relating to the legislation there are two possibilities. According to the Law on Institutions from 1993 all the monuments which have been given on disposition (running) to public cultural institutions should be regarded as their property. On the contrary, confiscated monuments (artefacts) which have become an integral part of museum collections, according to the Law on Denationalization, could still be regarded as property of the previous owner at his request. Despite that ownership being confirmed, physical placement of monuments is still within museums jurisdiction. It is expected that according to the new Law on Protection of Cultural Goods, confirmed owners should enjoy tax exemptions or deductions.

Today in Croatia 327 historical cites, 4461 protected non-moveable monuments and around 50,000 protected monuments of a moveable nature are registered.

Theatre

According to the present-day situation there are 28 theatre institutions in Croatia. Of that number there are 20 theatres which could be regarded as classical theatres, i.e. physical theatre house with its own permanent professional theatre company. All those theatres are — according to the ownership — public theatres. Ownership is mainly mixed. Only the Croatian National Theatre in Zagreb is owned by the central public body (Ministry of Culture) and the city of Zagreb. The owners of all other theatres are cities, except for three other national theatres (in Osijek, Rijeka and Split) where ownership is divided between the counties and cities.

There are also 3 theatre houses without a permanent theatre company which are under city ownership. Only one small theatre house could be regarded as a completely privately owned theatre institution. On the other hand, there are 4 completely privately ruled theatre companies without a permanent theatre house which have the status of non-profit cultural institutions.

Opera

In Croatia there are no separate opera houses. More concretely, opera companies are an integral part of three national theatre houses (in Zagreb, Rijeka and Split). As national theatres are public institutions with mixed ownership, that is also the case when opera is concerned (please see part 3. Theatre).

Book and publishing

This field of culture was completely privatized in the period from 1991-1997. It is estimated that at the moment there are around 2000 publishers in Croatia. However, within that number there are a significant number of institutions (around 500) which do not deal primarily with publishing as their main activity (i.e. scientific institutions, broad cultural institutions).

All 1500 publishers (before 1991 there were approximately 50 publishers in Croatia — almost solely publicly owned) are private enterprises. At the same time, among them approximately 60 could be regarded as significant publishers. Publishing projects and programmes on all three levels are financed solely by public authorities.

Film and broadcasting

In the field of film and video production there are 53 registered enterprises. Within that number only two

could be regarded as non-private, i.e. Jadran film — the biggest and most important enterprise for production and distribution of film and video — has mixed ownership (public and private) as well as Croatian Radio and Television which is a completely public institution.

In the field of distribution of film and video there are 16 registered enterprises of which only one (Jadran film) has mixed ownership. There are (registered until 01 June 1996) 12 TV stations in Croatia. Of that number one TV station is the central public television (Croatian Radio and Television), three are public television on county level, and 8 are local and city television (of which 4 stations are private televisions, and 4 are with mixed ownership and prevalence of city public ownership). In the field of research and promotion of audio-visual sector there are 16 different institutions of which the main part has the status of a non-profit cultural institution or association of citizens.

3. With which definitions of the term 'privatization' would you characterize these processes?

Privatization as a process within Croatia in cultural fields could mainly be regarded as:

- transfer of property rights, and process of strict definition of owners and ownership rights (in the Questionnaire proposed as definition number 1). Ownership rights — if cultural institutions are regarded — are sometimes sold (especially for example in the fields of books and publishing) or simply precisely defined (almost all other cultural fields);
- huge process of establishment of new — privately owned and managed — cultural institutions as tool to develop and realise new cultural trends, practices and initiatives (particularly present in the field of cultural industries).

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The main motive is cutting public (particularly central) expenditures on culture, improvement of interrelationship between culture and services as well as stimulating private investment in the field of culture.

5. What are the social, economic/financial and legal consequences?

Social consequences

The importance of private initiative within the cultural field has grown. At the same time direct influence of public bodies on culture has significantly declined. Internal efficiency of public cultural institutions are correlated and measured with privately-owned ones. Variety of cultural offer also raised up?

Economic/financial consequences

Because of the relatively large number of newly established privately owned institutions, public funds are even more requested for financial assistance. The main financial problem for the largest number of privately owned cultural institutions is covering the fixed costs (which are almost never covered by the public sources). Some fields of culture — particularly books and publishing — have been faced with a reduced level of production and quality because of the often chaotic and uncontrolled process of privatization. Also the overall activities of some very important distribution networks for cultural products (for example the network of book shops) have been significantly reduced and threatened.

Legal consequences

An overall legal framework has been developed, transformed and modified to include the possibility of private ownership, very often as a prevailing one. In the field of culture new laws have been adopted to support privatization or influence of private ownership within cultural fields or institutions. Significant measures have been taken to put publicly and privately owned cultural institutions into an equal legal position.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

The significant role of public bodies in stabilizing and preserving the quality, variety and richness of cultural life and production is still present and will remain important, mainly because of the very high level of inclusion of public sources in financing culture. Privatization as a process has only sometimes produced very negative effects in the field of culture, but only when it has been undertaken in a completely uncontrolled and

chaotic way.

Czech Republic

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1. Is privatization an issue in your country? Could you give some examples?

Yes. In the way of transforming of the "Subsidised Organisations" into the Public Welfare Societies.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

In film and broadcasting, recording industry, book and publishing.

1. Museum — no change;
2. Monuments — B. partly given back to former owners, when restitution law was applicable;
3. Theatres — no change — see the text for the reader. There are private companies producing musical theatre on commercial basis;
4. Opera see Theatres above;
5. Book and publishing — all the industry privatized;
6. Film and broadcasting — Film industry privatized. State subsidy supports individual film projects by grants of the National cinematography fund.

Broadcasting:

Radio: No state radio privatized. There is countless amount of private FM radios.

TV: The main TV channel (Nova) privatized by the competition of the projects. There are 2 state channels (CT1, CT2) and another private broadcaster (Prima).

3. With which definitions of the term 'privatization' would you characterize these processes?

No unifying definition for processes above.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

There are no clear motives. The government has no definition of the culture so there can't be a definition of its privatization.

5. What are the social, economic/financial and legal consequences?

- a. As the privatization of culture is inconsistent, there is only private commercial culture on one side and rigid old-fashioned subsidised culture on the other. There is only a small space for innovative, vivid art activities. (There are exceptions in the book publishing).
- b. The old subsidised institutions are top heavy and costly, the newly privatized institutions become to be objects of the financial tunnelling (see the Film studio story in the text).
- c. No legal environment for non-for profit organisations. No protection of the minority shareholders in the profit ones.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

Not exactly.

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1. Is privatization an issue in your country? Could you give some examples?

In Denmark privatization is not currently an issue of high political priority. Neither within the cultural fields. However, privatization has been introduced in selected cultural fields in some particular cases.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

- a. Museums, theatre, opera, film and broadcasting
- b. The processes of 'privatization' have not changed neither funding nor ownership in a noteworthy way. See question 3.

3. With which definitions of the term 'privatization' would you characterize these processes?

Introduction of contract management and enhanced user fees within the fields of museums, theatre and opera. Extended use of private funding and funding through advertising within film and broadcasting.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The motives of the Danish government behind the 'privatization' policy for the cultural sector are probably to be found within the theme of decentralization.

5. What are the social, economic/financial and legal consequences?

We do not possess exact knowledge about these processes.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

See question 3.

Estonia

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1. Is privatization an issue in your country? Could you give some examples?

As a result of the revolutionary processes that started in 1987, Estonia regained her pre-WW II independence in 1991. During the new independence, privatization has been one of the key issues of the new politics in almost every field of life, including cultural life. In a way, privatization of the cultural life began already in 1987, when the first non-governmental publishing house was established. Until then, all newspapers, periodicals and the six existing publishing houses were owned by the state and the Communist Party. The new publishing house became a channel for the publication of manuscripts previously shelved for political reasons. Censorship of the media ceased officially in 1990, but in fact, it had practically become abolished by 1989.

The diminished importance of the state

A central feature of the economic transformation since the early 1990s has been a reduction of the role of the state in the economy. Similarly with other fields of economic activity, cultural enterprises have undergone important changes. During the independence period, almost all state-owned cultural enterprises have changed owner and/or organizational form. As a first step, several of them were reorganized, mainly during the years 1990 to 1992. This was done either by creating state-owned stock companies (e.g., the film studio Tallinnfilm), or by renting the enterprises to private companies. The latter were most often owned by the enterprise's workers, or a part of them. Such rental companies were typically publishing houses, printing houses or bookstores.

The next step was made when several previously state-owned enterprises changed ownership. This development started in 1992 and became more intensive after the enacting of a law on privatization in June 1993. Some of them — notably cinemas, regional and local newspapers and bookstores — have been handed over by the state to the municipalities. In some cases the municipalities have been allowed, or even obliged, to privatize the enterprise or object in the future. Some enterprises, factories in particular, have been sold directly as private capital.

Whether through privatization or municipalization, the new owner has generally been obliged to continue the previous main functions of the enterprise for a certain period (mostly, five years).

The situation of both cultural enterprises and other cultural institutions is further complicated by a denationalization process started in 1993. Parliament has decided that the property nationalized in 1940 by the Soviet authorities will be given back to the previous owner or their heirs. This decision will have direct impact on the work of several cultural institutions now residing in nationalized buildings.

The changing role of the state in cultural life is also reflected by a current tendency to shift the structure of state support more to project grants, instead of merely supporting the existing cultural institutions directly from the state budget. This practice gives also the private cultural initiatives a possibility of getting financial support on an equal foot with the projects initiated by state institutions. Of special importance is the creation in 1994 of the Estonian Cultural Endowment (Kultuurikapital), a state-owned foundation that receives financing from the taxes on alcohol, tobacco and gambling. The Endowment is extrabudgetal and with no formal relations with the Ministry of Cultural Affairs — apart from the fact that it is presided over by the Minister.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

Cultural heritage

Until 1991, all museums were owned and financed by the state. From 1992, local museums have been financed by the municipalities, and they receive direct state support for specific projects only. The central and regional museums are still owned by the state and completely financed by it. In 1993, the total income of all

Estonian museums was 26 261 000 crowns (3 283 000 DM), of which 67.4 % came from the state, 21.5 % from local budgets, and only 3.9 % from ticket sales.

According to the Law on the Protection of Cultural Heritage, enacted in 1994, the responsibility for controlling and administering the regulations concerning cultural monuments is divided between local governments and the Central Board of Antiquities.

The ongoing denationalization of old buildings to their previous owners makes it more difficult to protect the historical environment. Very often, the owners lack the expertise and the capital needed for extensive restoration works — or even to secure the mere existence of the buildings. Also for small municipalities, the care for historical buildings may turn out to be too heavy a burden. At the same time, the Central Board of Antiquities suffers under a chronic lack of both staff and finances.

The performing arts

The institutional structure of the professional theatres has remained more or less intact. None of the ten state theatres (including two opera houses) has been closed down; although one of them has recently become a municipal institution, it too receives support from the state budget. Moreover, there have even been two new private theatres established in the capital.

In 1995, 82 % of the expenses of state theatres were covered by state support, and the remaining 18 % by ticket sales. Consequently, the theatres have been able to keep their ticket prices relatively low, corresponding to about one per cent of an average monthly income.

The activities of private organizations have been most visible in the field of concert life. The figures showing attendance at concerts organized by the state concert agency have fallen dramatically. However, about 15 new musicians organizations have been founded during recent years. Most of these societies even organize concerts.

Books and publishing

At present, there is only one state-owned publishing company. Altogether, the Estonian Publishers' Association counts 29 members. In general, the number of printed copies has decreased since 1991 (at that peak year, the number of books and booklets was as high as 14.9 copies per inhabitant; three years later, the corresponding figure was 5.7). However, the number of titles has increased. In terms of cultural diversity, the development has been towards more freedom of choice; from the point of view of the consumer, it should be mentioned that the prices for books have increased somewhat. This has in turn increased the use of public libraries, which are free of charge.

Film and broadcasting

Until 1990 there were only two film-companies in Estonia, both of which were owned by the state. Since then, a number of private film studios have been established. The state support for film-makers is granted for separate projects, and the state-owned Tallinnfilm studio functions as a state company giving technical assistance to private film companies.

At the end of 1995, besides the state radio and television companies, there were 23 companies and organizations broadcasting radio programmes, and 8 TV broadcasting companies, two of which had a licence for nation-wide transmission. Taking into account the size of the Estonian market, it is likely that the number of active companies will fall again in the near future.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

Discussion

As presented above, the privatization process has been carried out in most fields of cultural life, and in many different ways. The state has mostly not gained any finances through this process; however, it has made itself free of the financial and administrative burden of organizing cultural life in all its details. This is certainly one of the main motives behind the process, because the present overall budgetary policies are based on strictly monetarist principles, not allowing any considerable growth of the cultural budget. At the same time, the expenses have grown steadily. On the other hand, the administration is also aware of the need to distance itself from the Soviet-time practice, when all cultural life was subjected to an ideological and aesthetic control.

During the past two years, there has been a relatively vivid discussion on cultural policies. According to the standpoints presented by the Ministry of Cultural Affairs, the privatization process has by now come to its end: no further cultural institutions will be privatized.

5. What are the social, economic/financial and legal consequences?

In general, the process has been beneficial from the point of view of the diversity of cultural life. The culture has become more open and more interesting. From the financial point of view, the cultural workers have lost much of their previous standing and their personal future is most often uncertain. Also those working within the remaining state-owned institutions are in financial difficulties. Finally, when looking at the population's cultural activities and consumption of culture, there has been a sharp decline. The situation is problematic, above all, for the less active, less urban, and less affluent parts of the population. This, however, can not be blamed on the privatization processes only, but is reflective of the society's overall development towards market relations.

Finland in the 1980s and 1990s

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1. Is privatization an issue in your country? Could you give some examples?

Privatization has been an important issue in Finnish politics and administration since the mid-1980s. It has also been a very complex and diffuse issue, which politicians and administrators have seldom willingly confronted. The way the term is expanded in the Circle questionnaire helps to draw preliminary contours around this complexity, diffuseness and political untouchability, but some further elaboration is needed for mapping the actual situation in Finland. In order to understand the nature of the Finnish privatization debate — and of actual privatization processes as well — we must make three further elaborations to the scheme of the questionnaire.

Latent debate

First, privatization may not be discussed openly, but it can be a *latent issue*, that is, it is initiated and implemented in the guise of some other reforms. Secondly, privatization in the field of culture can be *direct* (e.g. transforming publicly owned theatres into joint stock companies) or *indirect* (e.g. liberalization of broadcasting systems opens new markets, not only for independent programme producers but also for drama writers, actors, stage designers etc.). Thirdly, all forms of desettlement (privatization, semi-privatization, deregulation and liberalization) *may not imply loosening of the grip of the state, but actually tightening it*. In the UK, the model country of neo-conservatism since 1981, the progress of privatization has been forcefully enforced by central government, which has used the reallocation of resources and redistribution of benefits entailed by privatization as a sanctioning device to tighten its grip on the processes of public governance.

Taking these remarks into consideration, we can characterise the privatization debate and action in Finland first *predominantly latent and indirect*. The reform process and related 'privatization' initiatives have been carried out under the guises of various administrative reforms, which all have more or less implied *the loosening of detailed governmental monitoring and control, decentralization of decision-making and transferring responsibilities to lower hierarchical levels and individuals responsible for operative action*.

Institutional and ideological reasons

The scarcity of manifest and direct debate on privatization is due to easily identifiable institutional and ideological reasons. First, the privatization requires usually a broad consensus in political decision making, which is not easily brought forth in an ideologically divided multi-party system. Furthermore, no viable ideologically committed ('neo-conservatives') political party or party coalition has emerged to advocate

privatization, nor any major efficiency oriented group among the higher echelons of civil servants technocrats and civil servants. Secondly, in Finland, as in other Nordic countries, the idea of the social welfare state, such as it is incorporated in comprehensive social safety nets, remains still vivid in the minds of people. Main political parties and government coalitions, as yet, are seldom ready to remove regulations and structures which are seen to incorporate this idea. Furthermore, these regulations and structures have often been legislatively enacted, and consequently their removal cannot be carried out technocratically and swiftly: the required legislative reforms would make privatization issues very visible and easily mobilise antagonism among the voters. Thirdly, corporatist structures linking political parties, trade unions and professional associations to central government and lower level public administration, often sustain and safeguard traditional protected and regulated public sectors. Here the labour market interests, especially *job security and employment considerations*, have also played a major role — and also restraints for open privatization initiatives.

Fourthly, Finland has a long tradition of strong local self-government, based on comprehensive taxation right. Although the majority of municipalities became increasingly dependent on central government subsidies in the 1960s and 1970s, the principle of municipal autonomy prevailed and was legislatively and administratively invigorated in the latter half of the 1980s. Consequently the Finnish municipalities have not been subjugated in privatization issues to the will of the state authorities, but have taken an active independent — and sometimes even unpredictable — role. This independent role has been enhanced by the Finnish membership of the EU: direct 'Europe-links' of the municipalities have multiplied and, while, participating individually or via regional organizations (Regional Councils) in the implementation of EU programmes, they often seek business partners and manage projects in business terms.

Other reasons

Although Finnish central government authorities for all these reasons have approached the privatization issue in a diffuse and circumspect manner, there have been other reasons which in recent years have strengthened their role in initiating, controlling and guiding the development. In contrast to the earlier parliamentary instability, the Finnish cabinets have in the 1980s and 1990s been based on stable majority party alliances. This has facilitated the initiation and implementing of comprehensive administrative reforms, which, although seldom ranking high in policy preferences presuppose usually high level of political consensus. Administrative reforms — and related processes of privatization — were made more salient and accelerated by the severe economic recess of 1991-1993 which led to stringency measures: to budget cuts, personnel reductions, and, in general to a new call to efficiency. In many areas (like de-regulating state monopolies, maintaining fair competition), The Finnish membership of the EU gave a new boost to reforms in many areas, especially in de-regulating state monopolies, in tendering public procurements and in enhancing fair competition.

To sum up: although many of the on-going administrative reforms have aimed at decentralization, de-regulation and liberalization, that is, at shortening the long arm of the state, the grip of central government authorities in controlling these reforms and in defining the 'right length' of the arm and the 'right mix' of the public and the private has remained firm. Due to experiences of the recent recession and in anticipation of the Finnish EMU membership, this grip has, in some respects, become even tighter than ever.

We can list five main areas of still on-going administrative reforms, which were initiated in the 1980s and 1990s and which have had a bearing upon 'privatization', — or more specifically, on the re-delineation of the interface between public and private sector.

Re-organization of the state enterprises

Planning of this line of reform started in the first half of the 1980s, culminated in the 1986 Bill of State Enterprises. This Bill, roughly, provided statutory basis of releasing state business activities from budget restraints and made it possible to carry them out within a new more flexible, profit-oriented organizational form, that of a public corporation. The impact of the Bill extended beyond its statutory sphere; it also reaffirmed the idea of net-budgeting in the business activities of government agencies and encouraged establishing of new government joint -stock companies in certain sectors of public infrastructure and service provision. In the mid-1990s this line of reforms was slowly merged with the ideas of 'privatization proper', that is, of opening state monopoly sectors (telecommunication, post, liquor, etc.) for competition and of floating share of public joint stock companies.

The internal efficiency reform of state administration

This line of reform was initiated in the mid-1980s, and its major target was to increase flexibility, civil

servant initiatives and accountability, and cost efficiency. The main areas of reforms were budgeting (less detailed ex ante, increased ex post responsibility) and management (management through performance contracts and related 'conditional' budget resource allocations). The same budgeting and management ideas were adopted also in municipal administration. The joint state/municipal adoption of these ideas, together with the economic crunch and budget cuts, have forced the operative level (e.g. art institutions and cultural service organisations) to adopt new financing and production strategies and new orientations to demands from their clientele.

Re-organizing the relations between the state and municipalities

This in respect to joint financing and decision-making in the production of public service and in up-keeping service infrastructure. The main area of these reforms was the statutory state subsidy system, which guaranteed — at least in principle — equal access to major public services in the whole country and levelled financial burden between richer and poorer municipalities in striving for this equality. The new legislation enacted in 1993 as 'financing laws' for different public service sectors cast aside the old strict ex ante stipulations for the use of state subsidies; it established 'sectorial block transfers' of state subsidies (for health, social services, education and culture, etc.) and left the municipal decision-makers rather free in using the subsidies in each sector. This legislation coincided with the other reforms giving municipalities freer hands in diversifying the 'contents' of public services (e.g. education curricula); and they also coincided with the reforms of municipal administration favouring intersectorial co-operation and integration in municipal administration.

The fourth and fifth areas discussed below are actually not areas of concerted administrative reform. Somewhat ironically they could be labelled 'neglected areas of unintended consequences' of the reforms in the above areas'(1)-(3) and of some other overall policy and administrative changes. They seem to be characterized by a rather surprising lack of systematic legislative action and administrative co-ordination.

Promoting entrepreneurship, market orientation and small and medium-sized business activities in the arts and cultural sector

Finnish overall industrial and taxation policies have already for decades professed to favour new entrepreneurship and small and medium-sized business. In recent years many initiatives have been made to take the special nature of artistic activities and cultural service provision into account within the legislative frame of these overall policies. It seems, however, that such things as indirect employment costs (payments for social security, pension etc.) and the complexities of VAT still raise insurmountable obstacles for private entrepreneurship in the arts and cultural service provision. The stable employment contracts in Finnish performing arts and the rather extensive artists grant system offers also a basis for a 'non-entrepreneurial' artists' careers. The introduction of the 'standard' European VAT system in 1994 in many ways caused a havoc in the arts and cultural sector. Artists working as entrepreneurs have felt, at least to start with, the VAT system as unfair and bureaucratic. It has also caused a cross-current in the process of privatization. In order to avoid VAT some municipalities have considered 're-municipalizing' their theatres and orchestras operated as joint stock companies. Copyright and neighbouring right compensation have sometimes had similar effects on aspiring entrepreneurs in these fields.

Subsidizing the 'third sector'

i.e. Encouraging sponsoring, private funding and charities. Finnish 'third sector', that is charities maintained by citizens' groups and voluntary organizations, the system of donations, funds and foundations, and private direct financial support and sponsoring landed in the 1960s and 1970s in the shadow of the evolving social welfare state. This cast-aside was precipitated by the fact that professional and other voluntary organizations providing public service received substantial direct subsidies from the state and municipal budgets. Additional funds, were siphoned through public budgets to voluntary organizations from the lotto and football pools revenues (recipients: sports, the arts, youth work, scientific research), and from slot machine rentals (recipients: for social work and health). On the other hand, the state has been rather disinclined to promote donations through tax relieves or to encourage sponsoring activities. The recent attempts to instate the VAT system upon commercial transaction of charities and non-profit organizations will certainly cause some negative consequences also in the 'third sector' of the arts and culture.

In the early 1990s the revenues from the lotto and football pools were increasingly used to finance statutory public services and less as 'discretionary' appropriations to the third sector organizations and institutions. This was partly compensated by another trend: the copyright compensations became an important new source of financing in the 1980s. Additional revenues have been siphoned from public budgets, service organizations and private business to compensate for public use of intellectual property, that is, for collective

copying, playing music, broadcasting and exhibiting works of art; and further revenues were extracted as fees on blank audio and video cassettes. A considerable share of these revenues is not paid directly to artists, authors and performers but used in various ways for the collective benefit. Although these 'collective benefits' include subsidies to audio-visual production and high quality music recording, the systems has also been criticized of neglecting the interests of individual creators and stymieing entrepreneurial initiatives.

The above comments yet omit the role of citizens in the privatization debate and processes. It is worthwhile to note that the Finnish population at large seems to be well-aware of the on-going reforms and is also ready to take a firm stand in the privatization issues. The results of public opinion polls recorded in Appendix I illustrates the degree of this awareness and interest. The results also suggest that the support for privatization has considerably decreased from its heydays of the early 1990s; which means that political parties and politicians must in the future disguise better than ever their privatization initiatives — if they wish to continue to associate themselves with the trend.

2. and 3. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes? With which definitions of the term 'privatization' would you characterize these processes?

Table 1 summarises main privatization initiatives in the different fields of the arts and culture in Finland. These initiatives, as indicated above, were mostly introduced under the guise of administrative reforms; many have their origins in the latter half of the 1980s and the economic recession of the early 1990s and the Finnish membership of the EU have sped-up reform processes and made them less ambiguous and more transparent.

The table takes into account the above comments of the latent and indirect nature of the privatization processes. The nature of the privatization initiative has been marked 'direct', i.e. pertaining to art or cultural activities and structures, or indirect, pertaining to some other field but having second-order 'privatization' effects in art and cultural activities. The administrative level of the initiative and its implementation have been marked as S (=State), M (=municipalities) or O (=operative organizational level, e.g. art institutions or cultural service organizations). In some cases we are dealing with the privatization of non-profit (service or charity) organizations, marked as N-P. The strength of privatization effects on the arts or cultural activities has been graded with three levels of plus signs (+, ++ or +++). If the impact is worth noting as a 'model case', although not having any significant impact on the arts or cultural activities, it is within parentheses.

The figure expands somewhat the scope of the Circle questionnaire: built environment, orchestras, music industry, and telecommunication activities have been added among the sectors. The types of privatization initiatives have been re-grouped to correspond better to the Finnish reality, and an additional category, decentralization, which has initiated and accelerated certain privatization processes has been added.

TABLE 1 (for the symbols, see the above text)

TYPES OF PRIVATIZATION (numbers refer to Circle questionnaire)

	I a, b, c and d.	II	III	V	V	IV	New item	VI
Sub-sectors of privatization initiative or effects (-/- = no initiatives or effects found)	Deregulating public monopolies; transferring ownership/floatung all/some shares of public enterprises	Transforming public budget-financed agencies/institutions into publicly owned joint stock companies	Transforming public budget-financed agencies into net account units or public corporations (quangos)	Contracting/tendering actual 'cultural' activities or 'externalising' them as private service enterprises	Contracting/tendering auxiliary activities or 'externalising' them as private service enterprises	Introduction of 'private' management techniques like contract/performance-based management	Decentralisation: transferring 'down' public financing obligations, rights and responsibilities	Making more efficient use of 'internal markets' of public sector, <i>à la</i> collecting fees, payable services, and selling 'derivative products'
Monuments, built environment	1. -/-	2. -/-	3. Indirect S++	4. -/-	5. (Indirect S)	6. Indirect S,M+	7. Indirect S++	8. Indirect S++
Museums	9.	10.	11.	12. Direct	13. (Indirect	14. Indirect	15. Indirect	16. Direct

	-/-	-/-	-/-	S,M,O+++	S,M,O)	S,M,O,+	S,M++	S,M,O+++
Libraries	17. Direct N-P +	18. -/-	19. -/-	20. -/-	21 (Indirect S, M,O)	22. Indirect S,M,O +	23. Indirect S,M,O ++	24. Direct S,M,O +++
Theatre, opera	25. -/-	26. -/-	27. -/-	28. Direct M,O +	29. (Indirect M,O)	30. Indirect S, M, O+	31. Indirect S,M,O ++	32. Direct M,O ++
Symphony orchestras	33. -/-	34. -/-	35. -/-	36. Direct M,O +	37. (Indirect M,O)	38. Indirect M,O ++	39. Indirect S,M,O ++	40. Direct M,O ++
Music industry	41. -/-	42. -/-	43. -/-	44. -/-	45. -/-	46. -/-	47. -/-	48. -/-
Books and publishing	49. -/-	50. Indirect S+	51. -/-	52. -/-	53. -/-	54. -/-	55. -/-	56. -/-
Film/video industry	57. -/-	58. -/-	59. -/-	60. -/-	61. -/-	62. Indirect S,O +	63. Indirect S, O +	64. Indirect S, O+
Broadcasting	65. Direct S +++	66. -/-	67. -/-	68. S,O ++	69. -/-	70. -/-	71. -/-	72. -/-
Telecommunic ation and information systems	73. Indirect S ++	74. Indirect S +	75. -/-	76. -/-	77. -/-	78. -/-	79. -/-	80. -/-

The clusters of initiatives and effects (or better: initiatives with effects) reveal some general patterns of the 'privatization' of the Finnish arts and cultural activities. Or, it would probably be more appropriate to speak about the patterns of the diffusion of privatization; the table namely suggests that practically all initiatives originate from some overall reforms or have been initiated in the neighbouring sectors. Many of the few 'direct' initiatives (like those in the last column) actually reflect the new overall cost-consciousness in the Finnish public sector.

Two clusters of privatization initiatives

When reading the table diagonally from left upper corner to right bottom corner, we notice two major clusters of privatization initiatives. The first one, covering cells at the crossing of the three last columns and the five first rows reflect 'privatization' of the art institutions and public cultural service organizations. As the last column (corresponding to the privatization VI of the Circle questionnaire) indicates, this privatization is first due to the efforts of the institutions and organizations to enhance their own 'earned' revenues (payable services, collecting fees more efficiently, selling T-shirts, theatre books and opera recordings, etc.). It is, however, also due to the overall effort of the state and municipalities to reveal the real costs of e.g. housing, infrastructure and facilities by introducing 'internal markets' on the level of budgeting and accounting. The second source of (already indirect) privatization is the decentralization of the joint state/municipalities financing discussed above. It has 'privatized' municipal cultural activities in two ways: different artistic and cultural activities must compete for subsidies in the 'internal markets' of municipalities; and the municipalities and municipal cultural and art institutions must consider what organizational form (municipal agency, joint stock company, some form of voluntary organization or 'charity') is the most appropriate in the present situation. As indicated above, these considerations may even lead to decisions to 'de-privatize' institutions and organizations. The third privatization in this cluster is due to the new management idea, that of performance contracts (cf. privatization IV of the Circle questionnaire). There is no overall assessment as to what extent this idea has really been implemented in the arts and cultural activities and what its actual effects have been. Case studies suggest that the performance management has been rather successfully implemented at least in some municipal cultural centres, where it has been combined with 'contracting out' of cultural activities (performances ordered/contracted by the centres or organised by the centres as a response to demand, cf. privatization IV/V of the Circle questionnaire, which, however speaks only of 'contracting out' administrative functions).

The second, much less dense cluster can be found at the crossing of two first columns and two bottom rows. The de-regulation of broadcasting and telecommunication and information systems has already

had, and will in the future have significant 'privatization' effects in the fields of the arts and culture. The emergence of private commercial radio stations and competition between TV companies and stations has now already denied opportunities to creators and independent programme producers. The de-regulation and privatization of telecommunication and information systems will lead to possibilities of providing artistic and cultural 'value-added' services — not only for the Internet but other 'new' media as well. Sometimes the merging of private and public telecommunication and information systems companies may create interesting synergies which serve artistic and cultural activities. Unfortunately there is no information about the actual effects of the development in these sub-sectors on the artistic and cultural 'entrepreneurship' — or on the artistic and cultural development in general.

Deviations from free competition

In this context it is interesting to note that the 'old' branches of culture industries (film industry, book publishing and music industry) have traditionally functioned on market-basis. Film industry has been heavily subsidized in Finland as in most Western European countries; and the demand for better commercial success and for greater efficiency in public subsidy and promotion activities has been voiced and is duly noted in the table. There are public national promotion centres also for book publishing, audio-visual production and Finnish music, financed either from the state budget or from collective copyright revenues. From the perspective of fair international competition these — and the film subsidies as well — should be considered as deviations from the ideas of free competition. Voices to that effect have not been heard in Finland, and the managerial efficiency of these subsidy and promotion activities have been criticized only in the case of the Finnish Film Foundation, the national centre for film subsidies and promotion activities.

Cases of privatization

At the crossing of the second column and the fourth row from the bottom (cell 50) we find an actual case of privatization: the transforming of the Government Printing House into a public joint stock company. The actual effects of this 'privatization' in the field of art and culture are rather insignificant. A much more important case of privatization can be found at the crossing of the first row and the third column (cell 3, also cell 5), which also refers to a specific case: the reorganization of the state-owned properties on a more 'market-oriented' basis as 'The State Real Property Authority'. The public construction and building maintenance is important from the perspective of the 'quality' of the built environment; in Finland it was earlier monitored and proctored by the National Board of Public Building, the predecessor of the State. It is to be seen how this re-organization will influence public building and the proctoring of built environment. More immediate effects may ensue from the fact that the new administration will certainly make the 'internal estate rental markets' of public sector more efficiency-oriented and impose greater cost-efficiency upon public art institutions and cultural service organizations as well (cf. cell 8).

There have been pressures to give the municipalities more autonomy in land use planning and in giving exceptional building permits (see cells 6 and 7). Although this may make land use and building more efficient and flexible, fears have been expressed that such reforms may give undue leeway to private commercial interest which do not care for the quality of built environment.

Another interesting case can be found at the cross of the first column and the third row (cell 17). The majority of the shares of a joint stock company Kirjastopalvelu, (Library Service System) was sold by the Society of Finnish Libraries, a non-profit voluntary organization, to a Swedish multinational firm, BTJ, specializing in production and distribution of library products. Kirjastopalvelu had to a certain extent functioned not only as a commercial firm but also as an auxiliary non-profit expert body to professional municipal librarians and municipal administration; it is to be seen, how this function will be fulfilled under the management of the new majority owner.

Public libraries, however, seem to remain the last bastion of 'totally public' cultural services. Some fees for additional services (long-distance loans, reserving books) have been established and managerial techniques to increase efficiency have been introduced, but the basic services (book loans, loans of audio-visual products, advising customers, etc.) have been kept free of all fees. In recent years there has been pressure on the heavily subsidized municipal and state art and cultural institutions (theatres, orchestras, art museums) to increase the share of their own income (box office revenues, sale of services) of the total expenditures. This has to a certain extent happened in the case of municipal institutions (cells 11, 16, 27, 32, 35, 40), but less so in the case of the national art institutions. For instance the case of the National Art Gallery, whose own income covers only less than 0.6 % of the total expenditures. In this case, as well as in the cases of the National Opera, the National Theatre and other so-called 'national stages', and major symphony orchestras it is rather futile to speak about privatization at all.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The above analyses and discussions have revealed that we in Finland can scarcely speak about any open and direct motives for privatization in the fields of the arts and cultural activities. The idea that the arts and culture are 'useless', 'futile' and 'parasitic' have always been advanced by a small group of extreme populists; and the high share of public subsidies in the opera and symphony concert tickets are every now and then criticized by a somewhat larger group, but this type of specific criticism has not evoked any privatization debates or actions. Our reading of Table 1 reveals that the initiatives for privatization can be seen as derivatives of more general administrative reforms aiming at better (more accountable) management, decentralization, and cost-efficiency; or they are spin-offs of overall economic and industrial policies measures aiming at de-regulation, liberalization and fair competition. Certainly these derivative and spin-off effects induce market-type thinking and mechanism in the sector of the arts and culture; but this is not conscious implementation of cultural policy measures aiming actually at privatization of artistic and cultural activities and structures.

This overall judgement may need some minor corrective clauses. There certainly are pressures to make the Finnish film and television programme industry commercially more competitive; there are pressures to make museums, theatres and orchestras commercially more successful and less dependent on public subsidies; there certainly are business interests, other than BTJ (cf. the case of Kirjastopalvelu above), wishing to take over some more lucrative areas of cultural production and services, and the profit interest may spread from the de-regulated areas of telecommunication and information systems and turn some public cultural service sectors into part of their profit oriented value-added services. We can thus identify some motives which in the future may serve as starting points for more specific plans of serious privatization of the Finnish arts and culture. Barring new economic catastrophes or revolutionary political changes, these plans are yet taking shape in the far future.

5. What are the social, economic/financial and legal consequences?

Economic/financial consequences

The privatization processes (or more accurately, administrative reform process) recorded above have mainly aimed at increased cost-efficiency and/or a more flexible but at the same time more accountable use of public resources. It is thus appropriate to ask first to what extent these goals have been achieved. There are scarcely any pertinent studies which would provide a basis for evaluation, yet we may try to offer some more or less incidental comments.

Some analyses of the effects of the budget cuts during and after the recent economic recession indicate that the arts and culture have fared rather well: the cuts are lesser than in the main public service sectors (education, social security and health). This information seems to imply also that the privatization processes recorded above have scarcely had much effect on the economy and financing of the arts and culture. It is yet worthwhile to point out that the decentralization implied by the state subsidy reform may have made it possible for municipalities to reduce somewhat their own financing of the arts and culture, but, to start with, this was rather well compensated by the statutory state subsidies. Another change has been the increased use of revenues from the lotto and football pools to statutory cultural expenditures. This has reduced the use of these funds for new and innovative production and experimental projects, which probably has increased the search for private charity funding and sponsoring for these purposes.

Social consequences

The major social consequence of most privatization processes is the loss of jobs and increased unemployment. Even here we are lacking evaluative information but our reading of Table 1 above seems to suggest that the processes depicted therein have scarcely caused any major losses in this respect. In contrast, in the transformation of the National Board of Public Building into the State Real Property close to 1 500 persons (cleaners, janitors etc.) lost their jobs and the costs of interim salaries and retraining were 53 million FIM. This all happened outside the proper sector of the arts and culture, but it gives some indications of the magnitude of social consequences of any major privatization project. Another important area of potential social effects, the deterioration of built environment as a result of privatization and decentralization, was already discussed above. The increased stress caused by new cost-efficiency orientation and new managerial techniques can be mentioned as other possible negative effects of privatization. The actual changes of managerial styles and the major re-orientation to production processes, supply and the expectations of audiences/clientele has probably taken place in the municipal cultural centres; and the increase of the mental

wear and tear on managerial staff and workers has been more severe there than in other cultural and art institutions.

Legal consequences

The de-regulation, liberalization, and decentralization processes recorded above have often been enacted legally. There have also been pressures to alter the organizational form of public, cultural and art institutions, but actual changes have been few and reflect no systematic trend. The real effective changes of organizational form have, however, taken place in other sectors (state property management, broadcasting, telecommunication, etc.), and their impacts have had some resonance in the field of the arts and culture.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

We have already indicated that the reforms we have here recorded have not caused any major reduction in the financing of the arts and culture; and, in the case of decentralization processes some power of the state has been transferred to another level of public authorities, the municipalities. New cost-efficiency orientation and the management by performance contracts may have altered hierarchical relation with the state administration; the few actual cases of privatization may also have increased the impact of 'market forces' in the arts and public cultural service sector, but these changes have as yet been rather marginal. It has been suggested that the pressures to increase the share of earned income in covering the expenditures may have induced some cultural and art institutions (art museum, theatres and orchestras) to favour productions and programmes which appeal to larger audiences. The evidence for that effect is at least as yet non-existing or inconclusive.

France

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1. Is privatization an issue in your country? Could you give some examples?

Le phénomène de 'privatisation' n'a pas épargné l'économie française depuis la fin des 70. Il est le fruit d'une tendance très générale qui disqualifie l'économie administrée (par l'Etat), pose l'économie de marché et le libéralisme économique comme modèles et va jusqu'à introduire le soupçon sur la légitimité de l'action des pouvoirs publics. Les différents gouvernements qui se sont succédés depuis 20 ans sont tous allés dans le sens de cette 'privatisation' bien que les gouvernements de gauche (1981-86 et 1988-93) aient mis l'accent sur l'action publique tout en tentant de clarifier les rôles respectifs du secteur public et du secteur privé. Tout ceci a abouti à une réduction de la 'sphère' publique dans la plupart des secteurs de l'économie et à un retrait des politiques industrielles mais pas forcément de l'intervention politico-administrative. Dans le même temps, les mouvements successifs de nationalisation puis de privatisation (dénationalisation) d'entreprises durant les années 80 ont laissé place à un statu quo au début des années 90 en référence à la notion d'une possible 'économie mixte' c'est-à-dire fondée sur la coexistence des secteurs public et privé. Depuis 1993, les reventes des entreprises publiques sont la règle.

Ces tendances très générales ont concerné également le secteur culturel mais beaucoup moins que le secteur voisin de la communication et de l'audio-visuel qui a connu la fin du monopole public en matière de radio (1982), la création de chaînes de télévision privées (La Cinq, M6 1985) mais aussi publiques (Arte 1991) et la privatisation de chaînes de télévision publiques (TF1 1987). Le développement de la part du financement publicitaire dans les chaînes publiques qui accentue le poids des résultats d'audience est un phénomène plus ancien puisqu'il remonte à 30 ans maintenant.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

Les différents domaines de la culture ont eu à connaître du mouvement de 'privatisation' d'une manière à la fois commune et très différente. Les années 80 ont en effet connu l'émergence d'un mouvement que l'on a pu qualifier d' 'économie et culture' consacrant la fin de l'opposition et le rapprochement entre l'économie et la culture (cf document joint). Ceci a concerné tous les domaines. Ceux-ci sont cependant dans des situations très différentes quant au partage en leur sein entre *secteur privé marchand* mais éventuellement soutenu par les pouvoirs publics/ *secteur public non marchand* c'est-à-dire dont les ressources restent majoritairement en provenance des pouvoirs publics/ *tiers secteur* composé largement d'associations bénéficiant de l'apport de bénévoles et parfois d'une traitement fiscal favorable.

Les *musées* relèvent presque exclusivement du secteur public. Ceci reste vrai pour les *monuments* ouverts au public (dans l'ensemble beaucoup plus vaste des monuments historiques 'classés' protégés 30. à peine appartiennent à un propriétaire privé). Cette situation n'a guère été remise en cause ces dernières décennies et ne semble pas devoir l'être sous l'effet du mouvement de 'privatisation'. La double question qui se pose plutôt est celle du bon fonctionnement d'un musée ou d'un monument dans le cadre administratif et de la valorisation du patrimoine au travers de l'édition et la vente de produits dérivés. Ces deux questions sont devenues plus sensibles dans les années 80 avec le souci de mieux gérer les institutions culturelles et celui de développer les ressources propres.

Les *arts du spectacle vivant* (théâtre, musique,...) connaissent une situation mixte avec une coexistence des trois secteurs indiqués ci-dessus. Cette coexistence est relativement paisible car chaque secteur correspond souvent à un genre de spectacle différent: ceci est particulièrement marqué pour le théâtre où le secteur privé se consacre essentiellement au théâtre dit de 'boulevard'. Dans ces domaines des arts du spectacle, le tiers secteur est particulièrement actif car adapté à l'émergence de projets artistiques nouveaux. Il est financé pour partie par le système de chômage des travailleurs intermittents du spectacle (il en va de même pour la production audio-visuelle). Il constitue donc une sorte de 'tampon' entre fonctionnement marchand et fonctionnement non-marchand. Mais il est actuellement menacé par la réforme de l'assurance-chômage.

Dans ces domaines les questions de statut juridique des troupes, orchestres, ensembles,... ne sont pas essentielles. Les évolutions dans le sens de la 'privatisation' ont surtout concerné la pratique du subventionnement c'est-à-dire de l'échange entre une subvention et ses contreparties. Ces contreparties sont l'exercice d'une 'mission de service public' qui se traduit essentiellement par la réalisation d'un projet artistique. Mais s'y est adjoint de plus en plus l'incitation à une gestion et un management professionnel et efficace ainsi qu'à l'obtention d'un minimum de ressources propres. A l'égard de certains segments spectacle vivant marchand, à rebours de la tendance générale de la 'privatisation', un souci accru de régulation s'est manifesté de la part de l'Etat avec le soutien d'une partie des professionnels au travers de la multiplication des procédures de fonds de soutien avec des ressources para-fiscales (théâtre privé, variétés,...)

Pour l'ensemble des *industries culturelles* livre, phonogrammes, cinéma, édition de cassettes vidéo et de CD-Rom, le statut privé et le fonctionnement marchand sont la règle. Cette appartenance quasi-totale au secteur privé n'empêche pas l'activité éditoriale de quelques institutions publiques (Documentation française, Réunion des musées nationaux, Presses d'université,...) ce qui suscite à intervalle régulier des soupçons sur de possibles distorsions de concurrence public/privé. La tendance à la 'privatisation' s'exprimerait plutôt dans ces secteurs par un plus grand poids des logiques financières ou commerciales au détriment de certaines exigences professionnelles. Elles font redouter à certains des phénomènes de 'découplage' entre un secteur marchand de production de masse et un secteur de production à audience restreinte que les difficultés de survie et le soutien public rendraient de fait non-marchand. C'est pourquoi, dans ces industries, les mécanismes d'auto-régulation à base para-fiscale et les différentes formes de soutien public gardent une grande importance et témoignent d'une permanence de l'attention des pouvoirs publics à l'avenir de ces branches (ce qui n'a rien à voir bien sûr avec une quelconque 'étatatisation'). Dans le même temps les démarches de politique industrielle dans ces domaines se sont plus ou moins estompées;

3. With which definitions of the term 'privatization' would you characterize these processes?

Il s'avère donc que le mouvement général de 'privatisation' s'est traduit dans le domaine culturel d'une manière originale. Les questions de droits de propriété sont pratiquement absentes. Par contre la définition d'un statut juridique adéquat pour les institutions culturelles du secteur public se pose dans tous les domaines

de la culture (également pour les bibliothèques ou les établissements d'enseignement artistique): la question d'un statut d'établissement public culturel local est récurrente depuis des années (cf. Rigaud, p. 123). Au niveau national, la difficulté de gérer des activités spécifiques dans le cadre administratif a suscité le recours fréquent au statut d' 'établissement public' en particulier à caractère industriel et commercial (Epic) le cas le plus récent étant celui de Versailles.

Par ailleurs, 'privatisation' signifie aussi infléchissement des comportements des subventionneurs plus soucieux que les structures subventionnées soient bien administrées, valorisent leur activité sur le mode marchand, apportent la preuve de l'attachement du public par des recettes propres et...contribuent à la notoriété du subventionneur. Car la 'privatisation' est contemporaine et inséparable de la médiatisation. Enfin, un sens plus global de privatisation est apparu: celui de *marchandisation*, c'est-à-dire de rationalisation économique et marchande au sens de Max Weber qui remet en cause les spécificités du fonctionnement culturel et peut menacer la diversité et le renouvellement des contenus.

4. and 5. What do you think are the motives of your government behind the privatizing policy for the cultural sector? What are the social, economic/financial and legal consequences?

Il ne paraît donc pas pertinent de parler dans le domaine culturel d'une politique de 'privatisation' avec des objectifs clairement affichés ou identifiables. Par contre la manière dont les pouvoirs publics conçoivent les relations avec les acteurs du secteur culturel ('les cadres cogitifs et normatifs' des politiques ont effectivement évolué. Il en a été de même du comportement des pouvoirs publics. Ceci est allé finalement dans le sens d'un maintien de 'l'attention publique' aux institutions et entreprises culturelles. Il s'ensuit que les conséquences de cette 'privatisation' qui est plus un mouvement global et multiforme qu'une démarche politique clairement repérable sont particulièrement malaisés à identifier.

On notera cependant des tendances inquiétantes quant à la légitimité de la culture et de ses financements publics: parfois cette légitimité semble désormais ne plus pouvoir être trouvée dans l'existence et l'appréciation des productions et des activités artistiques elles-mêmes mais se situer dans leurs retombées soit économiques soit médiatiques. Des défenses vigoureuses de la 'dépense culturelle' sont d'ores et déjà apparues comme nécessaires (Cf Rigaud, chapitre V De la dépense culturelle) et devraient se poursuivre avec le reflux des budgets culturels et les récentes menaces sur les dépenses fiscales en faveur de la culture les traitements fiscaux favorables. aux institutions culturelles.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

L'un des aspects du mouvement de 'privatisation' a certes été le renforcement du mécénat dans un pays qui n'avait guère de tradition en la matière. Les pouvoirs publics ont clairement agi dans ce sens durant les années 80. Mais après une rapide montée en puissance, l'ampleur du mécénat en matière culturelle a vite plafonné. Il a de plus été concurrencé par la demande d'autres secteurs devenus porteurs (humanitaire, sportif,...). La sollicitation de l'initiative privée est même d'origine tout à fait publique comme dans le cas de la récente Fondation du patrimoine.

Publication

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Germany

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1. Is privatization an issue in your country? Could you give some examples?

Except for a small school of economists and associated journalists or politicians, '*privatization of public arts and media activities is not a serious issue in Germany*', at least not if the word and its meaning are taken for granted. Debates in Germany and elsewhere are, however, geared to such topics as:

- a. the *future of public budgets* (where, until 1992/3, the arts managed to secure and even increase its share);
- b. the *efficiency of the internal organization* of public arts and media facilities, in particular:
- c. the *pros and cons of the increasingly independent budgeting* and accounting rights of such facilities;
- d. the chances to *free particularly the media from too much political interference* or administrative pressures;
- e. the *instrument of sponsoring* in corporate communication and a complementary source of financing;
- f. the rapid *development of 'alternative socio-cultural' activities* and problems of independent arts scenes;
- g. the *potentials and limits of voluntary work* in the cultural field (e.g. in museums, libraries), or
- h. the *relations between public arts institutions and private culture industries*.

Several of these topics are dealt with in greater detail and with empirical research findings in the annexed paper: '*Privatization or New Partnership between the Arts and the Economy?* To just take up point h.: In Germany, the *private sector* has always been a strong force in the arts: If one insists on comparing it in rough monetary terms with the public sector, its turnover is four times as high as state and local expenditure for culture, including libraries, heritage etc., which account for 13 — 15 billion DM, depending on the definitions used. But such comparisons are built, not only per definition, on weak ground, since they cannot cover the vast amount of activities taking place in the 'Third sector' (ca. 3.500 voluntary and citizens associations for the arts, literature, film or active amateur music groups etc, in addition to foundations etc.). The following table exemplifies these aspects with data on visual arts/museums/exhibitions in Germany, which has an even larger 'private sector' contribution, including the visual artists themselves:

Expenditure/Turnover in the Contemporary Visual Art Market in Germany 1990/91

		ca. Million DM
1.	Turnover fine art trade (without antiquities), art editions etc.	2.000
2.	Turnover/Income of painters, sculptors, graphic artists	1.500
3.	Public funding of art museums, exhibitions and visual artists	450
4.	Sponsoring and other private financing in the sector	120-150
5.	Voluntary work in the fine art sector ('Kunstvereine' etc.)	80-100
Expenditure/Turnover TOTAL*		(ca. 3.500-4.000)*

*) Such data cannot simply be added, because a certain proportion of the expenditure/turnover in each category is connected with other categories and some aspects, particularly in categories 2, 3 and 5, are difficult or impossible to quantify

Source: Translated from A.J. Wiesand in '*Zweiter Bericht zur Kulturpolitik*' (Second Report on Cultural Policy of the German Arts Council), Bonn 1994; included are official data from the Federal Office of Statistics as well as material and estimates from Centre for Cultural Research and other institutes (e.g. ifo-Institute Munich)

Productive forces for cultural development are not only to be found just on the side of private business or just as often/seldom in state offices or institutions which in most cases have different functions anyway (e.g. training). They demand a '*complementary mix*' of these and purely individual efforts, for which simple recipes are not yet at hand and are also missing in traditional concepts of cultural economics as well as of cultural policy. But this is only news to those who cannot read. To name just three examples: in the mid-70's, the 'Clottu-Report' in Switzerland came to quite similar conclusions as I did 12 years ago in a comparative report on public library policies for the Bertelsmann-Foundation (and two years later in a more general study for Unesco); four years later Circle published '*New Measures on Financing the Arts and Culture*' (ed. Ritva Mitchell) which proved that such a mix is not only possible but has empirical validity. A translated scheme from my libraries report which is presented on the following page demonstrates that even in an area with a '*traditional public mission*' many *different but complementary public, collective and private forces* should be taken into account. One could add to this by recalling the traditional strength of the book trade whose turnover is close to the overall figures of public funding of all fields in German arts and culture.

To underline and further explore our model of *interdependencies between different market actors with different functions, legal status and strength* — replacing widespread models of arts markets based mainly on economic competition — a recent, not yet translated scheme of *complementary forces in the fine arts market* is added to this paper. I developed it for the 3. *Culture Industries Report*, we and other experts are currently preparing for the Ministry of Economy of NorthRhine-Westphalia (cf. also the annexed paper).

Differences and relations between public and private cultural activities
The example of institutions and actors in the library-system in the Federal Republic of Germany -

Financing <i>Dominating influence</i>	I. Direct public financing (government, municipalities) of library activities	II. Mixed financing ('public-private-partnership') or indirect public support	III. (Primarily) Private financing or non-governmental activity ('third sector')
IV. PUBLIC Influence (often direct influence on activities)	Public service institutions, e.g.: ⇒. State scientific libraries of central importance ⇒. State archives ⇒. Many (non-autonomous) municipal libraries ⇒. State offices for administration and promotion of libraries	Economic activity of the state or on behalf of public bodies, e.g.: ⇒. Central purchasing agency for public libraries Book collections in heritage sites or libraries of state-run foundations	Publicly regulated but privately financed library activities, e.g.: ⇒. No corresponding examples in Germany (but privately run libraries in regions with strict library legislation, e.g. Scandinavia)
⇒. INFLUENCE OF NON-PROFIT OR AUTONOMOUS INSTITUTIONS	Autonomous cultural institutions with public support, e.g.: ⇒. Public libraries with individual budgeting (increasing) ⇒. Training of librarians (colleges) ⇒. Institute and research libraries at university level ⇒. The German Library Institute	Institutions working in the public interest but financed from private sources, e.g.: ⇒. Some public libraries (e.g. related to churches) ⇒. The model of 'Municipal Library of Gütersloh Ltd.' (51% city of Gütersloh, 49% Bertelsmann Foundation)	Non-profit institutions and associations with individual financing (sometimes with publicly supported projects), e.g.: ⇒. Library and librarians' professional associations ⇒. (Most) Church libraries ⇒. Many special-/research-libraries ⇒. Local library promotion societies
⇒. PRIVATE influences (individual and business)	Private activities and interests financed by the government, e.g.: ⇒. library royalties for authors ⇒. library work for the blind ⇒. Part of library research	Private activities in public or autonomous institutions (sometimes with public support, but also with private contributions): ⇒. Public events in libraries, e.g. readings of authors	Private activities, privately funded, e.g.: ⇒. Company libraries (Werksbibliotheken) ⇒. Many specialized libraries ⇒. Private lending libraries (today very rare in Germany!)

I.

Translated from: A. J. Wiesand (Centre for Cultural Research): 'Erfolgreiche Bibliotheksarbeit in Sparzeiten' (Successful Library Work in Times of Zero-Growth), Bertelsmann Foundation Editors, Gütersloh 1985

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

In general, the *task of reducing or controlling public budgets* — which is to be seen as a motive behind most of the aspects mentioned in the Circle questionnaire and its annex — may lead rather to the *closing down* of public facilities (theatres, libraries etc.) than to a 'privatization'. This could be seen when, after German unification, the majority of public youth centres, nearly a third of the libraries and also some of the orchestras and theatres in the East had to close or to merge with those of neighbouring cities. In a somewhat less dramatic form this same tendency is now also common in the western parts of the country (which does not rule out that even today new public museums, theatres etc. are opened in other locations).

If at all, questions of 'privatization' *strictu sensu* have played a certain role in the discussion about financing theatres and particularly some of their side activities: Most of the ca. 120 larger public theatres in Germany still have their own workshops with scene-painters, tailors, cobblers etc. and it has been argued, but so far not always proved (not all of the qualified technical specialists needed in theatres do exist any more in private businesses!), that the same services could be rendered cheaper by private firms.

Since the 1960's, especially in the theatre world, but also becoming popular in other branches, it has been common practise to attribute a limited legal liability status ('Ltd.' or GmbH). In most of these cases,, the cities, counties or Laender, maintain full control over these insitutions and over the attribution of public funds — but with a slightly more flexible system of spending them. This should, however, not be seen as a 'privatization', it works rather like a 'blood transfusion' for public service institutions!

In the heritage sector, we should see that ca. 2/5 of museums are (and have been) private and another 4-5% are jointly organized with public bodies. A few modern art museums (publicly owned) but with collections based mainly on private donations or loans of private collectors have been, and still are, created in the last decade, e.g. in Mönchengladbach, Cologne, Bremen, Berlin, Bonn, Duisburg and other places. But again, one should not hastily try to identify processes of 'privatization' or 'desétatisation' here, because

- these institutions are *new pets of 'city marketing'*, not replacing but complementing public collections,
- *loans and some 'gifts' are not merely altruistic*: a collection increases its value and it is taken care of.

One could even go so far to speak of a socialization of costs and a maximalisation of potential profits...

3. With which definitions of the term 'privatization' would you characterize these processes?

Apart from the tendency of rather closing down public facilities instead of 'privatizing' them, it also does not make much sense to choose one or more of the set of 'defining terms' to characterize the differing, sometimes even contradictory facts and trends mentioned in this text before and in the annexed paper, because:

- I could name *examples for most of them* ('characteristic' is only IV. but that I don't call 'privatization');
- there are many other, not mentioned ways of saving public money, e.g. *exploiting artists* in institutions, and
- the dominating development was not a transformation but rather the *emergence of many new private offers*.

This last tendency could be elaborated in greater detail and with much empirical evidence if there was time and space to do so. Has it been left out in the preparatory paper because it does not match the ruling theories on 'privatization'? It is particularly striking in the fields of the performing and visual arts and museums: almost all of the now existing ca. 120 (private) dance troupes in Germany emerged during the last 20 years for example, and also the 15-20 large, fashionable private musical-palaces ('Cats' & Co.) have all been created only since 1985! Similiar figures can be given in the development of private museums.

The sole example of a strict privatization concept in recent years, the sale or restitution of *castles, monasteries and mansions in the eastern parts of Germany* right after unification, is also not really fitting into the picture of 'privatization' envisaged in the questionnaire: since almost all of these objects of the built heritage used to be in private or church hands before the communist takeover in the late 40's. Most of them are located in rural areas with little chance of adequate use for public purposes, returning them to their former owners or finding other solutions for them, including social or cultural tasks of foundations and NGO's, seems just the normal thing to do.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The main motives of local, Länder and federal governments — not for a privatization policy in the strict sense, but for a deeper look into *strategies to enhance efficiency in public service and to mobilize additional or alternative sources of funding* — has already been mentioned earlier: they try to cope with ailing public budgets, and sometimes these efforts are also masked in a way that is supposed to sound 'modern', young and successful.

This was also the case, to name a recent example, when in spring 1996 Foreign Minister Klaus Kinkel, a Liberal, was staging a Forum with leading industrialists in Frankfurt to win their support for projects in the field of *international cultural relations*. In March 1997, he presented '10 Theses on External Cultural Policy' to a group of ambassadors which included the two motives mentioned above and also called for increased efforts to find sponsors for events in other countries which could also benefit the chances of German exports or service offers abroad. His theses came under sharp criticism in the press and by some experts of intercultural relations and it was, therefore, not by chance that, in a speech at one of the Goethe-Institutes on April 11 '97, he came out with a more differentiated view that is now in line again with the consensus of German cultural affairs, shared by all parties except, maybe, the post-communists. Here are the main arguments of this speech:

'We are living in a time of scarce public funds which poses difficult problems in all areas of politics which are personnel and programme-intensive. Therefore, we must try to sustain the quality of our cultural activities even if we have less money at our disposal. To achieve this goal, we have opted for a double-strategy:

- on the one hand, we have to rationalize through flexibilisation and deregulation, avoidance of the duplication of work and a better coordination of the mediators (*of mostly independent status, but working with public funds, like the Goethe-Institute — A.J.W.*),
- at the same time, we want to broaden the financial basis of foreign cultural policy by way of a closer cooperation with the business sector...

But I'd like to underline clearly one aspect: Foreign cultural policy is naturally remaining, in its core, a task of the State. It is not to become commercialized! Nobody wants to degrade the Goethe-Institute into an auxiliary motor for our export-firms. I am against influence on cultural contents by sponsors...

There are new chances for cooperation and growth. Positive reactions — in the arts and the economy — encourage me to continue advocating a new 'complementary approach' between the arts and the economy.'

5. What are the social, economic/financial and legal consequences?

Without any doubt, the current crisis of public budgets will have effects on the society at large or the arts in particular and it may also result in certain adjustments of policies or modifications in legal frameworks. As regards the latter, there is a public debate going on concerning the tax regulations for sponsors and foundations. A 'Greenbook' of the Arts Circle of the Federation of German Industry (1996) has contributed to new sponsoring regulations which are currently prepared by the Federal Ministry of Finance.

More generally speaking, the need for a 'sharpening' of criteria for public funding in the arts and cultural education is becoming more and more obvious. Such a *redefinition of priorities* could also result in a *reallocation of existing funds*, whereby the staging of large 'events' of a semi-commercial character would have to yield to the promotion of more advanced programmes of quality arts-production and dissemination. These should be separated from local, regional and national economic aid to certain branches of cultural industries or construction firms and also from some of the socio-cultural activities resembling the 'Structural Funds' of the EU on local and regional levels which should not be taken from scarce arts budgets any longer.

The debate about these problems is well under way in Germany as in other European Countries and the author has contributed to it on several occasions during the last few years. A synoptical paper, confronting the current 'black and white-discussion' with a more differentiated view, is annexed to these pages.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

A 'counterbalance' in the strict sense could hardly be possible, since the functions and the performance of institutions with a public mission must be judged differently than, for example, private organizations, individual artists and large media corporations (see enclosed paper on 'privatization or new partnership'). Surely, all of these can contribute to a lively and productive 'cultural climate', but such legal entities cannot simply replace a public institution and vice versa — in this respect, Argentine water companies might differ a bit from highly individualized artistic offers...

Should this question refer just to possible monetary effects, it is, nevertheless, premature since major cuts in the cultural budgets of some cities like Frankfurt or Berlin have occurred only in the last 2-3 years and they departed from a way above-average position of these cities in cultural funding, as compared to others.

Greece

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1. Is privatization an issue in your country? Could you give some examples?

Modern Greek society, ever since the turbulent 1940s (Civil War, 2nd World War), has been characterized by an excessive inflation of the public sector leading unfortunately to it being used by governments as a field of performing policies based on the logic of clientele.

Inevitably, the public sector became an overgrown, bureaucratic and unproductive mechanism.

During the decade of 1975-1985 this public sector expanded to activities which were traditionally connected with the private sector (export, trade, means of transportation, etc.) coming down to control over 50% of the economy.

However, the accession of Greece into the European Union and the gradual abolition of protectionism, combined with the bursting technological developments and the pressure of international competition, led (since the late 1980s) to a gradual prevalence of criteria of private economy concerning mostly management, productivity and the rendering of innovative services.

Some illustrative examples are:

- a. the sale through stocks of a small proportion of the initial capital of the Greek Telecommunications Organization and the introduction of a contract manager. The same policy has been adopted for the banking system as well as for power enterprises (Public Oil Corporation);
- b. the free hand-out of property rights of all the big state lame ducks which pile up huge deficits in the state budget. Such cases are: the shipbuilding and repairing industries, the -once strong- cement industries, textile and plastic industries, export companies etc.;
- c. the introduction of contract managers in most governmental organizations and public utility services;
- d. there have been discussions about the sale of profitable state owned enterprises such as casinos, hotels owned by the Greek Tourism Organization, etc.

In conclusion: The Greek state, incapable of efficiently and competitively conducting the economic sectors under its control, is now proceeding to hand over its property rights to private investors, in an attempt to attune to the international tendency towards privatization deriving from the globalization of the market and the international allocation of capitals, labour and technology.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

As regards the cultural sector, privatization is following a similar route with some noticeable differences. It has become obvious during the last decade, that the existing *legal status needed to change* in order to allow the intervention and cooperation with the private sector (tax exemptions, sponsoring incentives etc.), and the creation of a managerial model of cultural organizations, free from public bureaucracy and inflexibility.

Even though the *state is still the principal owner* of cultural organizations and the main sponsor of their activities, in some important cases which are of national interest, *the private sector*, supported by the state, *assumes most of the responsibility*. Such an example is The Athens Megaron of Music, an organization of immense artistic, managerial and economic magnitude which operates under the criteria of the private economy. It is administrated by a committee of ten members, half of which are assigned by the state and half from a private, non-profit organization.

Local Authority, which during the last few years has been very active in the cultural sector, is given the opportunity to establish *municipal cultural enterprises* operating under private economic criteria. It is obvious that in almost every aspect of culture, despite the still dominant presence of the state, privatization procedures are in progress (with the exception of public monuments). In particular: almost all *monuments* and a great number of the *museums* are owned by the state which in this case does not intend to delegate responsibilities to the private sector. There are, however, several private museums owned by foundations, which are partly subsidized by the government and whose main regulations are defined by the state (e.g. the Benaki Museum in Athens, the Ethnographic Museum in Nafplion etc.).

The two National *Theatres* as well as the National *Opera*, changed their legal status in 1995 from Legal Entities of Public Law into Legal Entities of Private Law. Due to that, important responsibilities were delegated to the artistic director while still allowing the attraction of sponsorship.

Publishing is connected exclusively with the private sector. Nevertheless, the state supports publications (in matters of coordination and promotion) through the National Book Center, a non-profit organization which operates as a Legal Entity of Private Law.

The Greek *cinema* production, is almost exclusively produced and subsidized by the Greek Film Center. Even though the GFC is a limited company (owned entirely by the state), the trade unions of the field are actively involved in its administration -more particular, 5/9th of the administration are assigned by the state and the rest by the trade unions.

As regards *broadcasting* means, in 1989 the right to broadcast was ceded to the private sector. The means that remained state-run are operating as limited companies, whereas by a 1996 law they have the right to introduce contract managers.

3. With which definitions of the term 'privatization' would you characterize these processes?

Most cases of privatization in the cultural sector regard either the change of the legal status into an autonomous administrative organization operating under private economy regulations and being almost exclusively subsidized by the state (theatre, opera), [definition 3] or the incorporation into a private, public owned company and the introduction of contract managers [combination of definitions 2 & 4].

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

- the basic and most obvious motive has been the reduction of public expenditure, imposed in any case by the needs of the European convergence;
- the improvement of the effectiveness of the organizations and the attempt to overcome their inflexibility (the related law passed almost unanimously in the Greek Parliament);
- the attempt to compete successfully with the private sector which had already been activated (mainly in broadcasting);
- finally, in some cases (municipal enterprises) privatization has been used by local officials as a means of hiring additional employees.

5. and 6. What are the social, economic/financial and legal consequences? Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

Even though, it is still early to draw any reliable conclusions (no studies have been made either for the evaluation of the motives or for the effectiveness of privatization) it seems that:

- the effectiveness of the organizations has improved. In some cases the artistic, managerial and economic improvement has been impressive (National Opera: doubling of admissions, significant artistic improvement, prompt planning, etc.);
- the attraction of capital from the private sector (through sponsorship) was increased.
- personnel salaries were increased;
- the state funding as well as the cost of services, had no remarkable changes.;
- the procedure of privatization was not implemented without difficulties (mostly by employees afraid of threats to their job security);
- finally the only sector where private initiative caused a decrease of governmental funding was broadcasting.

Italy

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1. Is privatization an issue in your country? Could you give some examples?

Privatization in the cultural field has already been a very hot issue in Italy for some years, for two main reasons: cutting down public expenditure and improving the effectiveness of management, by limiting the institutional rigidities affecting the decision processes.

The total transfer of property rights of cultural institutions or of companies dealing with the cultural industry is, however not in question. The issues at stake are rather:

- the granting of concessions for management of publicly owned property or related services by private organizations;
- the transformation of a public institution into a private foundation;
- the sale of part of the stock on a capital market;
- changes in the style of management by allowing more autonomy to public administrators.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

In this respect the picture seems to be quite heterogenous from one cultural sector to another: but even though some of these processes are now underway, none of them has been fully accomplished yet, which makes an evaluation of their social and economic impact still impossible. We will synthetically discuss the present situation of the privatization process in three cultural fields:

1. heritage and museums
2. opera
3. film and broadcasting

Heritage and museums

The extraordinary wealth and variety of our artistic heritage is both an asset and a burden for the Italian Government. On the other hand several corporations and financial institutions — which are no longer

interested in sponsoring culture — are pushing hard to be entrusted with direct management of some national monuments and museums through forms of concessions. Thanks to their effective management — they claim — the Italian artistic heritage could become a profitable business. This is, in fact, a quite controversial issue, as the operation of cultural institutions by profit making companies could lead, some fear, to a sort of commercialization of culture not taking into account its relevant social aspects. Non profit organizations (foundations, etc.) would certainly be better accepted. In any case some sort of public/private partnership in the maintenance and running of museums and monuments is generally deemed necessary.

A law passed in 1990 allows private organizations to run directly — through temporary licences — museum services like libraries, restaurants and merchandising. The first example of this kind was the book shop in the National Gallery of Modern Art in Rome, run by a publisher in association with the French 'Réunion des musées nationaux'. A restaurant will soon follow.

A more recent law allows for similar licensing of didactic services and exhibitions organization in museums to the private sector. Given the social and scientific relevance of these services this law has been opposed by part of the cultural administration, and it has not yet been applied.

All these complex matters are at present under discussion between the Minister of Cultural Goods and the Confindustria, (the Italian association of representatives of industrial corporations) in view of establishing a framework for an agreement.

Meanwhile, more autonomy will be experimentally allowed by the government to some particularly relevant State-run institutions, like the archaeological area of Pompei, in the hope of improving the effectiveness of public management.

More frequent examples of public/private partnership can be found at the municipal level: the Palazzo delle Esposizioni in Rome, and, even more, the Palazzo Ducale in Genova — a huge recently restored historical palace which houses exhibition halls, shops, restaurants, etc. and is run by a 'consortium' where the municipality and private firms are represented — are interesting cases.

Opera

The most relevant privatization process already underway in Italy — both for its financial dimension, and for its potential effects on musical life — deals with opera. The 13 national lyric centres (La Scala, the Operas of Rome, Genova, Turin, Venice, Naples, etc.) are privileged public institutions which absorb yearly by themselves 450 billion lire of State financing: half of the 900 billion annual State support to the live performing arts and the film industry. Cutting down their high costs — inflated by bureaucratic management and redundant personnel — has proved to be impossible so far.

In view of a cost rationalization and of an increase in the level of productivity of these institutions, a 1996 law provides for their transformation — within three years — into private foundations 'aimed at the diffusion of the musical arts, at the professional training of artists and at the musical education of society'. While tax incentives to private donors are provided for, State funds are guaranteed — if necessary in the previous amount — for three years. Moreover the participation of private capital should temporarily not exceed 40% of the foundation capitalization. Notwithstanding the fact that the privatization process will take place only gradually, and in a quite flexible way, there is great concern in musical circles about the possible outcome of this law. It is considered that the foreseen model will work well for La Scala — whose appeal to private funders is beyond any doubt — less well for the operas located in other northern cities, and that it will not work at all for the ones located in the economically underprivileged 'Mezzogiorno' of Italy.

If this will be the case, the gap between the Northern and the Southern Region in the organization of musical life — already very large — could become even larger, and some publicly funded reequilibrating measures will be needed.

There is also concern about how the transformation of these public bodies into foundations will affect employment.

Film and broadcasting

The Italian state-owned film and broadcasting industries are EGC (Ente Gestione Cinema) and Rai — Radiotelevisione italiana. They are both involved in the privatization process, but in different ways and for different reasons.

EGC is a state-run agency operating in film production (CinecittÓ studios and film laboratories). The aim of the move to privatization is to preserve and increase the value of a national resource in terms of cultural and industrial tradition, highly qualified and skilled jobs, up-to-date technologies and structures, good openings for film and tv fiction business in the European and world context. The privatization process — now under discussion — concerns a minimum hypothesis of just improving the style of management in terms of

better fitting personnel to take into account 'value for money', and a maximum hypothesis: the participation of representatives of private film and tv fiction producers (MEDIASET, Cecchi Gori, etc.) to EGC's capital stock of property.

The case of Rai — the state-owned radio and television broadcasting Company, funded by both licensing fees and advertising — is different. Broadcasting has not been a public monopoly since 1976: private stations and networks are operating at local and national levels. A 1995 referendum vote allows for part of Rai's stock to be shared with the private sector. Public opinion and politicians in Government, Parliament and press are debating the issue, but their reasons and the goals they assign to it are not so clear and often self-contradictory.

Arguments in favour of privatization of Rai are based on two major, different orders of needs: to ensure economic management of the company and to limit political control of it. Moreover, the actual duopolistic structure of the broadcasting market — now shared nearly totally (90%) between Rai and the private group MEDIASET with three channels each — is considered a limitation of cultural and political pluralism. Obliging each group to give up one channel would increase pluralism — someone says — and that would mean privatizing one of Rai's channels. Another, more controversial, option is a partial sale of Rai's stock. In any event, Parliament has to pass a new broadcasting and communication bill in the next few months.

Lithuania

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1. Is privatization an issue in your country? Could you give some examples?

The privatization of cultural institutions in Lithuania has started alongside with other economical reforms conducted in the country. The *Law on Primary Privatization of the Property of the Republic of Lithuania* was issued on the 28th February 1991. The order of primary privatization of state property in different spheres (industry, education, medical, service provision to the inhabitants, etc.) was set by it. This law made no regulations on privatization of land and natural resources, communications enterprises, public apartment fund as well as restitution of property rights for those natural persons whose property was nationalised, confiscated or deprived by state in some other way.

It was settled by this law that the Central Commission for Privatization was to conduct the privatization of state property and the Town and Regional Privatization Commissions were subordinate to it.

Among the essential issues was point number 4 in article 7 indicating that '*the objects of culture and education are to be enlisted for privatization only under the agreement of the Ministry of Education and Culture of the Republic of Lithuania*'. The objects of architecture, urbanistics, archaeology, history and art designed before 1940 could be enlisted for privatization and evaluated only under the agreement of the Inspection of Cultural Heritage of the Republic of Lithuania. Point number 2 in article 8 foresees cases when 'the right to exchange the price for the objects of cultural heritage can be only implemented by a group of experts submitted by the Inspection of Cultural Heritage to be appointed by the Government of the Republic'.

The objects for privatization in Lithuania were to be sold for the Vouchers (investment cheques), money valid in the Republic of Lithuania and for hard currency. The employees of enterprises under privatization (e.g. publishing houses, printing houses) were given the right to use the profit of the enterprise to obtain shares. It was namely under the privatization of the state-owned publishing houses and printing houses that majority of the employees have used their right and acquired shares.

There were two ways of primary privatization in Lithuania:

1. by selling objects at an auction;
2. by announcing open or closed signing for shares.

The *first stage* of privatization was started in Lithuania in 1991, the *second* in September 1995. The difference between them was that during the second stage of privatization it was only possible to privatize objects for cash: Lithuanian money and hard currency.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

The privatization programmes were being developed as based on the law mentioned above: that is the list of objects for privatization including their descriptions and both technical and economical data on them, etc. The privatization programmes were of two levels:

3. Republican level; the enterprises, companies, organisations that belong to the state were included in this case. Those programmes were developed by corresponding ministries of the Republic of Lithuania the ones that were the founders (managers) of those objects. The publishing houses and printing houses were enlisted into the programmes of this level;
4. The objects of local economy; namely the objects owned by the municipalities, former collective farms and the soviets — cinemas, book stores, some of the Culture houses (usually in settlements without any perspective).

The privatization programmes were approved by the Central Privatization Commission.

While selecting objects for privatization and enlisting them into the programmes, the following considerations were made:

- a. demand for the object;
- b. the interest of people employed there to obtain it;
- c. possibility to sell the object for hard currency.

Thus those were publishing houses, printing houses, cinemas, book stores, some houses of culture that were included into the privatization programmes in Lithuania. The museums, theatres, concert organisations, libraries were not privatized. The latter institutions were not included into the 2nd stage programmes of privatization. The objects of cultural heritage (monuments) that were not defined by the conditions set by the law, issued on 28 February, 1001 were not included among the objects for privatization.

The privatization of objects of culture during 1991-1995 had several peculiarities. The first one, that it was unavoidable and corresponded the development of free market; it corresponded the outlooks of economical programme of the Government of the Republic of Lithuania. The Laws that were passed as well as the normative acts have set corresponding ways and stages of privatization. Privatization meant the tendencies of liberalisation, denationalization, encouragement of new economical relationships of property that occurred under the influence of privatization. Two possible ways of management of the privatized objects could be indicated, namely:

1. the cultural objects that turned out to be private property of natural or legal persons (joint ventures);
2. the management of the object was conducted by the state, natural and legal persons who have acquired shares.

Several examples

Out of 10 state-owned printing houses there are 8 (according to the data of beginning 1997) that were privatized. In two of those the shares of the state capital are bigger ('Spauda' — 71.1%, 'Aušra' — 92.1%). The state publishing houses were enlisted for privatization programmes as well. The proportions of public and private shares in them are as follows:

		public shares	private shares
Mintis	-	80	20
Vaga	-	23,85	76,15
Šviesa	-	54,6	45,4

Mokso ir enciklopedijy	-	100	0
Leidybos centras (UAB 'Margi raštai')	-	0	100
Vyturys	-	100	0

In accordance with the data only two publishing houses have the dominant state share capital. The 100% state share capital is kept in publishing houses of 'Science and Encyclopedia' and the 'Vyturys' publishing house which is predestined by their specifics; the first ones are publishing main editions in science research and encyclopedias, the second — literature for children and youth. This type of publications is not profitable as a rule and needs sufficient financial state support.

It is possible to state that the privatization of printing houses and publishing houses brought out new relationships in property, finance and management. Another fact should be noted in the general context of economical development process: the appearance of private publishing houses. In Lithuania during 1991-1995 more than 500 publishing houses were established. Although in 1996 there were around 50 of them that were most outstanding and functioning permanently.

A similar privatization process was on in the area of cinemas. First of all, the network of cinemas in the Republic has decreased essentially: in 1990 — 1089; in 1995 — 182. This decrease was influenced by different reasons: the movie demonstration halls in former houses of Culture were and other places of movie demonstration closed down; the number of attendants decreased significantly; the video production and cable TV started to have more and more influence. The movie demonstration halls (the stationary ones were maintained in the biggest towns of Lithuania and regional centres). There were 25 cinemas in total that were privatized in Lithuania. Out of the above mentioned 182 cinemas, 180 belong to municipalities (out of them 15 are the ones that have shares owned by private persons and municipalities), 2 cinemas (in Palanga and Klaipeda towns) remain state owned.

It is necessary to note that all the cultural institutions in Lithuania were privatized without any right for the period of 3 years to change the profile of their main activity. Alas, that was not taken into serious consideration, as a rule: out of 25 cinemas that were privatized not a single one continued its major activity — the demonstration of films. Taking into consideration the specific destination of the enterprises as well as their importance to the Lithuanian culture, the material basis of Lithuanian cinema did not undergo privatization. The 'Lietuvos kinas', the close joint-stock enterprise with special purpose (distribution, sub-titles, archives of cinema and video production) has 100% of state shares. The 'Lithuanian Cinema Studio' has the same amount of stocks and functions as the major film production basis in Lithuania.

There are no statistical data available about the amount of book stores privatized in Lithuania.

Question 3 — 7

Privatization in Lithuania can be explained as:

- a. the delegation of the ownership rights to the purchaser, new manager;
- b. analogical delegation to the joint stock venture;
- c. mixed type of the ownership rights, when the shares are owned by the state (municipalities) and private physical or legal persons.

The privatization policy in the Republic of Lithuania as the cultural objects were concerned were put into concord with the interests of culture: the majority of objects were not allowed to be privatized, the limitations on privatization were targeted (especially on the monuments of culture). The resources obtained under privatization were transferred into the *Foundation on privatization* and into the specialised accounts at the municipalities. Although the resources for the privatized cultural objects appeared to go finally to the 'general fund' and would not be used afterwards to support culture. From the legal point of view the process was not prepared well enough, because the mentioned above law from 28 February, 1991 was amended not once, had adds, besides, we were not successful in making the new owners to maintain the profile of activities for 3 years in those cultural institutions (e.g. the cinemas).

The privatization has touched upon the social problems of the employees, because with the closing down of an enterprise the employees were sacked. In the publishing house and the printing houses the structure of management and administration was changed. The salaries of ones grew up, for others went down. One more issue among the indications of privatization that came up to life was the unemployment fear.

The Netherlands

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Compared with countries in East and Middle Europe the privatization of the cultural sector in the Netherlands is not a very hot issue. Privatization in the cultural sector in strictus senso, meaning the transfer of property rights of accommodations and/or collections that belonged to the state, did only occur at the level of local government. That does not mean that privatization is an unknown phenomena in the other sectors of social and economic life in the Netherlands. Economic stagnation in the early 1980s forced a reorientation of the role of the government, including its role in culture. The welfare state came under public scrutiny in the Netherlands as it did elsewhere. Key concepts in the debate were the reappraisal of public spending, deregulation, privatization and reorganisation. (see: National Report, p. 48) As in other European countries, public services corporations on transport and communication which were owned by the state, were privatized by selling shares on the stockmarket.

In Holland the public support for culture has a long tradition and is strongly connected with the emergence of the welfare state. The economic expansion of the post-war period formed the basis and partly coincides with that of the process of secularization. Services provided in the past by religious and ideological organizations were adopted by the state. An extensive system embracing the most varied facilities to which all citizens were, in principle, entitled thus emerged. The instruments predominantly used by the government in fulfilling its role in the welfare state consist of the provision of funds and grants to the institutions concerned and the drawing up of regulations for their use (see: National Report, p. 194 FF.).

As mentioned above, since the eighties the notion of the state as the provider of everyone's needs was the subject of some controversy. As a result of world-wide economic recession and the rising budgetary deficit, 'no-nonsense' became the keynote of Dutch government policy's in the 1980s. As in other countries, the hiving-off of government responsibilities became the subject of an extensive debate. The debate focused on restoring market mechanisms, creating independent bodies for the performance of government tasks, privatization and deregulation, i.e. simplifying the maze of laws and regulations. In the 1970s a number of operations focusing on the reorganization of the national administration and the improvement of the functioning of government services were initiated. These general administrative and organizational developments also had an effect on the organization of Dutch cultural policy. (National Report, p. 194 FF.)

The reduction of the central administration

The dismantling of the welfare state because of the economic stagnation in the eighties and, parallel to that development, the reorientation the role of the state did not leave the cultural sector in Holland untouched. But it did not mean that privatization became the key issue. Describing these developments with a single term, the concept of désétatisation is probably the most adequate for the Dutch situation. Désétatisation does not mean the complete withdrawal of the government on all levels, the main target is the detachment from and reduction of central administration. In an other perspective, the process of désétatisation does not necessarily mean the reduction of the available budgets. Désétatisation is primarily a process of change and can be described as an attempt to put those activities outside the scope of the government, that may function (relatively) autonomously. These activities which had (until then) been the government's responsibility, will be handed over to privatized organizations (see: andersson/p. 70). An important motive for this construction is the conviction that an administration at arm's length will be able to fully concentrate on main policy issues.

Within this framework the former Ministry of Welfare, Public Health and Culture (WVC), examined in the eighties several possibilities to transfer responsibilities to external organizations or to the local and/or regional government. An important start was given in 1983 by the study group Privatization Performing Arts and National Museums, an initiative of the Ministry of Finance. The studygroup had to investigate to what level privatization of theatres and national museums was possible and advisable. Privatization was defined as: 'all the forms of autonomization in which the government either will have less direct influence on the government's tasks or will lose the influence all together' (see: I. Kuypers, p. 313). At the end the study group came to the conclusion that 'autonomization' (selfsufficiency) of the national museums was possible, but that did not count for the theatres. Transfer to the private sector would lead to an irresponsible diminishing of the supply of theatre programmes in the region. This also concerned commercial theatre productions because, in an indirect way, they were also subsidized because of the free use of accommodations and the amounts paid to buy out. To strengthen the financial position of the theatres in the regions the studygroup recommended 'a creative price policy'.

The study group did not come to conclusions that were valid for the whole cultural sector. After the publication of the report, a discussion started about the question of in what way the responsibilities of the central government could be transferred to independent institutions and to the local and/or regional government. Within the concept of the detachment from central government this aspiration finally found its shape in different ways: decentralization of facilities (monuments and libraries), decentralization of authority and financing (funds), and autonomization (national museums). Privatization of arts institutions at the level of the central government did not occur, but it manifested itself at the level of local governments.

Decentralisation

As far as decentralization of authority and financing is concerned, we can observe that in the field of the arts a broad spectrum of responsibilities has been transferred to funds or foundations. I.e. legal bodies established to distribute subsidies among individual artists and arts institutions, which function independently of the state. (see: National Report, p. 198) This was a development that took place during the last decade.

The government's responsibility with regard to funds extends only as far as the provision of means and the stipulation of certain conditions that a specific fund has to meet. The decision-making powers regarding the allocation of subsidies from the annual budget is delegated to fund management. Parliament is empowered to decide the size of the budget. Ministerial control is general and limited to the establishment of the fund's regulations regarding the allocation of subsidies. Within the current system the responsibility for artistic assessments and financial administration lies at the management level of the appropriate fund. At the end of 1993 a number of funds were operational: in the field of film, literature, press, composers, visual arts, design, architecture, performing arts and broadcasting. A fund in the field of museums is in preparation. (see: National Report, p. 68)

As mentioned before, the reorganization of the national administration and the improvement of the functioning of government services also had an effect on the organization of Dutch cultural policy. Within the territorial decentralization of facilities during the last decade this became clearly visible in the field of the preservation of monuments. The Monuments and Historic Buildings Act got its legal status in 1988 (see: National Report, pp. 79-83). Under this act the selection of protected monuments remains the preserve of the central government. However, consideration of various interests associated with alteration and demolition has been transferred to local level. It also determines financial priorities in the awarding of grants for the restoration of monuments after the restoration budget has been decentralized to the municipalities by means of a distributive code. However, in Holland the restoration and maintenance of historic buildings can never be financed completely by the central or local government. A considerable financial contribution from the private sector is a precondition. Private investors do receive tax benefit for their efforts.

The experiences in the past decade in the field of the preservation of monuments and historic buildings justifies the conclusion that a system of checks-and-balances is gradually fostered between the central government and the municipalities. The local government can take the initiative where central government concern has been lacking. The decentralization of the state support for the preservation of monuments gives a striking example of that development (see: National Report, p. 49).

Autonomization

The immediate cause for the establishment of the studygroup *Privatization of the Performing Arts and National Museums*, was a critical report of the Auditor's Office about the administration of the national museums. The remarks focused on the maintenance of the buildings and the collection involved. Furthermore, remarks were made about the very strict bureaucratic regulations that made an effective realization of the management of the museum almost impossible. Because of these strict regulations the discussion concerning the true content of museum policy faded into the background. In the opinion of the Auditor's Office museums and museological institutions did not have enough authority over matters concerning the administration and exploitation of their collections. That made it almost impossible to implement an inspired and businesslike management. (Andersson /p.72)

The criticism formulated by the Auditor's Office did not result in a number of recommendations to put the museums under strict surveillance. On the contrary, a far reaching autonomization of the national museums was proposed. This process was completed in 1995. With the autonomization of the national museums one of the most drastic operations in the history of Dutch museums was completed. Within a period of five years all the museums and the museological institutions were transferred from public to private institutions. The relation between the government and these institutions has changed fundamentally. This despite the fact that the museums still receive financial support from the government. The state remained the owner of the collections and the buildings. So, as far as museum policy and financing concerns the connections between the museums and the central government still exists, the management however became the responsibility of the new institutions.

These changes really strengthened the autonomy of the museums. This development made it possible to undertake initiatives which were unthinkable a couple of years before. We are not only referring to the mega-exhibitions with the work of Vincent van Gogh, Rembrandt or Johannes Vermeer that attracted an audience of hundreds thousands of spectators. For example, in the recent past the director of the Municipal Museum of Den Haag tried to sell certain parts of the collection. With the revenues he wanted to purchase works that fitted better in the collection of his museum. This proposal was met with strong opposition and discussion and finally disappeared from the agenda. Another example was the attempt of the municipality of Hilversum to sell a work of Piet Mondriaan on the international arts market. The money was needed to restore an historic building from by important Dutch architect. This proposal also met with a lot of opposition. Finally the painting was sold to the Municipal Museum of Amsterdam, but far below the price on the international arts market.

Privatization

Within the framework of this questionnaire it is not without importance to note the fact that the municipalities in Holland are the most important financiers of culture. We are not only referring to the larger cities in the western part of the country — the Randstad — smaller municipalities in the region also make considerable contributions.

In Holland almost every municipality in the region has a theatre or a cultural centre at its disposal. This is a direct result of a development that originates from the late 1950s and the 1960s. After World War II the government initiated an economic development programme for the region, that aimed to improve the factors determining the locations of industry. The establishment of theatres and cultural centres was part of this policy. Thanks to the generous financial support of the central government, between the middle of the 1950s and the end of the 1980s a network of high-quality cultural accommodations had established itself in the region. At the beginning of the 1960s there were around forty theatres in the region, around 1990 this number mounted to 125 (see: I. Kuypers, p. 311 A.F.).

Due to several circumstances, the position of the theatres in the region and municipalities has become vulnerable in the last couple of years. In the eighties the municipalities were confronted with severe budget cuts and also because of the relatively high exploitation costs of those theatres it was very difficult to balance the books. But there was more at stake. Many of the buildings were erected in the 1960s. In the 1990s, after 30 years, many municipalities were confronted with overdue maintenance and needed renovation. For the most part the municipalities had not made any financial reservations for this task. There were also problems concerning programming the theatres. The directors of the theatres strongly depended on the national theatre supply, i.c. theatre companies from the larger cities mainly in the West. The fading willingness of theatre companies from the western part of the country to produce so called 'on-tour-productions' — a typically Dutch case — made an artistically sound programming increasingly difficult. The political intention by local

politicians to keep the theatres open was also lacking in a considerable number of municipalities. The continuous battle of directors of theatres in the region for public and political support and, not to forget, money made privatization in this situation a practical — and in certain situations: the only — option.

Afterwards the conclusion is justified that the favourable policy of financing theatres in the region during the 1960s, made a functional judgement about the role of those theatres for the regional culture not relevant. As far as those theatres did not gain such a position in the following decades, a number of buildings became easy prey for the advocates of privatization. (see: P. Kuypers, p. 78 FF.) A growing number of theatres in regions are actually sold to private persons or companies. In the beginning the news hit the frontpage of the newspapers because this tendency was rather unique in the history of Dutch arts policy. It is difficult to predict the final consequences of these developments. Apart from the financial affairs it seems to be clear that the privatization of theatres has direct consequences on an artistic level. Experience shows that the transfer of property rights of theatres inevitably leads to a considerable decrease of artistic output. The difference seems to be connected with the fact that commercially exploited theatres do not give enough room to the unknown, to artistic experiments and small scale productions. But the other side of the coin is the sudden rise of the culture of musicals, due to the fact that a well known formerly public owned theatre in Scheveningen was sold to a private investor.

The privatization of theatres is mainly restricted to the urban agglomerations outside Western Holland. The postwar policy of spreading culture to the regions did result in an infrastructure that did not bear the proper propositions of the actual use of most of those theatres or cultural institutions. In general, for that reason the discussion about privatization is restricted to the smaller municipalities in the regions. In the larger cities especially in the western part of the countries, the actual need for privatization is not that urgent. There are of course ideas about the enlargement of the autonomy of the cultural institutions. But the discussion focuses mainly on questions about the improvement of the artistic output, efficiency and management. The debate about facilities of the performing arts in the larger cities in the west concentrate on management, and not, or less on policy (See: P. Kuypers, *ibid*).

Balance

The more businesslike or market orientated approach by the Dutch government of subsidized institutions (and funds), as a result of the reorientation on the responsibilities of the government became visible in different ways. Important in this perspective is the implementation of the regime of budget financing in stead of covering deficits in the exploitation. In order to increase the commercial and artistic freedom of particular institutions, the ministry of OC&W determines the subsidy for the period of four years. This gives the institutions the opportunity to compensate for losses in one year or season with a surplus in the next, on the condition that the operating costs balance for the whole subsidy period. (see: National Report, p. 71 FF.) Compared with the past, this increase of freedom asks for a different approach of the management of arts institutions. For example, most of the art institutions just received 85 percent of the subsidy, the rest has to be earned on the market. Sponsoring is one of the means to accomplish that, but experience shows that mostly the well-established institutions benefit directly from this possibility.

The new way of financing required a different orientation in administration and, strongly connected, it required a new type of administrator. Among other things it resulted in a substantial growth of management courses for arts administrators. At the end the administrator made room for the manager. This change in style of the management of arts institutions of the last decades became clearly visible in hiring external expertise on a temporary basis. Numerous arts institutions frequently seek the assistance of specialized consultancies and marketing agencies. The most important reason for this is the fact that at this moment they generally lack at this moment the expertise in the field of management, public relations, attracting sponsors et cetera. The government is no exception to this attitude, they also frequently seek the assistance of specialized consultancies.

Throughout the last decade there has been a notable tendency in Holland for arts institutions to make more and more use of techniques derived from commercial life. This development does not only concern management, with the help of marketing techniques arts institutions try to reach a different — and above all: more — public for their productions. The principle of the stimulation of cultural participation based on a social orientation seems to become less important. The social background of the public became less important, the main ambition seems to be to raise the total amount of spectators. This shift in one of the basic

principles in Dutch cultural policy has been described as a transformation from 'edification of the people' to 'reaching the public'. (Bever, p.). To fulfil the needs of the arts institutions a growing interest and expertise in the development of the 'public research' occurred, not only from the side of commercial agencies but also from universities.

To make some final remarks on the issue of 'privatization', 'autonomization' or 'désétatisation' in the arts sector, it is important to be aware of the fact that governmental financing is not the only condition for the production of art in Holland. The cultural climate is the result of mutual efforts of the private and the public sector. Within the framework of a conference with the theme 'privatization' it is relevant to be aware of that. Numerous artists, galleries, film producers, publishing houses, record companies, theatre producers et cetera work without financial support and produce art of a very high quality. The secretary for culture mentioned this in his cultural plan for the period 1997 — 2000. The practice in Holland shows that the initiatives from the private sector are supplementary to the financial efforts of the government. The result is a dual system where cultural initiatives from the private and from the public sector reinforce each other.

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Norway

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1. Is privatization an issue in your country? Could you give some examples?

Privatization can not be said to be a central issue in government cultural policy in Norway for the time being. Public intervention and support to cultural institutions and activities are relatively high in Norway, as in the

other Nordic countries: About 90% of the running expenses of theatres, symphony orchestras etc. are financed by the public; the state also contributes substantially to cultural institutions and activities at the regional and local level; artists receive more public support (grants, income guarantees etc.) than in most other countries.¹ Although there has been some discussion and a certain movement towards more privatization during the last 10-15 years, the cornerstones of the public support system has not seriously been questioned. It is symptomatic that the last White Paper on cultural policy from the government (1992) devoted only ½ page (of 243 pages) to the privatization issue ('Business contribution to financing of culture'). And only one political party — the extreme right/populist 'Party of Progress' (12-15% of the electorate) — has a real program of privatization in this field.

Still some actual examples and tendencies of privatization should be mentioned:

1. Since the early 1980s the state has required that arts institutions (theatres, opera etc.) provide a certain level of box office/market income, in order to be entitled to receive state subsidies.
2. During the same period private sponsoring of cultural institutions has increased a lot. But it still constitutes a small percentage of the total running expenses of most institutions.
3. During the last 15-20 years there has been an important/substantial privatization and multiplication of electronic media in Norway, as in many other countries. A lot of private radio stations now challenge the traditional domination of the public broadcasting system (NRK — now three channels). And especially one national private television company (TV-2) challenges the traditionally monopolistic state television (NRK-1). Privatization of and/or introduction of publicity into the public broadcasting system (NRK) is not on the agenda.
4. There has been a certain deregulation/de-institutionalisation within the arts field, which is not mainly or totally a result of a conscious government policy. The traditionally strong regulation/institutionalisation of artistic production in Norway is questioned by some of the actors in the field themselves. Alternative private and semi-private institutions (small artist-lead theatre groups and/or art galleries, etc.) pop up. The number of freelance actors, dancers and musicians has increased substantially since the 80-ties. The connection between artistic life and the media industry has strengthened (especially because of the expanding publicity market).
5. Since the middle of the 1980s there has been a considerable change of rhetoric within Norwegian cultural policy — inspired by the so-called 'impact studies' of cultural economics research. In Norway — as in several other countries — actors and institutions often have tried to legitimate public subsidies to culture by invoking the presumed substantial and positive economic impacts of cultural activities and institutions. This kind of rhetoric has been particularly strong at the regional and local level of public cultural administration. It may well be that it has resulted in extended search for more market oriented solutions in regional and local cultural policy.
6. The Ministry of Trade has recently taken a specific initiative to promote Norwegian commercial cultural products abroad (KULTEX). The Ministry of Culture has been rather reluctant to this initiative.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

- a. Cultural fields: See answers to question 1;
- b. processes within particular fields: There is not much to say about privatization of *museums*, *monuments*, *theatres* and *operas* — in addition to what is written above. Of course there have been a lot of *private* amateur/semi-professional/local activities/initiatives both in the museum and theatre fields (increase of private/local museums, and of amateur theatre activities). But there has not been any real public policy for privatization of the major institutions in these sectors.

Books and publishing

The situation for books and publishing is different. This is traditionally a more privatized sector. Indeed neither book stores nor publishers normally receive *direct* public subsidies. But the so-called 'Purchasing Scheme for Norwegian Literature' implies an important indirect public support to both publishers and book stores. So does also the exemption of book trade from VAT. Neither the purchasing scheme nor the exemption from VAT is really questioned by the leading political parties. But the publishing and distribution

of books in Norway is also traditionally strongly influenced by monopolistic regulations that the publishers and the booksellers have imposed upon themselves. These regulations have been accepted by the public authorities because they are supposed to guarantee some important cultural policy objectives (broad supply of quality books in all book stores, good distribution of books all over the country (i.e. the existence of book stores even in small cities) and fixed prices for books all over the country). For a long time there has been disagreement between public price regulation authorities and cultural policy authorities about these market regulations. Now it seems as if the price regulation authorities are about to win the battle, and the regulations will fall apart in this field. This impression is also strengthened by the appearance of financially strong 'non-cultural' actors in the literary field lately (book trade).

Media and broadcasting

As written above there has also been rather strong tendencies of privatization in the media/broadcasting sector — although the public broadcasting system subsists as the one leading system in competition with private broadcasting systems.

Film

Film production has relatively weak traditions in Norway, partly due to the municipal cinema system (1913), which — during the golden years of mass publics — channelled the profits from the showing of films to the municipalities — and not back to new productions. Thus film production in Norway has been very much dependent on public money. And it still is. During the last 10-15 years, however, more private money has also been channelled into film production (for instance by limited partnership).

3. With which definitions of the term 'privatization' would you characterize these processes?

Most often it is privatization 'type VI' — 'the search for other sources of income'. The Ministry of Culture also sometimes delegates some kind of public tasks to private institutions and/or organisations (for instance the administration of the distribution of grants and income guarantees to artists). But it is questionable whether this should be called 'privatization': The delegation is usually rather limited and regulated. It should rather be considered as a case of Nordic corporativism than as a case of privatization.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

It is difficult to see any very explicit motives behind a conscious privatization policy from the government.

5. What are the social, economic/financial and legal consequences?

It is difficult to answer the questions, because the privatization process is limited. But privatization may typically lead to more insecurity and inequality for/between artists/cultural workers. On the other hand production and supply of cultural products may become more efficient.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

It is also difficult to answer this question, due to the limited Norwegian experiences of privatization. But in the specific cases where government funding has been withdrawn, one can hardly say that private initiatives have counterbalanced it. This may partly be due to the lack of experience/traditions of private entrepreneurship in the cultural sector in Norway. Indeed one has noticed a certain increase of entrepreneurial activities and reduced 'market taboos' among actors in the arts field (groups of young musicians, small theatre companies, groups of young/avant-garde visual artists) lately.

Note

1. But this does not mean that most artists are economically well off!

Poland (1990s)

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1. Is privatization an issue in your country? Could you give some illustrative examples?

The processes of privatization and introducing market mechanisms to culture have had various dynamics and were carried out on various scales. Until now a few dozen big state-owned enterprises, with the Ministry of Culture and Arts as the founding organ, have been privatized. In most cases the privatization was carried out by means of liquidation according to the 1990 Act on privatization of state-owned enterprises. The property of liquidated enterprises was most often transferred to employees' companies to be used against payment.

The privatization of some cultural objects took place automatically — by returning them to their former owners (such situations happen despite the fact that the act on reprivatization has not yet been passed in Poland). The transfer of ownership took place then on the basis of court decisions — e.g.: most of the cinema halls, located in the buildings returned to their owners, were privatized in this way.

The quickest and almost complete privatization took place in the area of the press, books and distribution of films and musical and video recordings where we even witnessed a powerful 'black market'. The development of the sector of commercial radio and television broadcasting stations was slower due to the lack of adequate legal regulations. Film production is the area which undergoes commercialization at the slowest pace, caused by the lack of strong private capital and favourable legal solutions.

As the market was introduced to cultural life, the state was forced to pursue two kinds of policy towards the active subjects: on the one hand — the state must have created conditions conducive to further commercialization of cultural industries (printing, recording, cinematography) but on the other — it had to protect the domestic artistic production against exaggerated commercialization and Western competition.

Introducing market mechanisms to cultural life is associated not only with the very process of privatization, but also with the development of the so-called founding initiatives, i.e. setting up companies which are in private hands since their beginnings. This phenomenon is caused by the introduction of the new system and legal conditions since 1989, favouring development of the private sector. The firm ground for the development of private enterprises was established through the equalization of the conditions of functioning of the state-owned and private sectors, which was, among others, achieved by introducing the uniform income tax and turnover tax (later transformed into the VAT) for all legal entities. This is also true for a limited number of cultural institutions which remained private from the moment of their establishment (e.g. private galleries). Currently, there are many private agencies, galleries, cinemas, video rental shops, radio and television broadcasting stations on the market. Also actors' and managers' agencies and protectorates are being established; these are the new, necessary forms during the period of creating a labour market which is less dependant on full-time jobs. Single-person companies, civil partnerships and multi-person limited liability companies are the legal forms most often encountered in cultural life. According to the data collected by GUS (Main Statistical Office), as for 26 September 1996, the following institutions were registered: 696 subjects (including 673 from the private sector) declaring newspaper publishing as their principal activity; 606 subjects (including 596 private ones) publishing magazines; 148 subjects (all of them private) dealing with reproduction of sound recordings; 4257 subjects (4229 of which are private) operating in the area of film and video productions; 952 subjects (including 910 private ones) dealing with radio and television broadcasting etc.. This statistical data does not take into account numerous groups of subjects for which the activities mentioned above are only additional ones.

Poland is still lacking legislation for non-profit types of institutions which would fill the gap between public (state, communal) and private ownership. This particularly affects cultural institutions (theatres, museums, galleries and the like remaining state-owned for the most part but engaged in commercial

activities) which do not fare well under strict state administration but do not fit into private ownership, either. This gap is only just filled by sponsoring or private foundations.

In conclusion one can say that problems with privatization in Poland in the field of culture should be seen in conjunction with such factors as:

- a tendency to finance culture from public sources, still very common in some circles;
- lack of institutions which are intermediary between the sponsors and arts;
- shortage of sponsors and protectors, which is the result of low financial standards of society, low cultural competence and lack of philanthropic tradition;
- failure to encourage such solutions as friends' associations;
- shortcoming of such solutions as incentive funding in which obtaining the state subsidy depends on being involved in searching for financing sources.

2. and 3. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes? With which definitions of the term 'privatization' would you characterize these processes?

Book industry

Here, we have a significant degree of decentralization in production, distribution and sales. According to estimations 2000 book publishers (very different as far as the scale of production is concerned) are active on the market out of those 8200 registered. The number of book wholesalers reaches 400 located in large cities for the most part (ca. 30% in Warsaw) and there are over 3000 bookshops.

Private companies dominate in number but are usually smaller in size (often a single person company). On the market cooperative publishers operate as well as the ones owned by social organizations, foundations and others. Publishers which were state-owned before 1990 are now being encouraged to undergo privatization in varied forms. By 1997 2/3 of state owned publishing houses (administered by the Ministry of Culture or other ministries) have already been privatized. In the 1990s many Western book companies (Harlequin Enterprises, Egmont, Bertelsmann, Beck Verlag, Urban & Partner) started their business in Poland and 15% of 12420 book shops are in private hands.

The most resolute and consequent instances of the interference of the Ministry of Culture and Arts are connected with the protection of books and reading habits, i.e. on the press and editorial market. In 1994 the Ministry funded or supported the following: edition of 145 titles of books (in 1995 the number already amounted to 207), purchase of books for the public libraries with the additional funds specially granted by the government. A few thousand private companies operate on the publishing market providing approximately 10 thousand titles annually. In this situation the use of indirect instruments of the state intervention (such as taxes and/or customs duties) is of enormous importance. At present, the books produced in Poland which have an ISBN number are subject to the zero VAT rate which was prolonged till 2000.

Cinematography

The reform of cinematography started in the mid-1980s and was meant to transform it from state-owned and state-funded cinematography to a mixed ownership based at least partially on private capital. This process, however, is progressing slowly, mainly due to the lack of interest from private capital in film production as well as the lack of efficient and coherent legal solutions. The Cinematography Committee has at its disposal the funds from the state budget which are assigned for financing film production and subsidies for film studios. In 1995 the production of 22 feature films and 22 non-fiction films was supported by the Committee. The subsidies amounted to 40-60% of the total production costs of these films. There is a principle that the maximal amount of the subsidy for the production of a feature film cannot exceed 450 000 PLN (ca150 000), and the remaining funds must be found elsewhere by the film maker (be he state-funded or private). In practice the public television or foreign co-producers are involved in most of the film productions. At present the work on a new act on cinematography is in progress (the old one dates back to 1987). The task of the new act is, among others, to define new principles for funding film production.

At present we have coexistence of state-owned as well as private film makers (120 companies). Polish public TV (TVP S.A.) and private Canal+ are increasingly active as film makers. Film distribution is controlled by around 20 private companies with foreign capital engagement. 7 state-owned distributors play a minor role.

The cinema theatre network (750-780) is 20% of what existed in the mid 1960s.

According to GUS (Main Statistical Office) 4257 film and video producers (only 28 state owned) operated on the Polish market in 1995. Only a few large licensed companies were involved in making feature films. In 1995, 17 out of the total production (23 feature films) were made by private companies. In 1993-1995 Western investors were basically not very much interested in investing in the film making infrastructure. The distribution was controlled by private companies, notably those in joint ventures with the American distributors. In the same period the cinema theatre network (ca. 750) was owned by the municipalities and municipal culture centres (483), state distribution of films (40). The rest was either franchised or privatized.

Music industry; recording

Though the music market is highly decentralized 5 major international companies dominate (72% of sales). As Poland is devoid of compact disc factories all cds are manufactured abroad.

Ca. 2000 companies operate on the market, of which only one is state property. The Western capital is engaged only in the biggest companies. (E.g Polton Music Distribution is in partnership with Warner Music Poland, PolyGram Poland is a subsidiary of one the biggest international corporations); the large European corporation EMI operates on the Polish market via Pomaton. This sector is free from state intervention. The music industry develops rapidly according to general market mechanisms. The government, owning a large company Polskie Nagrania — does not use measures to support music not preferred by the commercial producers

Press

There is a high degree of market decentralization with a clear tendency of domination by a handful of publishers acting in selected market sectors (notably womens press). In 1994 foreign capital was in possession of 56% of equity in nation-wide papers and 50% in regional ones, or 70% of daily circulation. There is a clear tendency to concentrate on the press, especially by foreign investors.

Considering the relatively high level of the engagement of foreign capital, one can say that state protectionism is insignificant and the counterbalancing of government withdrawal far from satisfactory. In 1994 the Ministry of Culture supported the publishing of 47 magazines related to literature, theatre, fine arts and social and cultural matters;

Radio and Television Broadcasting

The Act on radio and television broadcasting, effective since March 1993, created legal foundations for the transformation of a state radio and television broadcasting concern into the system of public radio and television, and for granting licenses to private commercial broadcasting stations. By virtue of the Act all the broadcasting stations are obliged to support domestic audio-visual production and to make works of art and culture accessible (public broadcasting stations should carry out this task to a bigger extent than the private broadcasting stations), which should be achieved by fulfilling the obligation to devote at least 30% of the annual broadcasting time to programmes by domestic producers, and — additionally — one third of that must be provided by domestic producers who are independent from the broadcasting station. The public broadcasting stations, earning their income from monthly television subscription and advertising spots, have considerable funds at their disposal which allow them not only to carry out a technical modernization but also to fulfil the above said obligations resulting from the Act. The activities aiming at the promotion of Polish audio-visual production allowed for creation and development of a few dozen Polish independent producers of television programmes. In some cities the private broadcasting stations are already becoming efficient competitors with the public broadcasting stations: they sieze a considerable portion of their audience and income from advertising. One may expect that it will bring about commercialization of programmes broadcast by radio and television. The state does not intend to subsidize an ambitious non-commercial radio and television production. The only means intended to limit commercialization are the legal instruments resulting from the Act, i.e. so-called directives for public broadcasting stations, and the conditions of granting (withdrawal, renewal) of the licenses for private broadcasting stations.

As for to the market structure we have highly developed competition on several levels: public-private, nationwide — local & regional, among private broadcasters both nationwide and local/regional. The Public sector is composed of 18 companies (state treasury single person joint stock companies) — one of these public Polish Radio stations is nation-wide and 17 are regional. Two private nation-wide stations operate on the market. Several regional stations are operated by the Catholic Church (5 belong to dioceses, 6 to arch

dioceses and 6 are commercial).

The market shows a duopolistic structure with legislation giving public TV preferences and privileges. This duopoly is composed of TVP SA (public TV) and Polsat (private broadcaster), both cover most of the country's territory as well as the coded Canal+ with 33% of the French equity (foreign companies can legally hold only 33 per cent of the equity in any broadcasting establishment). Apart from the above mentioned there exists big regional private TV stations and local ones. Ca. 1000 cable TV operators act on the Polish market.

4. What do you think are the motives of your government behind the privatization policy for the cultural sector?

The motives behind privatization in culture were basically the same as in other transformation countries: crisis of public finance. In the new situation there was a radical change in the preferences of public expenses. The budget assumed more social and administrative character. The so-called stiff expenses, assigned for social insurance, service of the public debt and remuneration in the budget sphere began to prevail in the new budget. As a consequence, it led to a drastic deficit of funds for such domains as education, health care and culture. Limitation of funds for culture proved to be the most considerable, which may be explained by lower preferences for the so-called higher-rank needs under the economic crisis and transformation.

After 1989 culture and its financial problems were delegated in the hierarchy of importance and urgency to a further position. It is visible in a systematic reduction of share of expenditures for culture in the state budget. The motives and reasons of privatization/désétatisation of culture were thus primarily of an economic and financial nature, yet they were in certain aspects also ideological. This manifested itself in a fervent faith in liberal recipes — conviction that market cannot but help culture in freeing it from the state 'panoply' — command economy and bureaucratic deformations. One can understand this motivation as a kind of reaction against excessive *etatisation*. This liberal faith lasted only three to four years but it sufficed to bring about irreversible effects.

Seven years after the beginning of transformation some important questions still remain unanswered or unsatisfactorily answered, such as:

- how far should the state withdraw from the patronage of culture and where is the border the crossing of which leads to processes threatening the erosion of national culture?
- to what extent can the newly formed local self-governments replace the state in previously performed functions?
- For what kinds of cultural activity is the market the best regulator?
- Is it possible, and to what extent, can private protectors and sponsors be relied upon?
- Who and in accordance with what criteria should distribute public funds allocated to culture so that they are used in the most effective way?

5. What are the social, the economic/financial and the legal consequences of these processes?

It is premature to versatily evaluate all major consequences seven years after the stormy changes in the economics of culture, notably the process of privatization. It is much easier to assess *désétatisation* and deregulation in the public sphere of culture, which are globally positive. By this I mean the transfer of decision and money from the central level to local government as well as the accompanying process of communalization of state ownership. It happens not infrequently that culture is mismanaged in municipalities and communes but generally one can say that money is spent much more effectively than in centralized management.

As for privatization or — generally — marketization of culture it brought about both positive and negative effects. The former are evident: the centralized management and financing were inefficient and sooner or later — sooner rather than later — it would have caused an overall failure. Marketization of culture stopped this decline, the art of management was introduced to the area of culture. The government itself started to learn these difficult skills: how to move on the marketplace which was a new space in the Polish economy. All the state institutions have been acquainted with *dirigisme* — direct interventionism by the 'visible hand' of authorities. The new situation forced them to acquire new knowledge and skills — indirect intervention and parametric management. Also culture animators and artists ceased to rely only on state subsidies and directed much of their energy into helping themselves. Sometimes, however, they went too far in the commercialisation of cultural institutions activities.

In the case of Poland and other transformed countries one of the main achievements of privatization was improvement of the level of cultural production (printing industry, audiovisual). Poorly managed and under-invested this production was of a shabby quality. It is noteworthy that due to market reforms and the introduction of realistic exchange rates to the Polish currency, Western currencies were markedly depreciated which raised purchasing power of households and enabled millions of families to enjoy the acquisition of imported cultural goods and equipment previously inaccessible (when monthly income rarely reached \$50). This multiplied the attractiveness of the Polish market for Western investors in cultural industries and was the main cause of what I call 'audiovisual wonder' in Poland.

The negative sides of privatization are connected rather with the excess of shock market therapy than with the privatization as it is. Threats of privatization can be seen in two dimensions: economic/cultural and values-related. The former is connected with consequences of internationalization of culture economics and its implications for the small and medium-size culture markets. Considering the evident fact that production on a small market is expensive and implies heavy subsidies (this regards national cinematography first of all) there is a natural strive and temptation to import as many as possible cultural goods which are much cheaper and of better quality (or at least much more attractive).

Fears are connected with what can be worded inability of the Polish culture to *self-presentation* in arts. By this I mean the rising difficulty in self-expression: people are flooded by products in which they do not find their own dilemmas, problems, cultural context etc. via national artistic creation. This is particularly visible in cinema where the Polish made films are very scarce to put it mildly.

Domestic cultural production is becoming more and more imitative which brings about fears of cosmopolitization and Americanization of Polish culture. These fears are often exploited by right wing political parties under the banner of threats to national identity and the sell-out of the national vested interests in culture. However this might be politically manipulating the problem: privatization of cultural industries vs. national identity is not fully artificial.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

I have already indicated that serious withdrawal of government funding created difficult problems for culture and could not be fully recompensed by positive elements which undoubtedly came into existence, such as:

- cost-efficiency orientation and better management which was unattainable under the previous system. Every year several dozen arts managers leave school and find employment in cultural institutions. This should bring a qualitative change soon;
- explosion of local and regional cultural initiatives. Regardless of the motives and reason for these (in some cases it was forced by the lack of government support and in some others an authentic need for cultural revalorization and promotion of one's 'small homeland') the effects are what counts for the cultural development of thousands of local communities.

Russia

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Changes in the structure of objects of culture, art and leisure (hereafter termed the cultural sphere) in Russia,

namely, appearance of municipal and private objects in addition to formerly prevailing number of state-owned objects and a few public ones, are going on inconsistently just like the changes in the economical life of the country on the whole.

Privatization which is understood as a transfer of the property from the government to theoretically more effective private owners has not improved the situation. On the contrary, negative consequences of the transfer are evident especially in its impact on the social sphere.

Taking into account the complexity and diversity of the on-going changes in the legal status of the cultural objects it seems necessary to clarify pertinent terms and their definitions.

1. Privatization in the sphere of culture is understood as a complete or partial transfer of the property rights on cultural objects from the government to private owners.

2. At the same time, formation of a private sector without a legal transfer of the property right is also taking place. It is necessary to take this sector into account when analyzing the privatization since in the former USSR it was negligible.

Speaking about desestatization we would like to single out the following two processes: namely,

1. Reduction in direct government control and transfer of management into a nonstate sector (decentralization of management)

2. transfer of former state-owned objects into municipal status etc (municipalization)

Privatization in the sphere of culture

In the early 90s the government admitted that all forms of property in culture would be legal. Although, the privatization programmes in 1992 and 1993 banned privatization of culture institutions except cinema theatres, studios and distribution organizations, in 1994 this ban was lifted. However, the reaction of the cultural employees and managers both in the centre and in the provinces on the privatization was mostly negative. The Federal Council on Culture and Arts also raised objections against privatization.

The origin of the common antiprivatization mood lies not only in the lack of belief in improving the efficiency of privatized cultural objects, but also by the following fears:

- use of the transferred former state culture ownership for different purposes since there are more profitable ways of using these objects;
- reduced circumstances because of cutting governmental subsidies;
- threats to job security;
- reduction of the social security of the cultural employees [1].

Such a viewpoint is caused by the traditional understanding of the privatization as a process mainly aimed at improving the efficiency on the basis of a distinct personification of the stimulus and responsibility, reduction of the budget deficit etc. It is also implied that the principle mechanism for achieving these goals is selling shares on the stock market or selling the property rights. This approach can be implemented in industry, construction, trade etc as well as in some other branches being able to operate successfully on a purely market basis [1, pp.77-79].

Peculiarities of the sphere of culture, at least most of its forms require a different approach to privatization. Social significance of the production factor in culture requires more extensive participation of the government in the market control on using the facilities for production cultural values and implementing specific regulations in this sphere. Moreover, the orientation of the society at the implementation of its vital interests (development of art for art, conservation of the cultural values, providing the right of the future generations on cultural developments and so on) should become a background for formulating such regulations.

In culture it thus makes sense to speak of a 'noncommercial' form of privatization, i.e. of transforming the state and municipal culture institutions into public noncommercial organizations which are granted the property rights on the production facilities for free. Moreover, this privatization mechanism implies additional funding of culture without reduction of the government subsidies since the market relations imply the exchange of the social efficiency for budget credits of the state.

The benefit of privatization and desestatization understood in this way comprises:

1. Overcoming the state monopoly in this sphere;
2. Improving the flexibility of the state regulations of the activity in the sphere of culture, combining the administrative and economical methods of management, and implementing a variety of methods of the government subsidizing the culture;
3. Attracting various legal entities to subsidize cultural organizations both on a temporary and permanent basis as founders or co-founders of the corresponding culture organizations;
4. Increasing the independence of the culture organizations plenty of which are creative collectives and require a considerable extent of independence in solving their creative and economical problems;
5. Attracting famous figures in culture, business and other social groups to manage the culture organizations through the administrative councils and thus promoting the formation of a civil society in the sphere of culture;
6. Providing security for the cultural organizations from withdrawal of their property by the founders as is the case for the state-owned institutions.

Privatization process is going on only in a narrow sector of culture in Russia: namely, in the fields which do not require extensive investments, where equipment and accessories have been owned by the collectives or performers, where the net profit turns out to be essential mainly due to the imperfectness of the legal basis or a possibility to overcome the rules. In the first instance, this is show-business, private art galleries, production and distribution of the information carriers (video- and audio-production etc).

Show-business

The trends in the cultural sphere referred to as the show-business even in the Soviet period had a special status although formally being involved with the structure of the state concert organizations. They had a relative actual if not legal freedom in organizing their activity and had in their ownership sound, light and other equipment and accessories. Right after liberalizing the conditions of operating in the field of culture, several structures have crystallized in show-business which have practically forced out the state organizations operating in this sphere.

Private companies operating in close cooperation with show-business in the sphere of audio- and video-production emerged. At the same time, the corresponding state-owned structures were privatized mostly by transforming them into stock companies.

The main shortage of the grown-up system is a practical withdrawal of the state managing institutions from financial control over show business, its incomes and expenditures, taxes and all that, and the lack of information on the scale of its operation. Today we have no sufficient statistical information to give a detailed analysis of the situation in concert business.

Video- and audio-production

The systems of hiring videocassettes and their copying have been formed in parallel in the private and state sectors. Today the state sector is almost closed down. This is mainly due to a lower efficiency of the state sector because of mass scale violations of the copyright in the private sector and the weakness of the state control on fulfilling the regulations in this sphere throughout the country. Video showing organized on a commercial basis by private and state organizations has been practically removed after introducing a high-level taxation of this activity.

Film distribution

The film-distribution sphere is found in a rather difficult situation:

A rather complicated situation has turned out in the sphere of film distribution: namely, the cinema theatres have been left under municipal control whereas the distribution organizations have been privatized. At the same time, the regional distribution net has been privatized with the mediating net of buying films and selling the showing rights initially formed as a private one.

This poorly planned scheme of privatizing the film distribution system yielded an actual closing down of this kind of entertainment: most of the cinema theatres are largely used for other purposes and the spaces are rented to the organizations working in other fields of business. Changing the situation would require considerable reconstruction of the relationship among all the participants of the cinema industry and would take several years. Of primary importance is bringing into agreement the economical interests of all the involved parties from the film production to the film showing. An active position of the government

structures in this process is one of the main conditions for its successful fulfilment.

Publishing and bibliobusiness

In publishing and bibliobusiness the situation is similar in a sense: one can see here a combination of privatized publishing and distribution systems and municipal-owned libraries as one of the users of the publishing production.

It should be pointed out that a reverse process of the transfer of formerly public libraries to the municipal ownership can be observed in this sphere. The same process on an even larger scale is going on with the club-type institutions.

A crude privatization of the library collections which were corner stones of the state book distribution system resulted in a failure of this system. Finally, libraries have lost a possibility to replenish their funds with socially significant books such as handbooks, special literature etc. It should be noticed that the situation with the mass literature is free of such difficulties.

An evident gap between supply and demand in socially significant literature requires formation of a special structure or re-orientation of the existing ones. An active position of the state managing structures seems to be necessary in this field as well.

Museums and private art galleries

In the museum business, privatization of the state museums and funds is forbidden. Hence, creating new private museums and galleries was the only way of a private sector emerging in the museum business. First newly organized museums were based on personal collections which had been gathered in the period of the absence of demand for pieces of art and comparatively low prices on the market. This is especially true for pieces of art performed in the styles and within the subjects not accepted as official artistic standards of that time. The status of these museums is regulated by the Law on Museum Funds (1996). The real status of such museums can be understood from the title of the biggest of them 'The State Museum of Private Collections'.

Private art galleries actually control the market of pieces of art. In those geographical regions where the demand for such works exists a strong competition among galleries can be actually observed. It should be noticed that the national demand for pieces of art is not high.

In the sphere of cultural heritage privatization of monuments and museums is legally forbidden except for a small group of museums of local significance. Permission for privatization of such monuments should be obtained from the local authorities which are the legal owners of the monument. Normally, such permission is given if the use of the monument in the sphere of the local interest is not possible. Special Councils for conservation of monuments are responsible for observing the conditions of keeping the monument conserved for both private monuments and those in use. Such Councils are not involved in the structure of the local authorities. Privatization of monuments is very rare in the country, whereas obtaining the user's rights is a mass phenomenon.

Broadcasting

In the sphere of television one can find state companies (such as RTR, Moscow TV Channel, regional and republic-owned companies; municipal-owned companies such as city and district companies; and two kinds of private companies. The Public Russian Television (ORT) is the result of privatization of the 1st state TV channel, with a 51% share owned by the state. However, we find the trend of the ORT activity is not to correspond to its title and not to meet the public expectations, as well as the size of the state-owned share not to correspond to the real influence of the official structures. This problem requires a detailed consideration though. The TV-6 and the NTV (Independent TV) have been initially created as private companies. Most of the production companies are also private.

The discussed examples completely cover the cultural fields based entirely or at least to a large extent on private forms of property. Unfortunately, the operation of this sector cannot be estimated more or less adequately neither in material nor in monetary units. We just point out that some of these organizations operating in this sector (such as video-production hiring objects) have spread on a mass scale whereas others such as private museums exist only in a few examples.

The rest of the cultural sphere at least the major part of it is the ownership of the state, municipal or public organizations.

Desetatisation of the culture sphere

Modifications

In the mid 90s a process of modifying the state scheme of managing the country was initiated. The law on the local government has taken the local authorities away from the formerly monolithic structure of the state authorities. These local authorities were granted considerable rights on their territory, including the right to specify their cultural policy. Notice however that the changes of the system of redistributing the taxation among the federal center, the subjects of the federation and the local authorities has not been implemented yet. The lack of such a system prevents the local authorities from putting their legal rights into practice. Nevertheless, the process of the desetatisation has acquired a legal basis and the structure of the culture sphere of the regions has changed towards attributing the municipal status to the major part of the local cultural objects.

In the recent past the cultural sphere largely related to the state system. This system embraced a vast majority of the performing arts, the whole of the museum activity and most of the cultural-leisure activity, including libraries and institutions such as clubs. Direct management and subsidizing was implemented by the government management structures.

A small part of the concert activity and a considerable part of the exhibitions were organized by the creative unions. A part of the cultural-leisure type institutions such as club institutions and libraries were owned by the trade-unions, cooperative organizations etc. The methodics of their work followed the line worked out by the state.

Changes in the structure of the state management yielded the restructurization of the culture sphere. At the moment, only a small fraction of libraries is still left state-owned. These libraries perform methodical and research work in addition to their specific activity and in some cases render assistance in replenishing the funds to the regional libraries. The vast majority of libraries, club-type institutions, cinema theatres etc are presently municipally-owned. They are free to choose trends of activity and methods of work on their own. A number of their work trends are performed according to special programmes normally accompanied by a special funding.

A complicated economical situation of most of the enterprises and public organizations initiated a process of transferring the objects of culture such as libraries and club institutions formerly owned by the trade-unions to municipal ownership. Parts of these organizations had to terminate or steeply decrease their specific cultural activity. It goes without saying that this is a negative process which reflects an overall decrease of subsidy in the cultural sphere of the country.

In the sphere of the performing arts the isolation of the municipal objects was not a wide-scale process and considerable parts of the theatre and concert organizations are still state-owned. The municipal collectives were mainly recently created as new collectives.

Decentralization

As we have already noticed, along with the municipalization and independently of it, a process of decentralization of management in the sphere of culture has taken place. This process was initiated in the late 80s after a long public discussion on the catastrophic consequences of the monopolism and the state-party control in the sphere of culture. An important step towards demonopolization was taken in 1989 with the introduction of new economical relations for the culture objects operating in the field of the performing arts and cultural education. The transfer to these new economic relations has considerably diminished the possibility of state control over such objects.

At the moment, the relations between a cultural object and the institution which operates this sphere of culture look rather specific. The main part of the cultural field including entertainment (except show-business), museum and culture-leisure activity rests on using the material basis and subsidizing from government and municipal sources.

The state and municipal authorities are still the owners of the material basis of these institutions but they rent this basis for managing to the cultural organizations. The relations between the founders and the cultural objects are regulated by legislation and the agreements which determine the mutual rights and responsibilities of the parties. In all other aspects especially concerning the creative part of their activity including the formation of the repertoire and the distribution of their production the creative collectives are completely independent.

This practice has shown that the operating agencies have not yet managed to use their legal rights and actually render the creative collectives an absolute freedom without putting forward any minimal requirements.

In the sphere of supply of the performing arts serious competition has emerged which has resulted in considerable changes in the number of theatres and concert companies. What is important is that the appearance and disappearance of the theatres is dictated by purely economical and creative motives. The number of theatres has increased by more than 25% during the last five years.

Conclusion

Characterizing privatization and desestatization in the sphere of culture in Russia, we would like to stress that the monopolization of this sphere as is typical for the Soviet times has changed considerably. Allowing almost all the legal entities and natural person to found the objects of culture and passing a set of laws on noncommercial organizations has formally guaranteed a pluralism of interests in the sphere of culture.

A difficult economical situation and attempts, however, of some of the government institutions to solve financial problems by cutting and furthermore cancelling the taxation privileges of the culture objects and the enterprises, banks and other organizations giving a part of their profits to the support of culture, considerably deteriorate the conditions and perspectives of the nonstate and nonmunicipal-owned spheres of culture.

A steep reduction of the family budget fraction to be potentially invested to the culture sphere and cutting both tax privileges for this sphere and direct subsidies for culture make the position of this sphere potentially critical. At the moment, a vast majority of the culture objects cover 90% or more of their expenditures due to budget subsidies. Various funds and associations intended for the support of culture have a very limited potential which tends to go down. Such organizations are not in a position to compensate the withdrawal of the state and municipal subsidies. Moreover, this situation has a long-term character.

That is why the perspectives of the cultural development, desestatization and privatization policy entirely depend on the consistency of the government structures in their intentions to liberalize the economy on the whole and decentralization in subsidizing the culture in particular.

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Slovak Republic

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Introduction

The main aim of the transformation of the previous socialist socio-political and socio-economic system in the Slovak Republic, until 1993 in CSFR, is the establishment of a pluralistic democratic society in which there

are the optimal conditions both for economic prosperity based on a social and ecologically oriented market economy, as well as for the development of free and open culture, including arts, of the Slovak nation and national minority groups.

From this basic conception of the transformation of society we can derive the necessity of important structural changes covering all spheres of social life including cultural spheres.

The task and place of the public sector of a society should be deeply changed, especially the task of its governmental subsector. Its monopolistic and dominant position concerning its extent and role has been done away with. This historic turnover in the role of the public sector, particularly its governmental subsector, which is an inseparable part and result of the global transformation process, is called by the concept 'desetatization'. Desetatization is the system of the specific aims, tools and steps by means of which the process of the crowding-out of the public sector is done. It has a new role on the basis of the inner changes inside the public sector and by means of the strengthening of the role and extent of the private sector, and the third sector as well, the so-called non-profit organizations and institutions.

Within the process of the transformation of former socialist countries, desetatization is the proclaimed central goal of their development, and therefore it covers all spheres of social life. It is quite understandable that within the respective spheres, for instance in culture, it has its own specific forms, dissimilar extent and pace of its implementation.

Privatization, in its real meaning, stricto sensu, is a concept used for the determination of the socio-economic phenomenon of the legal transformation of property which is in state hands to the hands of private individuals or legal entities. It is a system of steps and actions which in the Slovak Republic are strictly defined contents within the valid legislation, especially the laws 298/90 Coll., 403/90 Coll., 427/90 Coll., 87/91 Coll., 92/91 Coll., 171/90 Coll., as well as 192/95 Coll. and 214/95 Coll.

Privatization, in the broadest sense of the word, can be defined as the multi-sided strengthening process of the private sector of the socio-economic life which not only has legal, but also economic, social, etc. parameters and consequences. Not even this is equivalent to desetatization seen later on, which is a much broader and multi-layered process.

The stated three concepts: privatization (stricto sensu), privatization in the broadest sense of the word and desetatization are partly overlapping, which only corresponds to the fact that the real systems from which these concepts are derived, are partly superimposed in the contents, effects and consequences for the life of a transforming society.

Desetatization processes

Desetatization includes processes in the public sector, in the private sector, and in the non-profit sphere.

1. Public sector

1.1 Demonopolization of the status of the governmental subsector of this sector, its debureaucratization and to become subordinate to democratic control done by elected bodies starting with parliament, etc. This is especially important in such delicate spheres as culture.

1.2 The shift of competency to the lower layers of the public government (regions) and local government. To leave the responsibility of the central governmental body, ministry or other similar bodies, and governmental subsector only for those tasks which are of all-national importance and which cannot be sufficiently guaranteed by the lower stages of the public government (management of the public sector).

1.3 In connection to 1.2, decentralization of the organizational subordination of those institutions and organizations which only fulfil the regional and local tasks to the local stages of public government. In the Slovak Republic from the original approximately 220 organizations (institutions) of the governmental sector of the cultural sphere, only 30 institutions of all-national importance remained after the decentralization in direct subordination of the Ministry of Culture of the Slovak Republic (the Slovak National Theatre, the Slovak National Gallery, the Slovak Philharmonic Orchestra).

1.4 The transformation of some state cultural institutions to non-state public bodies (institutions under public law) with the special regime of their direction concerning fundamental problems by parliamentary elected bodies, for instance Slovak Television is directed by the Television Council, and Slovak Radio is directed by the Radio Council. At the same time, their dominant position in T.V. and radio broadcasting has been lost and a new strong and influential private sector has emerged in these areas, see later on.

1.5 Creation of a special state fund to finance culture 'ProSlovakia'. It is a semi-governmental fund which, up to a certain extent and at least according to the law, requires the so-called 'arm's length principle' of the use of given financial resources which are approved by parliament as a special financial item of the state budget of the Slovak Republic, which is not included in the chapter, 'Ministry of Culture of the Slovak Republic'. Their distribution is done on the basis of the expert's committees recommendations from certain artistic spheres and mainly by the method of the co-financing of specific cultural projects and sometimes even only in the way of loans covering a certain project.

1.6 The liquidation of long-term in debt state enterprises of the cultural sphere by means of a decision of a commercial court (for instance, the big number of state publishing houses and book distribution enterprises).

1.7 The total slimming of the former network, especially of the local cultural establishments, in such a way that they were abolished. The activity of especially those establishments that were finished which were not sufficiently used (many of the former cinemas to 10-15%) or such local, but also belonging to the governmental sector, cultural establishments of the Slovak Republic which were unable to adapt their activities to the newly created conditions after 1989.

2. Private sector

2.1 The re-privatization of those cultural institutions and establishments (or their objects of immovable property, mainly buildings) taken from the private sector during the socialist period. According to the restitution laws, out-of-court rehabilitations, giving back property to churches, etc., mainly 298/90 Coll., 403/90 Coll., 229/91 Coll., such property or its equivalent were given back to the former owners or their heirs. Concerning objects (buildings, etc.) being reprivatized, used for public services, for instance concerning cultural establishments, the laws differentiated between giving back property right transfer and its giving back physically in favour of the former owner. The protection term was stated (maximum of 10 years) and within this term the user of the object used for cultural purposes was not forced to clean it up or give it back in order not to threaten the work of cultural institutions. But on the other hand, the user has to pay rent. It is an especially delicate problem with objects important as cultural heritage.

2.2 The privatization of the specific group of institutions which belonged to the governmental subsector of the public sector. According to the strategies of privatization in the sphere subordinate to the Ministry of Culture of the Slovak Republic, this privatization was only concerned with the so-called business sphere; that means former state companies that existed as profit making organizations, especially in the field of publishing houses, music recording studios within the network of the state book trade, film distribution, production of theatrical technical equipment, projection and construction of cultural facilities, restoration workshops. It means de facto in the field of cultural industries.

Within the framework of the strategies of privatization in the sphere of culture it was approved that in the process of privatization the so-called non-profit sector (practically all budgetary organizations) has not been counted so far, certainly not within a short interval of time, not even within the horizon of the middle term. This de facto embargo of privatization concerns theatres, opera houses, libraries, museums, galleries, cultural heritage, philharmony, etc. They are such cultural institutions that on the one hand play an inseparable part in preserving the cultural identity of the Slovak nation and national minorities, preserving cultural heritage, forming the artistic potential of the country, supporting non-commercial international cultural cooperation, development and satisfying the cultural needs of all (even socially weaker classes of society, etc.) and on the other hand relatively low wages and the total shortage of free (not spent) income which might be devoted to expenditures on cultural products and mainly basic cultural services not considered under the temporary economic situation of the country, they might be subordinated exclusively to the market forces. This de facto embargo is in accordance with the cultural policy of the Slovak Republic and at the same time it represents a certain analogy with this that according to the laws 192/95 and 214/95 that some, for the state strategically important enterprises, won't be privatized and later on certainly not completely. In these laws only firms of the material production sphere of the national economy are stated. Cultural establishments are not *expressis verbis* named.

2.2.1 The so-called small privatization (law 427/90 Coll.) in the sphere of culture was mainly concerned with the units of retail trade, that is state bookshops and record and CD player shops. So from the total number of more than 300 shops within the framework of restitution cca 15% were given back to the former owners, cca

15% were closed, cca 40% were postponed to a later term to be privatized together with the whole distribution network of books and sound devices (within the so-called big privatization) and cca 30 % were sold by means of public auctions which were done in two ways a) on the basis of the highest bidder, they were sold to those who were willing to pay the most, b) in such cases where buyers were not willing to buy a shop for this price, the price was gradually reduced up to 50% of the original price (in our country this system was called the so-called Dutch System of Auction), and if even for this 50% reduction of the price nobody wanted to buy it, the shop was excluded from privatization and closed later on.

2.2.2 The so-called big privatization (law 92/91 Coll. and other laws)

This privatization covered publishing houses, wholesale book markets (distribution network), film distribution enterprises, film studios, sound recording studios and other facilities which provided entrepreneurial activities exclusively in the field of the culture industry.

Ways of privatization:

- state enterprises were transformed into state joint stock companies and their property was privatized up to the value of 97% by means of the so-called investment coupons benefitting the whole population, 3% remained in the so-called National Property Fund as reserves for restitution needs. Mainly some publishing houses were privatized in this way;
- direct sale to the chosen interested parties on the basis of public competition (for instance enterprises for the distribution of films);
- direct sale to the determined owner in advance, mainly to the group of employees of the enterprise or to its management. Some publishing houses and film studios were privatized in this way.

Nearly ten enterprises which were originally chosen for the second wave of the big privatization were in the meantime closed because of their failure to pay to fulfil their obligations on the basis of a decision of the proper commercial court or based on the decision of the founder of the Ministry of Culture.

The important support for the privatization of state companies (from the cultural sphere as well) is the so-called calendar of payment plan in instalments for which the firm was sold to the private owner. The buyer does not have to pay the whole sum of money immediately, but instead in instalments. Furthermore, all expenditures covering later investments of the new owner are subtracted from the debt price which must be paid by the buyer to the National Property Fund.

2.3 By means of creation and development of brand new private companies and institutions in the sphere of culture. These companies are financed from their own incomes achieved from the sale of cultural products and services to households, companies or institutions in the public sector. For some projects private institutions and companies can obtain public resources mainly from the state cultural fund 'Pro Slovakia' if they succeed in competition with other projects.

The newly created private sector in the field of culture is developed differentially according to the conditions of demand. The biggest number of private companies is in the field of publishing houses. After the initial euphoria in 1990 when more than 500 new publishing houses appeared, they were gradually selected by the market and according to estimates, the great majority of them died out and at present there are not more than cca 20 profitable private publishing houses.

A much more complicated situation is in the field of record companies: in competition with the big international companies of the production of sound devices (records, CDs, mgt, etc.) they cannot survive in the small Slovak market (cca 5 million inhabitants). The same goes for the production of films. They cannot compete without the support of projects from public sources like the 'Pro Slovakia' fund. Private radio and television stations are doing very well in spite of the fact that the advertising market is relatively small in our country. Printed periodicals (newspapers and magazines) are only private and they successfully took over the former state market. But their number after 1990 was also higher, the present number is settled. In the sphere of professional arts a relatively high number of private galleries and several theatres of the so-called small experimental scene exist. A rather high number of pop groups are in existence. The tax system should be more helpful to the development of private entrepreneurship in the field of culture. In spite of the existence of certain modifications which might be used for the sphere of culture, it is hardly stimulating.

2.4 The private sector of culture is de facto extended also inside the public sector in such a way that even the institutions of the public sector cover their costs more and more from revenues from the sources of the households. This means the higher influence of the private sector inside the public sector of the society. Consequently the influence of households on the profile, contents and activities has to be adopted in

accordance with the needs and interest articulated and demanded by the private sphere.

3. Non-profit sphere

The process of desettlement considerably helps the development of the non-profit sphere in the Slovak Republic which is the so-called third sector, mainly foundations and different cultural associations.

In a certain sense the interest associations of artists belong to those who have big sources accumulated in the so-called Literary Fund for the support of book production, the Music Fund for the support of music and in the so-called Fine Arts Fund for the support of fine arts. The stated artistic funds also have, besides their own financial resources, their own production equipment (for instance publishing houses, art studios) and social facilities (monuments) in which the artist can create and relax.

Extra information concerning privatization

Consequences of this privatization and the whole effectiveness of the companies' and institutions' operation of the sphere are that the total number of workers engaged in the public sphere has decreased. This fall has been met with only minimum compensation to find possibilities to be employed in the public sphere of culture. From the stated reason, but also because of considerably low salaries in the public sphere and average wage in the national economy, a lot of them went to work in other job sectors, mainly into the private service sector.

The yields from privatization belongs to the National Property Fund of the Slovak Republic. The sphere of culture receives nothing directly from them. Our proposal to make part of this yield to at least flow into the state culture fund 'Pro Slovakia' was not accepted by the Ministry for the Privatization of National Property of the Slovak Republic at the time when the law on the so-called big privatization (92/91 Coll.) was under preparation.

Most shops with cultural products (books, sound devices), which were privatized within the framework of the so-called small privatization did not hold their obligation to keep the original profile of the shop. New shop owners, mainly in city centres, made them into shops with more lucrative goods, even into butchers, green grocers, cafes, snack bars, etc. There were no legal forces to make them comply with their obligations (at least for the first five years). The situation improved after the origination of the private publishing houses of which the most capable were selected, which gradually established the functioning distribution network.

Slovenia

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The paper comprises three parts: in the first I examine the subject at a general level, in the second I sum up results from public opinion polls in Slovenia that show attitudes among Slovenes towards privatization, and in the third I reply to the questionnaire.

I General

Privatization is the transfer from public to private. What is the subject to such transfer?

- A. Activity
- B. Assets
- C. Administrative rights
- D. Funding

A. Activity

By privatization of cultural activities I mean the creation of the possibility that also private legal entities can perform cultural activities. In Eastern and Central Europe in the past, state institutions, i.e. the public sector, held a monopoly so in the post socialist countries the privatization of cultural activities as an additional 'object of privatization' which is not relevant in Western Europe at all should be specially mentioned. With the changes in the political system state institutions officially lost their monopoly, but the question is whether this actually happened. Establishing an equilibrium between the public and the private sectors in culture is intrinsically linked to the venues available to the private sector for performing cultural activities and to the accessibility of public funding for such activities. If these two elements are not there, then real de-monopolising can only take place within the cultural activities that can survive on the market.

If privatized cultural activities depend entirely on the market, then the issue is not only the privatization of cultural activities but also their commercialisation. This is what has happened in principle in eastern and central Europe. By that the term privatization has got the negative connotation and become in this sense contaminated. In general, privatization is understood as the transition to a market economy and profit as the objective of work. This means that a new term must be introduced to mean:

- that cultural goods remain public goods that are no longer produced by the state through its own institutions because others, i.e. private institutions, can do a better job;
- that these institutions consider quality, mass access to cultural goods rather than profit-making to be their main objective;
- that private culture providers compete for public funding with each other under the principles of transparency and accountability on contract basis, so that it is no longer important WHO is engaging in cultural activities but HOW;
- and that the state remains the guarantor of cultural output and publicly-subsidised dissemination of those cultural goods of general importance that cannot survive on the market alone.

This is, therefore, an issue of democratisation (consolidation of civic society in the provision of cultural goods as public goods) and liberalisation (consolidation of private sector in the provision of cultural goods as public goods). Both objectives can be covered by the term desestatization, which establishes a certain distance from the term privatization.

The term privatization itself is not problematic when we are talking about market-oriented cultural activities or cases of contracting out specific services such as accounting, cleaning, security and similar to the private sector.

To summarise briefly: the state as the distributor of national revenue should remain a key factor in cultural welfare without being the owner and producer of cultural services. The field of cultural activities has been deregulated, i.e. cultural activities may now also be performed by the private sector, while de-institutionalisation, i.e. the transfer of the provision of cultural goods as public goods from the public to the private sector, did not take place.

B. Privatization of state-owned assets including state cultural institutions

In the privatization of asset

s it has to be clear what the objectives of privatization are. If it involves the transfer of state assets to commercial enterprises then we must be aware that the aim of such a transfer is to generate profit and distribute it among owners. If the objective of such privatization is the improvement of cultural activities, the introduction of competition and selectivity, and responding to consumer needs, then this is still a transfer of assets, but more precisely a transformation of public cultural institutions into non-profit non-governmental organisations (foundations and societies). In this case the objective of the privatization of assets is not to create profit but to manage human and material resources in the best way possible, with the aim of producing high-quality cultural programmes. If in the process a surplus of revenue over costs is created then it is poured back into the cultural programmes and NOT GIVEN to the founders of such non-governmental non-profit organisations.

C. Privatization of administrative rights

Under the privatization of administrative rights in social activities I am referring to*:

- the involvement of the professionals and consumers in the cultural policy decision making;
- the involvement of professionals and consumers in the management of public cultural institutions;

- the transfer of cultural policy decision making and related public funding from state bodies to public funds;
- and the transfer of management with managerial contracts.

D. Privatization of funding

Under the privatization of funding I am referring to*:

- the right of individuals and legal entities to contribute directly a part of their taxes to of public interest without any state involvement (the civic society supersedes the state in its role as distributor of the allocated share of taxes or, to put it differently, 'taxation privatization', of course just to the certain degree — for example 5% of the income tax);
- the right of the non-governmental non-profit sector to be exempt from income tax, i.e. tax on the surplus of revenue over costs, under the condition that this is reinvested in work that benefits the public;
- and increasing the own resources of cultural institutions by introducing modern managerial methods and skills, modern marketing, fund raising etc. The objective, of course, is not to create profit, but rather more efficient management of human and financial resources so that the best possible results can be achieved in the realisation of programme assignments.

* summarised from my article in *The privatization of Education, Health Care and Culture*, Ljubljana, Faculty of Social Sciences, 1996.

II Slovene views on privatization

Views were canvassed in the 1991 and 1993 public opinion polls carried out by the University of Ljubljana's Faculty of Social Sciences. Both polls used a representative sample of the Slovene population. The 1991 poll was on general value-orientation, the 1993 poll on actual forms of privatization.

Attitudes among Slovenes differ with regard to their value-orientation. The liberal part characteristically sees private property as a source of an independent future, the conservative assigns the central role to work. Most important, both sides see privatization a positive process provided that a balance between work and capital, i.e. a symbiosis between the two, is achieved. Most widespread was the sober view that property should be part of the function of individual freedom and security and not a means of almost half supports workers' self-management in companies. Privatization enjoys the support of the majority of the population provided it does not annihilate the positive elements we inherited from the previous system (high level of social security, health care and education, and high cultural standards). We can conclude that those who were surveyed feel reluctance towards the privatization of education, culture, health care and other social activities.

(summarised from an article by Veljko Rus in *The Privatization of Education, Health Care and Culture*, Ljubljana, Faculty of Social Sciences, 1996.)

III Checklist

a. Type of privatization

The privatization of activities in Slovenia, i.e. the opportunity for the private sector to engage in cultural activities, took place as early as the 1950s when in the name of artistic freedom and the right of association cultural societies started to develop all kinds of activities. The societies were for the most part amateur organisations, but professional groups also took advantage of this legal option. As a result there was an alternative theatre scene, magazines, newspapers and other written works were printed, and in the 1980s so-called freelancers' communities started operating in the fine arts and film. This explains why the number of cultural societies and freelancers did not increase after the collapse of the old, singly-party system in Slovenia. A new phenomenon was only the emergence of private commercial enterprises in culture, such as publishers, radio broadcasters, cinemas and video rental outlets and the fact that certain cultural activities could be done in a market, profit-making manner.

What type of privatization took place in Slovenia after 1990?

We can identify three kinds of the privatization process in eastern and central European countries:

1. privatization in the sense of denationalization of property nationalised after World War II;

2. privatization of so-called social or collective property;
3. privatization of state property.

1. As part of denationalization some post socialist countries restored property used for cultural activities to its previous owners, the same applying to museum collections. However, Slovenia for example, did not reconstitute cultural property in nature (such as important castles, palaces and other cultural monuments which should remain open to the public, venues for performing arts, visual arts, libraries, museums ... and also movable heritage - paintings, objects of art which should remain in the museums as the part of the museum collections) but in financial compensation.

2. As part of the privatization of so-called social (anonymous) property two extremes developed. First, all publishing houses, cinemas, newspapers and radio stations re-formed to become private enterprises. These were all institutions that had since the fifties (the exception is of course national radio in TV station) generated a major part of their revenues on the market, even though they enjoyed the status of state institutions. Along with the transition from the public to the private sector, the transition form being non-profit legal entities into being profit-making legal entities took place. There were no cases of transition to a non-profit non-governmental organisation (private foundations or associations). With this type of privatization an awareness of the need for balance between the public and private sectors in the provision of cultural goods as public goods was not present, cultural producers were simply abandoned to the market, the motive being to reduce responsibility and funding for cultural industry.

In Slovenia privatization took place through internal purchase by employees and distribution of ownership certificates among citizens.

Secondly, in Slovenia only the national technical film base as a technological infrastructure remains state owned, while film producers are private entities. These were not created with the privatization of state property but have newly emerged in the private sector. This process began at the beginning of the 1980s. Private TV broadcasters followed the same path, with only national television and radio remaining state owned.

In all other areas of culture, the so-called social sector (the theatre, both opera houses, symphony orchestras, culture halls, museums and libraries) became part of the public sector. I.e. socialisation from the old self-management style socialism was replaced by i.e. etatisation (or nationalisation). This was supposed to be a temporary solution, aimed at protecting existing cultural standards in Slovenia, but has discreetly become permanent. What are the reasons for this permanence? The reasons lie in the fact that cultural state or public institutions are independent legal entities with their own accounts (in the past Slovenia distinguished itself from other socialist economies because its single-party system was 'infused' with self-management, which brought comparatively high levels of autonomy to cultural institutions). This means they have sufficient autonomy on the one hand while on the other they enjoy the high level of social security guaranteed to the public sector by the state. At first glance this might seem an ideal combination, but the model is affected by the shortage of cultural production funding. Cultural institutions are constantly reminding us of this problem, but which they are not prepared to tackle because they are afraid to lose social security. The current situation may only be tolerated because the state has not yet been able to formulate its own cultural policy or strategy of cultural development, and thus has no other option but to continue to satisfy the requirements of cultural institutions. Cultural workers contributed significantly to the independence and democratisation of Slovenia, so despite the dramatic changes (transition from a consensus-run to a market economy with 7-percent unemployment and from a single-party system into a multi-party system) the state maintains the cultural status quo and maintains the level of funding. An evaluation of Slovene cultural policy for the Council of Europe highlighted the need for active cultural policy, over institutionalisation and the need for diversification and modernisation of the public cultural sector.

3. The privatization of state cultural institutions has not yet taken place. A new law on the privatization of legal entities and assets owned by the Republic of Slovenia is currently going through parliament. The objective of this law, however, is to commercialise everything that can be commercialised, and not to effect a transition from the public non-profit sector (public institutions) to the private non-profit sector (private foundations and associations).

What type of legal entity was used as a subject for privatization?

Publishing houses, cinemas, newspapers and radio stations became commercial enterprises with the status of share companies or limited liability companies. This means that profit is their sole objective.

b. Managerial culture

In the public sector it is input (wages and direct material costs) that is financed, rather than output (programmes, services). Employees enjoy the status of civil servants. It is assumed for the public sector that it will operate in a manner and under the conditions applicable to public services, which means that

- the volume of activities is permanently fixed and independent of the market or consumers;
- policy is formulated by the state;
- labour relations are static (permanent employees);
- work is expected to be done in accordance with single, joint and mandatory professional standards (a high degree of regulation);
- there is no reward system because wages are determined by the national wage classification for civil servants;
- the state directly influences the appointment of an institution's executive and administrative personnel;
- and the state holds professional control over the work of an institution.

These are the general principles of the public sector, which are foreign to culture *per se*. They are more or less applied only at the official level, but even that is enough to put a constraint on the implementation of managerial working methods. The same applies to human resources management — characteristics of the public sector are its administrative model which does not allow

1. the evaluation of the results and relating system of promotion and planning of work and
2. strategic development (because of the automatic distribution of funding which means that the resources for individual parts of the public sector are constant).

In the public sector the management is not an administrative body (as it is in a stock company) but merely an executor of the policy prescribed by the state. In Slovenia the whole policy is geared towards the preservation of institutions and their employees. Cultural production thus more or less depends on the resourcefulness of those few committed and capable managing directors who are trying to provide and develop even given these conditions.

Managerial contracts, as forms of transferring administrative authority to managers whereby the state only sets the goals while professionally-qualified managers find ways towards their successful realisation, has not yet been embraced in the area of culture in Slovenia.

The term management in the public sector has established itself mainly in sense of raising additional funds and not for managing of human and material resources. And this is precisely the point where the *contradictio in adjecto* is hidden. The management is expected to give a solid performance with its hands tied. There is a conflict between social security for employees and conservation of the existing institutions on the one hand, and artistic freedom and the introduction of competition and selection in publicly-funded cultural programmes on the other. The worse part is that as a rule an increase in own resources leads to a cut in state subsidies: a vicious circle.

c. Funding

In 1990, public funding was slashed. The reasons were twofold:

1. because inflation began to decline and with it funds that were accrued by cultural institutions through investment (high-interest loans and so on) of money they received from the state;
2. the loss of the Yugoslav market after independence meant that Slovenia's GDP declined and thus the same proportion of GDP meant less money (see table below).

Shifts in national (state and municipal) expenditure for culture (in US\$million and as a percentage of GDP).

Year	US\$million	%GDP
1990	103	0.84
1991	67	0.79
1992	66	0.81
1993	65	0.75
1994	78	0.81
1995	106	0.83

Sources: Statistical Year-book of the Republic of Slovenia, Ministry of Finance, Ministry of Culture.

The main cut was in the funding of privatized areas (publishing and film production). The reason was that the state automatically gave priority to the funding of wages and related material costs in the public sector, so other areas, without any public institutes (publishing and the film industry) constantly lost out in the 1990 to 1996 period. The situation in the film industry has improved slightly since the National Fund for Film was founded in 1994, this receiving funds specifically for this purpose.

Slovenia's tax legislation does recognise forms of tax relief for culture similar to those used in the EU countries — lowest tax rates for books and cultural events (5%), a reduced tax basis for the calculation of tax on profit for legal entities (up to a maximum 0.3% of overall turnover), and a lower taxable basis for income tax (up to 3%). Nevertheless, culture must compete with other publicly beneficial and charitable activities in the area of education, health care and social security. Most interesting is the data showing that legal entities do not give as much towards social activities as they could in terms of tax relief. In 1993 only 16.9% of the amount available was made use of, with 28.7% in 1994 and 48% in 1995. The trend is positive, but the fact that the privatization process is just coming to its head and that the first signs indicate that the new comers see property only as an opportunity for private profit and not and acceptance of the responsibility towards the public should be taken into account. Research shows that in the future we need to intensify forms of sponsorship that will bring mutual benefit and develop marketing of cultural goods that will make them attractive to the commercial sector.

It is already clear that sponsorship is particularly attractive in raising funds for high-profile cultural events while maintaining basic cultural standards remains the responsibility of the public authorities. The need for public funding and the size of the cultural market are inversely proportional: the smaller the cultural market the more public funds are needed.

d. Arguments and motives

The interest in privatization in Slovenia shows in the desire to modernise the public sector and in the demands of non-institutional performers for equal access to public funding for culture.

Counter-arguments are found in the following areas.

1. the fear of the commercialisation of culture. In publishing it soon became clear that publishing houses as commercial enterprises will follow market orientations and supply publications that are important for society only to ensure that their image is preserved, which is not a direction that will take care of the cultural dimension of the publishing business;
2. the experience of the authorities viewing privatization only as an opportunity to reduce public funds for culture by abandoning culture to the market.

More than anything it is becoming clear that this is a long-term and complex process that must run under supervision and within a clear vision of strategic development. The uniform and one-way privatization of the publishing houses in the private sector showed that a simple transition from state to private property is not possible and that various mechanisms need to be developed that will lead to property socialisation, democratisation and liberalisation. The process must be set up more broadly and its theme must extend from privatization to the area of reversing statism. This is not just about the privatization of cultural activities that can survive on the market but also of all those where the main motive is democratisation and liberalisation.

e. Effects

I believe that the privatization of the publishing houses gives the greatest cause for concern, not in itself, but because the entire publishing field was transformed into a set of commercial enterprises. That included publishing houses which had specialised in text books and formal printed matter, i.e. those which could be considered for transformation into private, non-profit, foundations or societies. The biggest problem or the most detrimental effects of such 'profit privatization' is seen in the book-marketing network, which is turning bookshops into shops selling sundry goods and the occasional book. More important, this privatized network is setting extremely high charges for books that are more difficult to sell from some private publishers who are already specialising in such publishing programmes. In general book prices in Slovenia have increased significantly.

The positive effects of privatization can be discussed mainly in connection with the privatization of

cultural activities through deregulation, which allowed for private profit initiative in cultural activity. Around 150 publishing houses were established in Slovenia, around 20 of which publish more than twenty titles a year. Others dabble in a number of other things. The situation in music publishing, private music studios, and private radio stations is similar.

The tendency of commercial enterprises to rationalise has resulted in a noticeable decrease in the number of employees. New jobs can be discussed only in connection with the founding of new private enterprises. These are mainly video shops, music studios and radio stations.

With regards to wages we should point out that wages in the public sector are not much lower than average wages in the commercial sector, the only exceptions being those in very successful companies.

Conclusion

We can say that Slovenia has undergone a complete deregulation of cultural activities, but not a de-institutionalisation of publicly-funded culture, i.e. the transfer of the production and dissemination of cultural goods as public goods to the private sector, or a sizeable increase in the funding of private non-profit cultural organisations.

Privatization is necessary in Slovenia not to increase autonomy in cultural institutions but to

1. introduce competition, openness and responsibility in public spending on culture (transparency — accountability — contract);
2. modernise the public sector in the terms of liberalisation, which can primarily be done through extending the competencies of management and creating greater flexibility in organisation and work as conditions for responding more successfully to consumer needs and establishing more dynamic cultural development;
3. consolidate of the civic society in the terms of democratisation.

Spain

(See also next country report)

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1. Is privatization an issue in your country? Could you give some examples?

Privatization is definitely an issue in Spain. There are many examples of economic sectors that traditionally have been in the public domain. For instance, in March 1997 the Telecom company in Spain (Telefónica) finished its privatization schedule, when 24,5% of the capital was put on the Stock Market. This same company bought several Telecom companies in Latin America in the early nineties. Privatization has also started to make its mark in cultural sectors, which are analyzed in the following paragraphs.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

(a) funding, (b) ownership, (c) regulation

1. Museum a
2. Monuments a

- 3. Theatre a, b
- 4. Opera a
- 5. Books and publishing -
- 6. Film and broadcasting a, c

3. With which definitions of the term 'privatization' would you characterize these processes?

Privatization in culture has been developed in Spain in the following ways.

I

The transfer of property rights to the private sector has not developed in Spain, although there are already some examples, especially in the performing arts infrastructures. The most recent example of this is the Poliorama Theatre (Barcelona), privatized in September 1996.

III

There are also some examples of a public organization operating more independently, as a quango. This path has been followed by the Liceu Opera House (Barcelona) and by several organizations in the heritage sectors (museum and monuments).

IV to VI

The introduction of contract management, the contracting out of specific activities (subcontracting) and the search for other private sources of funding are widely extended in the Spanish cultural sector. Heritage organizations, performing arts centres and companies, the film sector, cultural multifunction centres, etc. have been introducing these schemes since the late eighties and especially during the nineties. The publishing sector has always been managed by market economy and privatized from the outset.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The motives argued by the government for the different privatization operations are the usual: i.e. improving the efficiency of the organization and cutting (better: redimensioning) public expenditure.

5. What are the social, economic/financial and legal consequences?

The consequences of these processes are deep and they are impossible to be summarized in this paper. The consequences range from social (danger to arts vitality and specially to risk initiatives, how the market can take care of community arts), economic (changes in pricing,...) and legal (changes in legislation to empower and support foundations).

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

It is also not possible to discuss any form of "counterbalancing". The transformations in the privatization processes are more related to substantive qualitative changes whereas "counterbalancing" refers more to an equity between the part withdrawing and the part taking control. It must be said that privatization in Spain has been rather soft: mostly a growth in private funding and a growth in contracting out of specific activities.

Nevertheless there are two interesting and perhaps peculiar characteristics of the cultural sector in Spain that are related to the market. Firstly, the role of the savings banks have always been very strong, as they were compelled by law to invest some revenue into 'social activities'. This meant that savings banks own libraries, exhibition halls, galleries, museums and other art-related activities. Even though the savings banks are re-orientating their 'social' strategy (as they are closing libraries, for example), their investment and role in culture is still very high.

Secondly, the financial support of local festivals has always been mostly private. Spain has a huge tradition of local popular festivals, taking place once or twice a year in each municipality. These festivals are mostly financed by the local or community committees that are used to raise money from the neighbourhood by different means, i.e. organizing lotteries or appealing to local business donations, etc.

In conclusion, privatization in Spain is a growing process that is more in the air than in the agenda.

Spain

(See also former country report)

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In the following I'll try to give some impressions — I did not check them — on the situation concerning the privatization of the cultural services in Spain. These reflections are not based on prior or thorough research on this subject; they are just an approximation. The concept of privatization is fashionable in Spain, especially since the *Partido Popular* won the elections in March 1996. However, the activities of the actual government have mainly been focused on other economic sectors. In the cultural field, the freezing of the public budget (which became especially serious after years of inversion into new cultural infrastructures, which now have to start functioning), has reached some subnational or local governments (to the best of my knowledge the central administration has not privatized any of its scarce big national institutions) which made it necessary to privatize the management of some of these institutions. Experience had already been gained in peripheric services, such as bars, libraries, security and cleaning in museums or theatres, but privatization of an entire cultural public service had not yet occurred. I only know of a few cases at the moment, but it is possible that privatization in the cultural field will become more general when a critical mass and a sufficient market coincide. Thus, through the juridical model 'concurso publico' (public invitation to tender), some theatres and museums have been managed by private cultural companies or associations, under certain conditions and for a limited period of time. This does often not imply diminuation of the public contribution, but co-responsibility and more efficient management, since this model exceeds the bond of administrative contracting.

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1. Is privatization an issue in your country? Could you give some examples?

Yes, but only in some aspects (for example the introduction of contract management for the agencies). No cases of privatization have been carried out in the cultural field for the last few years. The social democratic government (1994 -) has not shown any interest in this question in the cultural field.

The former non-socialist government (1991 — 1994) was more interested in privatization. The government decided in 1994 to create a new private foundation for cultural projects, financed with money

from a former company tax.

The issue of privatization – in a restrictive meaning – is not a central part of the cultural debate in Sweden. It is only in the field of municipal libraries where we have had vivid discussions about privatization.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

In a broader meaning of privatization there are some important changes that have taken place within the public sector since 1991/92. The former budget oriented model for the government's management of the agencies is now followed by a model that gives the agencies more freedom to – within a frame appropriation – fulfil the goals decided by the government. The emphasis is shifted from budgeting to follow-up and evaluation.

The state culture agencies, museums and theatres are totally free to employ the staff they need and to decide the employees salaries within their own budget frames. This has been achieved during a long term development linked to shrinking budget frames; more freedom and less money!

The new decentralized model for the Swedish budget process means that the government is focused on management by goals and results. Individual culture institutions and agencies have the theoretical freedom to out source specific functions etc.

Museum, Monuments, Theatre, Opera, Book and publishing

There have not been any changes in policy concerning these fields (except what has been mentioned under 2 a). The museums, theatres and operas are still funded and owned by the state, the regions and/or municipalities or publicly controlled foundations.

An exception is the parliament's decision not to allow new cultural institutions, funded by the state, regions or municipalities, to use the foundation as the form of organization. Alternative organizational forms are the agency, the joint stock company or the association.

No changes have been decided in the field of books and publishing where only a minor subsidy is at hand. Some municipalities have tried to privatize libraries with no results. The state has been critical.

Film and broadcasting

No changes have been decided in the field of film.

The former non-socialist government (1991 — 1994) decided to let private corporations get concessions for local commercial radio. The concessions were handed out after auctions. The social democratic government (1994 -) has been critical of this reform. There is a discussion about the possibility to introduce a system with more governmental control over the process of distributing concessions.

3. With which definitions of the term 'privatization' would you characterize these processes?

In the field of broadcasting the privatization has been a form of sale of stock on a capital market (I b). In the other fields the privatization has concerned the introduction of contract management (IV), the contracting out of specific activities of the production process (V) or the search for other sources of income (VI).

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The government has not shown any specific initiative to use privatization – in a restrictive meaning – as a method. When it comes to local commercial radio, the government has shown an interest to reduce the right to get new concessions for the companies that own the private radio stations. Some of the non-socialist parties in parliament have been critical and threatened to postpone a decision in parliament by one year (the possibility for a minority in parliament to postpone a proposition concerning aspects of the freedom of speech is a constitutional right).

The motivation for privatization in the case of municipal libraries has been the hope of saving money.

As the cultural system has been decentralized from the beginning, the changes occur within the system. The municipalities have for example always used the local cultural associations for arranging cultural activities, except within libraries and some big theatres and museums.

5. What are the social, economic/financial and legal consequences?

Apart from what has been mentioned above it is not possible to analyze these consequences.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

There are no counterbalancing private initiatives due to the lack of a significant withdrawal of government funding or control in Sweden.

United Kingdom

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Preamble by the respondent

The implications of *privatization* on culture in the UK deserve serious reflection, especially as the picture is a complex one. However, time, resources and the indicative length suggested in the questionnaire rule out such research. What follows, therefore, is at best only a partial - and, despite my good intentions, certainly subjective account of the issue and its consequences in the UK.

Privatization as an issue in the UK

Since the beginning of the 1980s the politico-economic context within which the public services in the UK have operated has changed considerably. The perceived failure of the British economy to generate sufficient growth to support the Welfare State, together with the emergence of the radical right in British politics around Margaret Thatcher, elected UK Prime Minister in 1979, led to the introduction of new approaches to the financing and management of the public sector.

This emergence of a new 'managerialism' was reinforced by growing unemployment and by the continuity of the Thatcher Administration (re-elected in 1983 and 1987) and, to some extent under her successor John Major through the first half of the 1990s. Keynesian welfarism gave way to an ethos in which organizational achievement was measured in terms of the economy, efficiency and effectiveness. The cultures of public organizations shifted from ones dominated by traditional public service values to ones that were more attuned to the market and entrepreneurial values. A process of organizational change and restructuring governed the public services in attempts to make them 'leaner', more flexible and more responsive.

The privatization of nationalized industries (e.g. British Telecom, British Gas, British Airways) extended into the cultural sector and led, in some instances, to acrimonious debate. A classic illustration of this was the attempt by the Department of National Heritage to auction for commercial management the Royal Naval College, designed by Sir Christopher Wren and one of the most imposing of London's buildings fronting the River Thames.

It may be useful at the outset to emphasise a number of contextual points:

- Historically, the cultural sector in the UK has been a mix of private and public provision and, consequently, the notion of 'privatization' is not as alien a concept as it might be elsewhere;
- What may pass for 'privatization' in some countries - the provision of greater (and often desirable) autonomy from government, but with a continuing assurance of government financial assistance - is

- considered to be nothing of the sort in the UK;
- Similarly, some initiatives labelled 'privatization' are more accurately part of a process to generate increased efficiency in the public sector and to make it less dependent on public subventions;
- Conversely, what has been presented in the UK as a means to enhance management expertise and achieve value for money has been, on occasion, a thinly disguised manifestation of government doctrinal enthusiasm for privatization!

Museums

Two of the issues that have preoccupied the museums and galleries in the UK during a period of change in funding, have been the pressures for more self-generated income and the growing number of sales by public or semi-public institutions of cultural objects bequeathed to them originally as gifts.

In common with other cultural organizations in receipt of central government aid, museums and galleries have been encouraged since the early 1980s to supplement their state subventions with income from other sources. Many museums have been established independent trading companies to generate income from restaurants, book and gift shops on their premises. Particular controversy has surrounded the introduction of entrance charges by some of the national museums where admission was previously free and the debate on whether or not to charge continues.

The funding and management of museums have been the subject of several reviews by the Department of National Heritage and National Audit Office (in respect of national museums) and the Audit Commission (in relation to local museums). Value for money and quality in service delivery have been the prime objectives.

The decision by some public or quasi-public institutions such as universities to sell art or cultural objects in their possession to raise money has highlighted the problems in some circumstances of providing adequate legal protection under existing legislation for objects assumed to form part of public museum collections. The sale by Derbyshire County Council of artworks from its museum collections, the sale by Royal Holloway & Bedford New College (University of London) of paintings from the collection donated by its founder, and Newcastle University's disposal of ethnographical material are among several examples. Moreover, the seizure and subsequent sale by auction of a large part of the collection of the Chatterley Whitfield Mining Museum, Stoke, to help pay creditors following the Museum's bankruptcy, illustrated the risk facing assets previously believed to be safeguarded. The motive in these and other well publicized transactions was clearly financial pressure on the institutions. Both the Museums & Galleries Commission and the Museums Association have registered their opposition to such sales, especially wishes of donors or conditions laid by grant-making agencies. The former has issued guidelines on the ways in which the integrity and long-term security of collections can be safeguarded within the existing legal framework.¹

Monuments and heritage

The long established tradition in the UK of public access to privately-owned historic houses and monuments continues, in many cases through arrangements with the National Trust, and independent organization financed largely through membership subscription to protect and restore the buildings and sites. Concern has been registered in some instances about difficulties of public access to cultural objects 'donated' to the State in lieu of tax, but the principal issues of debate have been the amount of money available to preserve and restore many of the buildings and monuments and the exploitation of the heritage partly as a consequence. A heritage industry has emerged and 'instead of manufacturing goods, we are manufacturing heritage, a commodity which nobody seems able to define, but everybody is eager to sell'.² It is only fair to point out that equally strong opinions are held on the benefits of the enlargement of the heritage 'experience' through a more commercial approach to its marketing and presentation.

Theatre and opera

The performed arts in the UK were subject to the same pressure to diversify funding, maximise attendances, establish three year development strategies, define mission statements, meet performance targets et. as other cultural sectors. Government measures were introduced to encourage sponsorship.

These sectors were especially concerned by Government attempts to extend compulsory competitive tendering (CCT) to local authority theatres and arts facilities following the publication of a *Green Paper on*

Competition in the Management of Local Authority Sport and Leisure Facilities 1987. This asserted that 'the absence of direct and equivalent competition' resulted in 'inefficiencies in monopolistic public services'.³ However, the introduction of CCT had mixed results in recreation provision, with a number of private companies being forced into liquidation. This experience, and the apparent lack of interest by the commercial sector, led the then Secretary of State for the National Heritage to concur with the view of consultants, Positive Solutions, that CCT would be inappropriate for local authority arts facilities, not least because of the impact it might have had on the programming of arts venues.

Books and publishing

The book sector in the UK is already primarily a commercial one and the question of privatization in recent years has been primarily confined to three issues:

- the take-over and mergers of publishing houses to from ever larger international companies;
- the collapse of the voluntary Net Book Agreement through which publishers agreed fixed prices on sales of books. The collapse was brought about by some UK publishers themselves;
- anxieties at various times about the possibility of the government being forced to introduce Value Added Tax on books (currently zero rated) to comply with EU regulations.

Film and broadcasting

The UK film sector is largely dependent on commercial support though there is a small independent film making sector assisted by subsidies and, at the time this was prepared, the potential of significant investments in film production and distribution via the National Lottery.

A radical reform of the regulation of independent broadcasting was put in place as a result of the Broadcasting Act 1990. This sought to create a more flexible regulatory framework for independent broadcasting and to provide the public with a wider range of services. The independent Broadcasting Authority was replaced by two new regulatory bodies: The Independent Television Commission (ITC) which is responsible for licensing and regulating commercial TV services (including those delivered via cable and satellite); and the Radio Authority which was given similar responsibilities for commercial radio. The ITC was also given responsibility for establishing a fifth terrestrial channel (now operational).

The Broadcasting Act gave the ITC and RA powers to ensure that ownership of the independent broadcast media was diversified. Subsequently, following some relaxation of the rules governing ownership of independent TV Channel 3 licenses, the Government issued a policy paper - *Media Ownership: The Government's Proposals* - seeking changes to the ownership rules. Thus, as a result of secondary legislation in 1995, the two-licence limit on ownership of Channel 3 franchises was replaced by a system in which ownership was restricted to a maximum holding of 15% of UK TV audiences. Newspaper publishers which controlled less than 20% of the national market were entitled to acquire Channel 3 companies outright, subject to the 15% limit. Changes were also introduced for ownership of radio licences. Media ownership and regulations for digital terrestrial broadcasting were incorporated into the Broadcasting Bill of 1995.⁴

Meanwhile, the BBC funded by public licence was under considerable pressure to restructure and to maximise revenue through its trading arm BBC Enterprises.

Types of privatization

An attempt is made in the table to illustrate where the various types of privatization, as defined in the background paper to the questionnaire, have been applied.

	I	II	III	IV	V	VI
Museums		x	x	x	x	x
Monuments & Heritage		x	x	x	x	x

Theatre & Opera	Id		x	x	x	x
Books & Publishing	Ib					
Films & Broadcasting	Ib&c	x	x		x	x

Motives for privatization

The Government of Margaret Thatcher was committed to rolling back the frontiers of the state, and as a consequence the basic tenets on which the welfare state had been built came under intense scrutiny. Government policies were characterized by a laissez-faire economic liberalism, in which many public sector industries and services were sold to the private sector and those areas of activity which remained in the public sector were subjected to financial reappraisal by the Government to make them more efficient and promote value for money. Few sectors of public life were left untouched by these new policy directions, not even the cultural sector, though it is generally accepted that the arts have been better treated than was feared at one stage.

In 1987, the Minister for the Arts at that time, Richard Luce, said the objective of the Government was: 'to reduce the role of the state and expand the scope for private initiative, choice and enterprise'. The Government's aim was 'to ensure that public expenditure takes a steadily smaller share of (the country's) national income... The arts cannot be seen in isolation from this dramatic change in the political and economic climate'.⁵ In the Minister's view there were still too many people in the arts who had to be weaned away from a welfare state mentality. The Minister announced that his intention was to 'start introducing (...) the principle that taxpayers money should, wherever possible, but used as a lever to mobilise private sector funds for the arts'.⁶ The Government pledged to keep up the real value of public support for the arts while encouraging arts bodies to expand other sources of income so that the total resources available to the arts would grow. The object was to develop and encourage self reliance as a source of long-term strength for the arts.

The consequences of these processes

After the substantial increases in subsidy in the 1970s which led arts companies to plan for and expect further growth, the change in the economic climate came as a shock. It resulted in pressure on dance, drama and opera companies, orchestras, museums and galleries to increase their income from earnings, sponsorship and other non-public sources, and pressure on the Arts Council and the arts organizations it supports to be more commercially minded in outlook and practice.

Some reductions in employment were inevitable as cultural organizations shed staff. (The growth in cultural consultants may or may not be connected!)

The UK was successfully challenged by the European Court of Justice (the Sophie Redmond Stichting case) in 1992, when it confirmed that the European Community Acquired Rights Directive applied to non-commercial undertakings. The objective of the Acquired Rights Directive is to protect the rights of employees in the event of a change of employer. The two main strands in the Directive seek to ensure (so far as possible) that employees retain their terms and conditions, and to ensure they are consulted about any impending transfer to another employer as a consequence of their work being contracted out to another company. This was an important issue during a period when both companies and services were being privatized. The EU challenge related to the UK Government's Transfer of Undertakings (Protection of Employment) (TUPE) Regulations of 1981, which the European Court of Justice deemed were not being fairly applied. The main areas of contention were the exclusion of non-commercial ventures from the Regulations, the provision of only nominal sanctions against companies which failed to abide by the Regulations and, finally, the restriction of information and consultation to recognized trade union representatives only.

Have private initiatives counter-balanced withdrawal of Government funding or control?

It is impossible to answer this question without more detailed research. While most cultural organizations have diversified their funding base, increasing revenue and often sponsorship, a new factor - the National Lottery - is distorting the picture.

Notes

1. Warren, Jeremy (ed.), *The legal Status of Museum Collections in the United Kingdom*, Museums & Galleries Commission, London, 1996.
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3. Coalter, Fred (1990) 'Analysing Leisure Policy'. In: *Management and Planning in the Leisure Industries*; Ian Henry (ed.). MacMilan Education.
4. *Cultural Trends 25* published by the Policy Studies Institute, London, 1997, provides a useful introduction and overview to the complex changes.
5. Quoted in A. Everitt. *Arts and Communication: Can the Arts Worldwide Survive Without State Aid?* Paper to 19th International Congress of the International Biographical Centre, Cambridge, July 1992.
6. Ibid.

Ukraine

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1. Is privatization an issue in your country? Could you give some examples?

Privatization is an important issue in the Ukraine. Since 1991 almost all smaller industrial enterprises, as well as shops, service etc. were transferred to private owners. Many greater companies are desestatized now through transformation into stock companies. However some 3000 major strategical factories, power stations, railroads, communications etc. can not be privatized according to the special bill, passed by parliament.

2. In which cultural fields have (types of) privatization processes already been initiated in your country? Can you tell us more about these processes?

According to the basic legislations on culture, passed in 1992, private museums, theatres etc. can be established. However, the lack of legislations on non-profit sponsorship etc. together with the complicated economic situation make these eventual private theatres and museums rather the exceptions to the general rule. More than 90% of all the ventures in the field of arts are still owned either by the state (major theatres, national museums and libraries, higher artistic colleges etc.) or by local self-government bodies (local theatres, libraries, schools of arts etc.). They all are public-funded, but this funding by the state and local budgets is constantly reduced and is now about \$3.3 per capita a year. Therefore the privatization of the essential part of this sector seems to be inevitable. In the case of museums, monuments, theatre and opera the ownership by state will not be changed, but regulations are to be passed in order to make them more independent and more successful in their fund-raising. However the book and publishing, and film together with broadcasting are already transferred gradually to private companies (the national TV and radio companies, as well as some state-owned publishing houses still exist, but their production is not dominant on the national market). Show-business and galleries are also the main fields for private initiative.

3. With which definitions of the term 'privatization' would you characterize

these processes?

In the case of publishing and broadcasting privatization in the Ukraine mainly means the transfer of ownership (mainly to stock companies). In other cases the search for other sources of income, thus reducing the state funding, is more possible. However, many artistic ventures would not be efficient in surviving without essential state (or municipal) funding — the sale of ownership rights to external buyers in this case seems to be the most realistic.

4. What do you think are the motives of your government behind the privatizing policy for the cultural sector?

The motive for the government behind the privatization policy in the cultural sector is dominantly the cutting of public expenditure (sometimes also — the possibility to use some prestigious buildings like museums, libraries etc. for commercial non-cultural purposes — e.g. to sell them as buildings for banks, stock markets etc.).

5. What are the social, economic/financial and legal consequences?

The result of the privatization policy in the cultural sector in the Ukraine would likely be the essential reduction of this sector. However, some companies can be more successful after being transferred to private owners.

6. Have private initiatives in the field(s) concerned counterbalanced the withdrawal of government funding or control?

The self-generated costs now cover not more than 6.6% of general expenditure for arts in the Ukraine. Sponsorship and donations cover not more than 0.7% of this expenditure. These figures can not increase essentially without modern legislations on non-profit and sponsorship. Therefore the withdrawal of government funding cannot be generally counterbalanced by private initiatives now, nor in the near future.

**IN ADDITION TO THE
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Theater an der Ruhr 1980-1997

In conjunction with the city of Mülheim, the *Theater an der Ruhr* GmbH was founded in 1980 by the partners and its managing directors Roberto Ciulli, Helmut Schäfer and Graf-Edzard Habben. In Germany it is a unique model of an artistically minded theatre company which is economically so well organized. With its current budget of DM 6.3 million, the company receives half of this total from subsidies, and the other half is collected through fees for performances in both domestic and foreign cities. Important features of the concept created by Mr. Ciulli and Mr. Schäfer include the ensemble's corporate structure, which is characterized by a cohesive group of staff members, who all have standardized contracts which allow them to work in a flexible, unbureaucratic, collective and autonomous manner. In this way, the optimal conditions have been created for continuing the artistic process, and the theatre's necessary travel activities have been secured.

In fifteen years the *Theater an der Ruhr* has turned out 34 performances. It has been invited to international festivals in Chicago, Parma, Caracas, Mexico, Belgrade, Sarajevo, Nancy, Rotterdam and Istanbul, in addition to undertaking numerous tours to Yugoslavia, Poland and Turkey, as well as making guest performances in five South American countries, four CIS countries and Sweden.

Already during the year of the foundation of the *Theater an der Ruhr* the concept of an international co-operation was part of the theatre's political interests. No form of art - also not the one based on the phenomenon of language - is allowed to national narrowness. Esthetical credibility leads out above this. Due to the ability of a deeper regard to different cultures, theatre is able to question the quality of its own metaphor as to their validity.

Nowadays the praxis of international co-operation in general leads to the behaviour that performances of different countries are invited to festivals, often prestige objects, to bundle them, without continuity and having furthergoing designs upon. In the opposite, *Theater an der Ruhr* pursued a different way. We not only completed performances in capitals, but by contacts to the respective theatre men, actors and directors, always performed in smaller cities, too, in discussion with the ensembles, audience and theatre critics to reach deeper the problematic of political culture and esthetics.

On a regular basis *Theater an der Ruhr* organizes an international festival in Mülheim, presenting one country in three subsequent years. Under the title 'Theatre Landscapes' theatres from Yugoslavia performed in Mülheim from 1986 until 1988 followed by theatres from Poland from 1989 until 1991 and from Russia in 1993 and 1994. In the years 1991 and 1993 *Theater an der Ruhr* organized the international festival called 'Theatre for Europe - Discoveries', thus presenting companies from Russia, Slovenia, Kameroun, Chile, Italy and Turkey, some of them for the first time in Germany.

Since its earliest stages, the *Theater an der Ruhr* was committed to the idea of promoting and communicating with other cultures. Fifteen years of international theatrical work have led to renewed encounters and working relationships with artists, scientists and journalists, primarily out of former Yugoslavia, Poland, the Federation of Russian States and Turkey. Seminars, discussion panels and reciprocal guest performances fostered the exchange of thoughts which led to the idea to transform the *Theater an der Ruhr* into a transnational, multilingual theatrical institution.

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Curriculum vitae

In 1978 Tatiana Stoitchkova started working at the Institute of Culture in Sofia at the Section History and Theory of Culture and in 1990 she became fellow-researcher at the Section Culture and Communication. Since 1994, Tatiana Stoichkova, works as a researcher at the Institute of Culturology in Sofia. She has taken part in a great number of research projects in the field of mass media. Some of the latest are: The Bulgarian Audience of Radio France International (1991), The Bulgarian public of TV 5 (1992), and Culture and Communication (1995 -1998). She wrote about the various aspects of the media, focussing on cultural and aesthetic media impact. Stoichkova graduated in culturology at Humboldt University in Berlin (1976) and got her PhD on the subject Technology Revolution and art (1990).

Selected publications

- (1997) 'Bulgarian Television'. In: *Bulgarian Cultural Policy in a State of Transition*. Sofia.
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Outline Seminar Film and Broadcasting (Friday 13 June) Forms of privatization of Bulgarian broadcasting

National broadcasting media in Bulgaria are largely dependent on state subsidies. Recent political and economic changes in society and parochial motives have not helped the development of a long-term national broadcasting strategy in Bulgaria. This gives rise to some haphazard programming, lack of continuity, financial and organizational instability.

In the past five years the first Bulgarian private radio and television channels came up. Some of them are still very successful. So far they broadcast only in a few large cities, but they intend to cover the entire country. The central cultural question is the programming concept - to create national news entertainment, stimulating the emergence of a greater variety of programmes, supporting creative programmes and alternative publicism (commercial and public sector).

National broadcasting media in Bulgaria are experiencing difficulties in reforming themselves due to powerful political and administrative pressure, admixing of unclear privatization forms and state structures and lack of media legislation.

The transfer of property from the state to the private sector is going through selling of programmes from National Television. In the near future can be expected that all channels and programmes of the National Radio will be privatized (radio programme "Christo Botev" and - the second channel of National Television - Ephir 2). Positive effects: the end of the state monopoly in the field of broadcasting (state media have faced a question of new competition to justify their existence, democratization and decentralization of broadcasting; a greater variety of channels and programmes.

Privatization, the Public Sphere and the Politics of Culture

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Abstract

Privatization is a principal feature of an aggressive global agenda of economic liberalism that advances free market reform in one direction while retreating the public sphere in the other. It is manifested at all levels of government, with increased reliance on private space in urban planning locally, the dismantling of public regulations and institutions nationally, to the liberalization of trade and investment internationally. What effect does this agenda have on national cultural policies instituted as a legitimate public sector activity in support of the locally-rooted public realm? More broadly, in reaction to the emerging privatized environment and the demands of global competitiveness, what would be the basis for contemporary cultural policy and planning in Europe? As a first step it is suggested that cultural policy objectives will need to be substantially rethought. To balance the extremes of economic liberalism, cultural policy should take on broader social and cultural concerns aimed at providing conditions for equitable human development, pluralism and creativity in everyday life.

* * *

Privatization is not democratization.

- Guillermo O'Donnell
Latin American political scientist

1. Prologue: Broadening the privatization and culture debate

Would it not be equally appropriate to reverse the central question for this Round Table and also ask "which forms of cultural policy are necessary in an era of privatization and economic liberalism if we are trying to devise cultural policy under which cultural life in the respective countries can flourish?" Such a question would recognize, on the one hand, that privatization is a dominant force sweeping across European economies and societies and on the other, that culture's role in human development is more significant than current cultural policies appear to recognize.

This is not to downplay the benefits a mixed economy approach to cultural policy offers, quite the contrary. I come from a country whose national policy model of cultural "affirmation" identifies the mix of private and public infrastructures and complementary roles of public-private *partnership* as elements key to its effectiveness. In Canada, the role of the national government is to ensure

¹ The views expressed are those of the author in response to the request by the organizers of the June 1997 CIRCLE Round Table on Privatization and Culture and do not necessarily reflect those of the Department of Canadian Heritage.

that cultural objectives are achieved through policy, regulation and support. Government intervenes selectively where the domestic cultural private sector *requires* assistance. In turn, the role of the private for-profit and not-for-profit sectors is to create, produce and distribute the bulk of Canadian cultural content within the country and abroad. Forty years in the making, it is a model of public and private involvement which, notwithstanding proximity to the most dynamic producer and exporter of cultural products in the world, is a success story of enlightened public policy and partnership with industry and civil society.²

The European cultural sector, already confronted with political and cultural battles over shifting responsibilities and identities, is anything but immune from the retreat of the public sector. The for-profit and not-for-profit privatization of cultural institutions, spectacular expansion of commercial, mostly private cultural industries combined with the reduction of direct subsidies have led to an increased commodification and individualization of cultural life. These changes have a direct impact on traditional cultural policy objectives such as promoting national identity, artistic activity and managing cultural institutions.

Responding to the immediate challenges, while pursuing the opportunities which a more flexible private-public system offers, remains an intimidating task for arts and culture practitioners and policy makers. The 1997 CIRCLE "Round Table on Privatization/*Désétatisation* and Culture" appropriately emphasizes that such *operationally-oriented* issues are a priority focus for research and development. The theocratical side of the privatization coin requires equal consideration. As pervasive consumer-based market forces and privatization of the cultural public sphere fundamentally alter relationships between the private and public sectors and civil society, what are the consequences for culturally-grounded public policy?

Privatization, economic liberalism and pressure on the public sphere

The privatization of public assets and institutions - combined with fiscal restraint, dismantling of public regulations and structures and global market liberalization - is part of a broader economic movement towards the invisible hand of the free market. Accelerated by the collapse of European command economies, integration efforts of the European Union and an aggressive agenda of multilateral trade and investment policy liberalization, the world, it seems, has fallen in love with economic liberalism - otherwise known as free market capitalism (Mander, 183).

While traditionally associated with right-wing economic thinking, privatization and other free market-oriented policies are now common in the development strategies of many European governments, from ex-communist regimes in Central Europe such as in Poland and the Czech Republic, the United Kingdom's New Labour party and the current socialist government in Greece. National privatization programs, which emphasize government 'downsizing' and deregulation, have become the intersection for the debate over where, for liberal democracies operating within the framework of a market economy, public responsibility ends and the private begins.

A fundamental issue is the influence such a major redefinition of the relationship between private and public interests, between individual, commercial and community responsibility and identities, between the freedom of the market and civic virtue and, ultimately, between the middle road of democratic pluralism and the extremes of economic liberalism will have on the course of cultural policy in postmodern Europe? Already, manoeuvrability is limited: much of what the market considers to be cultural products and services - especially with the cultural industries and new media technologies - functions primarily outside of the framework of traditional European arts and culture policies. When it comes to the global market and cultural sovereignty, it is becoming

² See the Canada privatization monograph by Roger Butt, International Comparative Research Group, Department of Canadian Heritage, in the Conference Reader.

difficult to draw the line between economics and culture. The commercialized, increasingly internationalized electronic media, nurtured by the advances of market liberalization, privatization and communication technologies, has arguable become the (imported) glue that now holds popular European culture together.

Responding to these changes at a time when national cultural policies, caught between local aspirations and identity politics and subordinated by global culture strategies will not be easy. Many of the social and cultural 'costs' associated with privatizing the economy, dismantling the government and committing to freer trade have already been paid. A critical task for citizens and governments will be in deciding where lies the limits of privatization while ensuring that concepts of the public sphere and the body politic remains part of European social and cultural vocabulary.

Rolling back the state

As radical thinking on privatization would have it, the state need not be the owner of the means of production or a provider of social or cultural benefits. Widespread privatization is in effect a wholesale retreat of the public sphere. Economic liberalism suggests that there is almost no need for government or any other form of communal activities except for a very few items known as pure public goods. However, seemingly obvious public goods such as education, social welfare and environmental management have been identified as being public interests that can fairly distributed by the market! Culture has not been forgotten. Privatization advocates such as the influential UK-based Adam Smith Institute which advise many European governments, argue that arts and culture do not fit into this category and call for all state subsidy of this sector be withdrawn. In other words, for those committed to privatization, culture is not the business of public policy but should be left to the free market.

From such a perspective, social and cultural institutions can be delivered by the same invisible hand of the market as goods are to individuals. Economic stability and growth take care of themselves. There are few positives that government can contribute to the economy and many places where it can harmfully interfere. As a consequence, the expansion of the private sector drains political support for the public sector (Thurow). As the public retreats and less energy is given to making public activities work, government becomes less respected, making further retreats even more likely. Effectively, the public becomes the enemy of the private in political debates - rather than being seen as a complementary factor necessary to the existence of a successful private sector, a cohesive civil society and functional democracy. The state is tacitly rolled back to allow for the unbridled functioning of the market. Goals of economic, social and cultural justice, the responsibility of activist government, are left unrecognized in the misguided belief that market relations are surrogates for democratic social and cultural relations.

Of course, it is not that simple, and after more than a decade of aggressive privatization and economic liberalization in the UK, public sector intervention in the arts, heritage and culture has, on the surface, been more resilient than expected. Avoided in this hostile view of government is an appreciation of the historical evidence that healthy markets require a supportive physical, social and cultural infrastructure. Capitalism needs long term investment. Infrastructure needs public investment. The Internet, for example, was the result of 20 years of public investment through the United States Department of Defence. A social investment in infrastructure that is in the human community's long-run interest provides the framework for private development. More importantly, and as history has shown, markets require inherent social and cultural glue. As Lourdes Arizpe, Assistant Director-General for Culture, UNESCO argues, culture is to societies what the operating system software is to computers. Without it, the system can not properly function. Without efforts to maintain the vital countervailing role of attending to the common and civic values, civilization itself becomes unglued.

Culture and democracy

Within the private-public discourse, the role of cultural policy - as a pillar of democratic pluralistic society - is an important factor. Fundamental is the recognition of the inherent tensions between democracy and the market economy. Democracies prefer markets. Unfortunately, it is not always the same the other way around. "Markets do not appear in any obvious way to be ideal instruments for the regulation and control of public goods." (Barber, 236)

It is equally a matter of recalling that the two systems, while having different objectives, are mutually supportive and mutually beneficial. Even though experience over the past two centuries has shown that the success of the market is based on a strong and supportive public sector and civil society, today this is not readily understood. Consider the privatization-culture relationship in the US where freedom of expression is increasingly being linked by liberal economic advocates to the rhetoric of the freedom of the market. In that country, the National Endowment for the Arts (NEA), the flagship federal arts funding agency, has had its allocation repeatedly reduced over the past decade so that it now represents only one-one hundredth of one per cent of the budget of the national government. This enfeebling of the already marginalized arts agency is not enough for the privatization advocates, and the NEA is now facing a new struggle simply for the right to exist.

For Western Europe, which is fortunate enough to have the benefit of both systems, the challenge it is in ensuring that the swing towards increased privatization, individual interests and the market economy will not result in rejection of collective cultural needs and public interest. Or, as the 1996 report to the Council of Europe, *In From the Margins* challenged, "the issue facing cultural planners is not simply how to make the best use of limited resources, but to find a way of ensuring that culture remains a political priority." (1996, 55).

The situation is much more difficult in the emerging democracies and transition economies. Under the previous regimes, the state owned everything. The market system begins with an initial distribution of income and wealth. Governments have to be able to make and enforce decisions in this distribution. This has not always been the case in Central and Eastern Europe where privatization, while depicted as a process of eliminating political control of economic activity (Boycho, 19) has often been more akin to spontaneous self-combustion whereby the strong (frequently the old Communist ruling elite) have taken what used to be state assets for themselves. While not the case in throughout the post-communist European region (eg. Czech Republic) unsanctioned privatization creates the feeling that everyone and everything is corrupt including the government that let it happen (Thurow, 55). Frustration also is extended towards foreign interests, which as the source of much investment in the newly privatized cultural industries, thereby fanning nationalistic and neo-Communist attitudes every further. In his comment on sorry state of local cultural development in his country, Polish playwright Janusz Glowacki depiction could apply to the other ex-Communist states as well: "Today, theatres close one after another. Warehouses are filled with books people used to risk their freedom to read. Weekly literary magazines are going bankrupt. Harlequin books are omnipresent as are movies starring Schwarzenegger or Stallone." (Barber, 254)

In the process of re-establishing a private sector in Eastern and Central Europe, substantial effort will be required in inventing and reinventing supporting public sector institutions and providing the legal framework for a peaceful life in a civil society. As Russian Federation President Boris Yeltsin underlined in 1994, "Without a developed civil society, state power inevitably takes on a despotic, totalitarian character." Agreed, but if a broad-based social and cultural policy agenda is not pursued in the face of single-minded "savage capitalism" as depicted by Alexander Solzhenitsyn, it is difficult to conceive how democracy is expected to emerge.

Privatization and cultural policy

As the cultural sector continues to transform, the past few years have seen, partially in reaction to the reductionist influence of a dominant policy of economic liberalism, a growing concern is defining the terrain contemporary cultural policy will have to cover. A fundamental issue of the privatization debate is what the very object of cultural policy in a mixed-economy Europe should be. It is not a marginal problem. As former European Union President Jacques Delors underlined, "do we have the right to exist? Have we the right to preserve our traditions, our heritage, our languages?"

A key message in the UN-UNESCO World Commission on Culture and Development in its 1995 report, *Our Creative Diversity* and the related report to the Council of Europe, *In From the Margins*, was the urgent need, in reaction to an integrating global economy and homogenizing culture, to stake out a broader and more important cultural policy agenda. Implied is that policy thinking on culture would have to reach well beyond the still common discourse of subsidy and administration and take in the full extent of the relationship between government activity and cultural life.

Underpinning the thinking in both these reports is the belief that cultural policy extends beyond an aesthetic or instrumental function to become a manifestation of cultural politics in the widest sense. The World Commission went further, suggesting that somehow, culture should be the *object* of development itself. At the same time, it recognized that most cultural policies remain relatively restricted. As a first step, it suggests that a more holistic, open frameworks for arts, culture and heritage policies needs to be pursued - squarely in terms of promoting cultural development. They could include operative goals such as:

- ▶ human development: individual and community empowerment, access to culture, active and full participation, meaningful citizenship,
- ▶ pluralism: cultural and linguistic diversity, cultural rights, gender equity, combatting exclusion.
- ▶ creativity in everyday life: innovation and problem solving, creativity in governance and decision-making, community arts, specialized education and training which encourages creativity.

In Europe, such an inclusive understanding of cultural policy is not that common, given the applied or instrumental approaches of traditional arts and culture policy models. More importantly, implementing such a framework will not be an easy task in that it will rub up against the grain of economic liberalism. Cultural policies will increasingly have to be adapted to a system that is rapidly moving away from state intervention and regulation to the regulation of society by market forces. Both in the former command economies and established liberal democracies, the focus is also being shifted from the cultural concerns of citizens to that of consumers. Such pervasive market-orientation can only help to distract how the remaining public apparatus itself thinks and acts.

2. Culture and the public sphere

For culture to take on the wider policy agenda called for in the reports to UNESCO and the Council of Europe requires the existence of a healthy *public sphere*, as idealized by German sociologist Jürgen Habermas. Concerned more with the *conditions* of culture in society than simply its *provision*, it is the Habermasian public sphere that permits citizens and civil society institutions to be actively engaged in democratic, cultural life. Could these public requirements be provided by a privatized cultural space?

Constraints on the practice of cultural policy

The growing momentum of privatization places any effort to reposition culture to the centre of the political agenda at distinct disadvantage. The rationale for state intervention in the cultural or other sectors runs up against a wider commitment for government to facilitate the functioning of the private sector. While public sector re-structuring is in itself necessary reform, rolling back the state so as to free up the market is not without effect.

First, public sectors themselves are becoming more market-oriented. Government can lose sight of its equilibrium function and begins to reconsider itself within a market rather than a public service discourse. Social and cultural reasoning is replaced by market logic even for those responsible for public policy. "What was once 'the state' there is now 'the market' in discussions of cultural policy" (McGuigan, 53). In the face of an integrating global marketplace, policies that affirm public interests other than economic, such as those in support of domestic cultural content, are often negatively labelled as market-distorting, discriminatory or protectionist.

Without a doubt, the cultural sector is an important contributor to employment and growth. Nevertheless, embracing an economic development rationale has not appeared to adequately accommodate the range of public and public sphere objectives. In the UK and elsewhere where the economic rationale for culture has been pursued in reaction to market reform policies (Myerscough), culture has become even more marginalized from government priorities, being considered as just another sector of the economy that requires radical reform. Made to contribute to the task of government reform and privatization, cultural ministries have seen already limited budgets further reduced, presided over the privatization of cultural institutions such as public broadcasters or face trade disputes at the World Trade Organization (WTO) over cultural industry measures to ensure some local choice and access in the internationalized market.

Second, for cultural policy, which even at the best of times has had difficulty defining its boundaries and obtaining sufficient priority on the policy agenda, the degree and rationale for state intervention on behalf of society's cultural objectives becomes questionable. Cultural policy thinking itself becomes increasingly formed within a privatized framework. The more the arguments of economic importance of culture form the rationale for intervention, the less broader creative and societal values of a vibrant cultural life is appreciated by those responsible for cultural policy and planning. The whole of the cultural sector is required to function in a pseudo-capitalistic way. Market realism pushes aside public good considerations. Subsidies, cultural or otherwise, are challenged as market-distorting. The arts need to be 'marketed' and public intervention becomes rationalized as 'investing in the arts.' With investment in mind, pressure increases to

replace public subsidy with private business sponsorship which, in turn, requires efforts to identify temporary favours rather than creative research and development. Public policy energy and focus shifts from the citizen to the consumer. Pressure mounts to provide marketable entertainment rather than focus on creativity, empowerment and access. The discourse of cultural rights is overtaken by the privatization of culture and information with promises that freedom of the market will address citizen requirements.

While, without a doubt, many of these changes to government and policy have been positive, providing new sources of financing and opportunities although the results are more than simply structural. Deeply imbued with ideological thinking, privatization has an enormous impact on the role of the public sector cultural agencies and the very cultural rationale for the support to the cultural sector. The core cultural, social and identity purpose for cultural policy is put into question while further commodification and marketization chip away at the properties of public sphere itself (McGuigan).

This leads to the third constraint. Due to the pervasiveness of market reasoning, a new, inclusive cultural policy aimed towards creating the conditions for equitable cultural development is more than ever required. Economic liberalism, upon which privatization thinking is based, challenges the very role of cultural policy and the public sphere precisely at a time when a holistic approach to cultural policy that positions cultural perspectives at the heart of the policy-making process, could have an important moderating effect. As Michael D. Higgins, Ireland's first Minister of Culture suggested, "we need to develop new alternative models of cooperation and creativity between the economy and society...We need to restore the moral, ethical and philosophical context from which the prescriptions of social and economic policies derive."(1994).

Given the pervasiveness of privatization, drawing the limitations between the private and public will require cultural policy focus have at all levels of public sector activity. The challenges are many, with pressure points at all levels A few are illustrated below.

Local: privatizing urban public space

For the Greeks of ancient Athens, the realm of the private or the household in cities was unimportant. The *polis*, the actual civic space, was where the full public expression of citizenship was exercised. Today, one only has to consider how in the countless edge cities of suburban Europe, the previous empty space at Potsdamerplatz in the former East Berlin, or around the ubiquitous ring roads that seem to strangle the life of UK city centres, to observe how massive commercial centres of chain stores now parade as pseudo 'public' civic spaces. Somehow, in a matter of three decades the timeless lessons of the Athenian *polis*, the Italian piazza or the English village green have been replaced by the privatized urban physical space. On a massive scale, the meeting place between the citizen and the public realm is being deconstructed.

In the view of Dutch architect, Rem Koolhaas, the street, as a space for public interaction, is already dead. (Koolhaas, 4) Privatized urban development that avoids the public needs of citizens and communities erodes urbanity and social cohesion, working against efforts to revitalize the public realm. Breaking with the past, physical alterations leads to cultural alteration. Rather like super retail shopping centres, commercial theme parks help to

further commodify daily cultural life, blurring the boundaries between these private entertainment centres and local heritage sites and museums which also, in reaction to reduction of public support, are in the business of selling their institutions and marketing the past. The private in most Western cities is becoming more important than the public.

Many of the efforts in the 1980s in Western European cities such as Frankfurt, Montpellier and Birmingham miscalculated the use of cultural policy in their urban regeneration initiatives. Focused on using cultural facilities for economic regeneration, these 'hard' investments fell short of addressing everyday or 'soft' cultural and human development considerations of local inhabitants. A similar problem has been voiced with the allocation of the National Lottery in the UK where the abundance of gambling money has been directed primarily to restoring or creating additional cultural infrastructure rather than community-based cultural planning efforts. An example of more creative solution to urban planning problems is the 200 interlinked public spaces created in Barcelona as part of its massive development efforts for the 1992 Olympic Games. (Bianchini, 41)

Postmodern imagery of what cities will become in the information age places further demands on the need to revise the concept of the urban public sphere. Swayed by the promise of virtual communities in a privatized cyberspace will replace traditional ones, many see this development as new hope for local democratization. Besides questions of content and public interest, yet to be dealt with is the basic dilemma that there are still individual human bodies attached to E-mail addresses that still need to live, interact and socialize.

National: public broadcasting and the information society

Advances in communication technologies are challenging the public role of culture at the national level and beyond. Although many European voices, such as those of the Council of Europe, confirm the importance of public broadcasting in support of cultural access and diversity, the European public system is probably the most sought-after cultural target of privatization efforts. Regulatory measures that address issues of pluralism, democracy and cultural identity in the open, commercialized broadcasting system have not managed to keep pace with technological developments and media concentration. Issues of assuring a space for diversity of voices and public debate have yet to be adequately dealt with.

Information and communication technologies are also transforming national societies and integrating economies - creating a linked and interdependent Global Information Society (GIS). The infrastructure of the GIS is mostly a product of private development. If left entirely to consumer-based market forces, the new tools and technologies of the GIS might be familiar and useful, but only for a select few. Public policy must maximize the opportunities for full and meaningful participation of citizens in the GIS. All governments, to one extent or another, will have to reshape public policy to reflect and adapt to the changing situation although new technologies are pushing policy fora to move more quickly. In such a dynamic situation, it will be a challenge to make the right choices without losing sight of a key reasons why public policy needs to exist in this area.

The efforts of Finland and Canada helped ensure that references to cultural and linguistic diversity managed to appear in the Declaration of the 1995 G-7 Information Summit in Brussels. This Declaration spawned the Global Information Infrastructure- Global

Information Society (GII-GIS) debate in the OECD and elsewhere although 18 months of work within the OECD demonstrates that cultural perspectives on the GIS will need additional support. In the 1997 OECD report on the GIS, market-oriented perspectives still prevail, indirectly challenging existing cultural policy measures:

“Dynamic competition could be one of the important means to promote cultural and linguistic diversity...Maintaining and enhancing cultural and linguistic diversity will also continue to be an important policy goal for governments. Current mechanisms may need to be progressively adapted for the GII-GIS environment...In a competitive environment the preservation and diversification of cultural and linguistic diversity may require use of different means amongst which it will be necessary to find an appropriate balance.

Regarding pluralism, culture and cross-media ownership, the report suggests that:

“The review and, if necessary, the reform of cross-media ownership rules is called for...This does not necessarily imply simply lifting restrictions (although in many cases this may be appropriate) but rather a refocusing or instruments, particularly as regards the measurement of control and influence.” (OECD, 15)

International: Globalization and trade and investment liberalization

Globalization means an inexorable push to liberalize trade and investment. The intense cultural interactions caused by globalization can be a source of conflict, just as it simultaneously opens new spaces for cultural exchange, borrowing and lending. The liberalization of global markets and pace of change of communications technologies are fostering a perception of homogenization in cultural values and life-styles world wide.

For open, privatizing countries, the linkages between domestic cultural policy and international trade and investment obligations have become increasingly visible. There will be no let-up as the cycle of new technology and product innovation and economic restructuring continue throughout the industrialized world. Global inroads on domestic cultural markets will continue to grow in intensity.

International trade agreements have in recent years expanded their scope and extended their obligations to new areas, such as services (which includes many aspects of culture) and investment, which directly relates to private-sector enterprises. This development has brought trade disciplines into conflict with the domestic policy objectives in other areas, such as the environment, labour and human rights. As witnessed by the France-led EU-US battle over an audiovisual exception in the 1994 Uruguay Round of GATT negotiations, cultural policy, too, is now much more at risk.

For now, subsidies that are generally available to all and considered non-trade distorting are not subject to trade action. However, given the downward pressure on cultural subsidies due to privatization and other macro-economic measures by central government to shift responsibility for cultural funding to the private sector and civil society, this is not necessarily any conciliation.

Cultural policy issues will arise across a range of trade and investment negotiations over the coming years. In terms of privatization and equity ownership in cultural undertakings, one of the most important fora is the Organization for Economic Co-operation and Development (OECD) where negotiations on the Multilateral Agreement on Investments (MAI) will continue over the next 12 months. While foreign investment restrictions under current World Trade Organization (WTO) agreements do not yet pose a problem, this may change if the MAI is concluded without some special treatment of culture. For example, without any cultural carve-out, even a semi-privatizing national broadcaster or performing arts institution could conceivably be fully owned and controlled by a foreign interests. A special case for culture in this agreement is not yet a given. At the current stage of MAI negotiations, France is the only European Member State on the record in favour of a cultural exception. For the European Commission, the balancing act between the economic imperatives of DG I and the cultural concerns DG X is still in play.

When looking to the future trade and investment agenda, it is important to recall that the starting point in international liberalization agenda is open up national markets, including, by definition, cultural ones. Rules regarding special treatment for culture in the current WTO agreements are rather limited, which, given the application of current obligations to the cultural sector are so far restricted primarily to goods - such as books, magazines, video and sound recordings.. How culture is treated in the OECD investment agreement will be seen as the reference-point for the next round of WTO liberalization negotiations. The current agenda calls for the next round of WTO negotiations for investment and services are to begin by the year 2000, which implies limited time for cultural policy makers in European countries to consider their individual and collective strategies. Given that up to very recently, few cultural ministries have direct experience in international trade and investment policy, and the typical lower priority cultural policy is given in economically-dominated government agendas, staking out culture this will not necessarily be an easy task.

3. Epilogue: future direction

Governments cannot abdicate social and cultural responsibility in supporting a healthy public space. Privatization will only make sense to the people if measures are instituted and moral suasion exercised to ensure privatized entities and beneficiaries of the policy are not driven solely by profit motives. To make privatization serve the interests of the public sphere, required is a cultural policy framework that is concerned with ensuring that aspects of creativity, fairness and social cohesion are part of the overall agenda.

As Europe enters the era of the global information society, an important role of government will be to make the necessary investments that capitalism cannot make for itself, representing the interests of the future. Private sector time horizons are short: good capitalist decisions can run against social and cultural cohesion. The issue is not individual choice versus social and cultural bonds, but discovering the best mix of individual, communal and government actions that will allow society to persist and flourish. If this is to happen, the individual "me" of cultural consumers can not replace the collective "we" of active and citizens participating in the democratic process.

In the end, cultural policy must be closely linked to democratic processes. Democracy must do all the things that privatized markets undo or cannot do. It must support values and a shared view on the importance of cultural diversity that markets have not interest in. Cultural policy must serve not the customer of commercialized culture but as the citizen practising their rights and interacting within a healthy public sphere. It is a question of creating conditions for cultural development more than owning the instruments of provision. For the citizen, cultural policy must allow individuals to act in common to modify the negative consequences of private action. Cultural policy must support civic activities that work not to curb market freedom, but facilitate it. Democracy makes markets work by allowing citizens the freedom of consumer choices in the knowledge that the markets vices can be countered.

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TYPES OF PRIVATIZATION (numbers refer to Circle questionnaire)

	I a, b, c and d.	II	III	V	V	IV	New item	VI
Sub-sectors of privatization initiative or effects (-/- = no initiatives or effects found)	Deregulating public monopolies; transferring ownership/float ing all/some shares of public enterprises	Transforming public budget-financed agencies/institutions into publicly owned joint stock companies	Transforming public budget-financed agencies into net account units or public corporations (quangos)	Contracting/ tendering actual 'cultural' activities or 'externalising' them as private service enterprises	Contracting/ tendering auxiliary activities or 'externalising' them as private service enterprises	Introduction of 'private' management techniques like contract/performance-based management	Decentralisation: transferring 'down' public financing obligations, rights and responsibilities	Making more efficient use of 'internal markets' of public sector, <i>ad hoc</i> collecting fees, payable services, and selling 'derivative products'
Monuments, built environment	1 -/-	2 -/-	3. Indirect S++	4. -/-	5. (Indirect S)	6. Indirect S,M+	7. Indirect S++	8. Indirect S++
Museums	9. -/-	10. -/-	11. -/-	12. Direct S,M,O++	13. (Indirect S,M,O)	14. Indirect S,M,O,+	15. Indirect S,M++	16. Direct S,M,O++
Libraries	17. Direct N-P +	19. -/-	19. -/-	20. -/-	21 (Indirect S, M,O)	22. Indirect S,M,O +	23. Indirect S,M,O ++	24. Direct S,M,O ++
Theatre, opera	25. -/-	26. -/-	27. -/-	28. Direct M,O +	29. (Indirect M,O)	30. Indirect S, M, O+	31. Indirect S,M,O ++	32. Direct M,O ++
Symphony orchestras	33. -/-	34. -/-	35. -/-	36. Direct M,O +	37. (Indirect M,O)	38. Indirect M,O ++	39. Indirect S,M,O ++	40. Direct M,O ++
Music industry	41. -/-	41. -/-	41. -/-	44. -/-	69. -/-	70. -/-	49. -/-	70. -/-
Books and publishing	57. -/-	50. Indirect S+	51. -/-	52. -/-	53. -/-	61. -/-	55. -/-	56. -/-
Film/video industry	57. -/-	58. -/-	59. -/-	60. -/-	61. -/-	62. Indirect S,O +	63. Indirect S, O +	64. Indirect S, O+
Broadcasting	65. Direct S+++	66. -/-	69. -/-	68. S,O ++	69. -/-	70. -/-	71. -/-	70. -/-
Telecommunication and information systems	73. Indirect S++	74. Indirect S+	75. -/-	76. -/-	77. -/-	78. -/-	79. -/-	80. -/-

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Several examples

Out of 10 state-owned printing houses there are 8 (according to the data of beginning 1997) that were privatized. In two of those the shares of the state capital are bigger ('Spauda' — 71.1%, 'Aušra' — 92.1%). The state publishing houses were enlisted for privatization programmes as well. The proportions of public and private shares in them are as follows:

		public shares	private shares
Mintis	-	80	20
Vaga	-	23,85	76,15
Šviesa	-	54,6	45,4
Mokso ir enciklopedijy	-	100	0
Leidybos centras (UAB 'Margi raštai')	-	0	100
Vyturys	-	100	0

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Types of privatization

An attempt is made in the table to illustrate where the various types of privatization, as defined in the background paper to the questionnaire, have been applied.

	I	II	III	IV	V	VI
Museums		x	x	x	x	x
Monuments & Heritage		x	x	V	x	x
Theatre & Opera	Id		x	x	x	x
Books & Publishing	Ib					
Films & Broadcasting	Ib&c	x	x		x	x

CIRCLE European Round Table on Privatisation, Desestatiation and Culture
11-13 June 1997

ADDENDUM TO THE UK RESPONSE TO THE QUESTIONNAIRE

The following additional comments should be read in conjunction with the printed text for the UK in the Conference Reader.

Museums

It is worth noting also the move in the 1980s to convert national museums in the UK to trust status, which has enabled them to generate more income from the private sector.

Music

Although there was no provision in the questionnaire for music as a discrete cultural sector, it is worth mentioning that local government authorities in England and Wales were encouraged to contract out some services to the private sector. As a result, one of the options some local authorities chose was to create private agencies for instrumental music tuition. Although the picture is patchy, the action was successful in increasing numerically the numbers of young people who undertook music tuition. However, in itself this did not necessarily take account of access and there has been concern that poorer families were excluded on grounds of cost.

Film and Broadcasting

It is worth elaborating in relation to the ownership of licenses that all independent (commercial) radio companies were required to bid for radio franchises. This was new and there was a strong feeling in the broadcasting industry that this was simply a device to generate more money for the Treasury.

'Privatisation' in quasi-public agencies

Not only local authorities and central government departments were required to contract out services they had previously provided directly, but quasi-public agencies were also encouraged to do this. In an attempt to safeguard information and advice services provided on international arts issues, the Arts Council of Great Britain contracted out its International Affairs Unit (The International Arts Bureau) in 1994. More recently there have been moves by the Arts Council of England to contract out its Film, Video and Broadcasting Department.

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