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# **INCENTIVE STATE POLICY AS AN INSTRUMENT OF ATTRACTING TRUSTEE AND CHARITABLE ACTIVITY IN RUSSIA**

**Svetlana Dmitrievna Galiullina<sup>\*</sup>, Shamil Zufarovich Valiev,  
Elena Aleksandrovna Safina, Darya Igorevna Gerasimova and  
Elina Vinerovna Gabidullina**

*Ufa State University of Economics and Service, 145 Chernyshevskiy street, 450078 Ufa,  
Bashkortostan*

(Received 27 August 2014)

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## **Abstract**

In the present article are analyzed the incentive measures of the state policy of the Russian empire. The society motives of trustee activity in Ufa province (1865–1917) have been considered. All these factors promoted to the successful development of the system of trustee activity both in the Russian state overall and Ufa province in particular.

*Keywords:* social sphere, government, service, council, awards

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## **1. Introduction**

Nowadays, in the conditions of social and economic transformations in Russia, active measures concerning developing, structuring of trustee movement as well as attracting of charitable funds into the social state sphere are required. In this connection forming of the institution of trusteeship as an efficient form of innovative social technologies is especially urgent. The modern system of social protection of the most vulnerable parts of the population such as children, old people, disabled people, orphans, widows, homeless people, refugees, prisoners and former prisoners, people with deviant behaviour requires searching new ways and forms of support.

Modern institution of trusteeship in Russia is gradually reviving on the basis of non-state organizations and educational institutions. In the Civil code of the Russian Federation on 21 October 1994 in Article 118 the right of an educational institution to establish a council of trustees in the form of a fund was stated. The same regulation was developed in the Federal law on 29 December 2012 № 273-FL ‘On education in the Russian Federation’. Article 26 item 4 ‘On management of an educational organization’ states that in an educational organization a council of trustees, a managerial council, a supervisory body and

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<sup>\*</sup>E-mail: galiullinasd@yandex.ru

other collective bodies of management may be formed. In state institutions there is still gaining experience concerning organizing and spreading of trusteeship. The Association of councils of trustees, established in the Republic of Sakha (Yakutia) is an example of activity of a council of trustees as a public organization.

In the Federal law from 12 January 1996 ‘On non-commercial organization’ №7-FL redrafted on 10 January 2014, a variety of organizational and legal forms of the public participation was specified. Councils of trustees may be established in the form of funds, autonomous non-commercial organizations. Nowadays target capital for non-commercial organizations in any sphere – social, educational, cultural – may become an efficient instrument of support. Considerable part of target capitals (private funds, corporative funds, funds of local communities, fund-rising funds, target capitals funds) is registered in central districts, but there are not many of them in the regions. The most popular direction of support on the part of funds is the sphere of education. Some establishments preserve the traditions of historical experience wanting to revive the trusteeship movement in Russia. For example, in the Russian economic university, according to G.V. Plekhanov the council of trustees has been functioning since 20 March 1991. In the constitutional instruments of the council of the trustees the notion of ‘Honourable trustee’ is used, which in full measure expresses the spirit of prerevolutionary tradition.

This issue is urgent and is under consideration not only in Russia but abroad as well. Such scientists as Tahir M. Nisar and M. Zaharioaie consider that “The European Union aims at increasing of use of state and private partnership in order to achieve steady economic growth and meeting requirements of the European level, in particular, to hasten the development of transnational infrastructure” [1, 2]. Authors like S. Schepper et al or D. Guthrie et al [3, 4], having considered the problem of state and private partnership development, came to the conclusion that for the companies which are engaged in charitable activity, additional incentives and stimuli are required. Also, there are such scientists as Helms and Thornton [5], who believe trustee and charitable movement to have religious motives. This fact proves once again that scientists all over the world aspire to search the mechanisms of stimulating and encouraging trustees and philanthropists.

However, in the Russian empire great experience of trustee and charity institutions functioning was accumulated, which today allows to use the lessons of the past in forming social responsibility and intensification of public participation in the support of socially vulnerable part of the population. By the beginning of the XX<sup>th</sup> century, definite forms of stimulating of the trustee movement and charitable activity had taken shape.

## **2. Analysis**

One of the most progressive Russian forms was the fact that the institution of trusteeship was considered to be governmental service [6]. Trustees,

philanthropists and Maecenas for their particular merits and honours might be presented the right of governmental service with the further ‘conferment’ to official class and titles in accordance with the approved on 24 January 1722 by Peter I ‘Table of ranks of all military, civilian and court officials’ [7] and awards. Peter’s Table of ranks was repeatedly revised and supplemented.

Trustees were honoured with the right of governmental service and were advanced in ranks in various offices and ministries. For example, in the department of the Imperial philanthropic society the right of governmental service was presented to “the chairman, his friends, his secretary and other employees, as well as other full members” [*Russian state historical archive (RSIA)* F. 768, Inv. 3, C. 458, L. 1-3, L. 14-33]. In the Ministry of public education “The trustee of an educational district two times a year had the right to present to the Committee of service of the ranks of the civil department candidacies to be nominated for the awards for official and non-official honours in the sphere of public education” [8]. The post of trustees in province cities was supposed to be in the VII category.

By the Decree of the Ruling Senate on 25 August 1859 “The Imperially approved Regulations on awards in state service” was adopted, according to which awarding with the ranks and the right of governmental service for trustee and philanthropic activity was added by a system of awards: “His Imperial Majesty’s goodwill; orders, awarding with lease and granting lands; presents from His Imperial Majesty’s name, flat fees” [9].

By Personal Imperial Decree by Alexander III, which was given to the Senate on 27 February 1892, the Committee for examining the submissions for Imperial awards and governmental service was established [10]. The rights for governmental service for trustees and philanthropists were considerably added and widened. Time spent in “private employment in governmental and public institutions” was considered to be governmental service.

By the foregoing document also awarding with honourable citizenship, distributing of gratuities and awarding with honourable caftans; awarding with the rank of personal and hereditary citizenship; awarding with orders and medals were regulated. Additionally, by the direction of the government on 11 September 1893, № 138: “The list of positions in governmental civil service, execution of which grants exemption to officer and lower ranks from conscription and army reserve” [*Russian state historical archive (RSIA)*, F. 768, Inv. 3, C. 458, L. 1-3, L. 14-33].

Presenting ranks and titles (14 categories) gave advantage in the special form of addressing: ‘Your Honour’.

By the Law adopted on 25 May 1899 ‘On service rights of the officials of noble boarding schools – orphanages’, trustees, honourable trustees and Directors of noble schools – orphanages were conferred V category in position, V category in sewing the uniform and the right for pension in studying service [11].

For especially great donations, the highest estate – personal and hereditary nobility was conferred. This fact attracted merchants and petty bourgeois very much. Exactly belonging to the estate of hereditary honourable nobles became the most prestigious in the entrepreneurial sphere.

State economic leverages were used: means, directed to charitable purposes, were granted exemption from taxes. According to the Regulations on taxes and duties, hereditary, personal noblemen and merchants, who had flour-grinding mills, potash and horse factories, were granted exemption from personal taxes and duties [12, 13].

For especial merits in trustee activity, the Emperor declared commendations: ‘Imperially enjoin to deign to Commend’, and this presented the trustees the right “to diminish a year from the terms, established for getting ranks and orders for long service” [9, p. 750].

The system of orders, medals and decorations was widely spread. Even Emperor Peter I introduced orders and medals into the state rank. He especially stresses “... nothing encourages in such a way and does not inflame human pride in work and love for fame, as evident signs and visible requitals for benefactors... the way and public elevation and signs of monarch’s favour, distinguished from the others” [14]. The order system was repeatedly revised and reformed, however invariable were the duties of the Holders of orders: supervision and care for educational houses, establishing of refuges for the poor, care and supervision of all helpful institutions for charity to the feeble and poor; to inspect often and personally institutions entrusted them and take measures to eliminate the revealed shortcomings.

The honourable awards were considered to be orders and medals, which provided special privileges. As special awards, orders and medals could be given both to people who were and who were not in governmental service. Special merits were thought to be long service and distinguished services in the sphere of trusteeship as well as great donations. To get an order, special terms were established, gradualness and dependence on the category of the official’s position and tenure of office at a definite rank.

According to the applicable award statute, the rule of gradualness of awards to trustee, charitable and of general utility activity functioned. The turn of awarding started from the sign of Saint Stanislav of the 3<sup>rd</sup> class. In particular cases, the Emperor had the right on his own ‘discretion’ to decorate with an order ‘not for military deeds’. So, Nikolay II on 16 November 1904 amplified ‘The regulations of the Committee concerning the service of officials of civil departments and awards’ with the following rules: “Honourable citizens and merchants, as well as merchants’ brothers and sons of all guilds, awarded with the order of Saint Anna of the 3<sup>rd</sup> class in the status, may be for charitable and of general utility activity awarded with: the order of Saint Stanislav of the 3<sup>rd</sup> class not earlier than in three years after the time of rendering the merit, which was the cause of the order and with the order of Saint Stanislav of the 2<sup>nd</sup> class, besides the same order of the 3<sup>rd</sup> class only in exceptional cases, when having outstanding merits or especially great donations for businesses of general utility

but not earlier than in six years after rendering the merit, which was honoured with the award” [11, p. 61].

In 1914 “For their zealous and useful activity in the departments of the Ministry of public education”, the Emperor conferred the medals with the legend ‘For zeal’.

To the incentive policy of trustee and charitable activity of the state also the decorations ‘The statute of the Decoration of Irreproachable service’ were ascribed, which were introduced on 22 August 1827 by Nikolay I. The Regulations stated: “The decoration of irreproachable service, acquired by labour and constant morality, is never taken off”. The terms of service were defined: 15, 20, 25, 30, 35 and 40 years for “excellent and zealous service, decorated with firm morality”. The gold decoration was presented for life, the silver one - during the time of trustee service. For honours in the service the members of the councils of trustees and public organizations were awarded with medals.

On 14 October 1828 Mariinskii decoration of Irreproachable service was instituted. It was “instituted as a reward to people of feminine gender for long-term zealous pursuance of duties... who served not fewer than 15 years”. Their gaining was accompanied with annual salary.

Special badges of two classes (gold and silver) were instituted for people, who contributed pecuniary aid to the trusteeship of the Empress Mariya Fedorovna for the deaf and dumb. People, who contributed not fewer than 300 rubles, had the right to get the gold decoration of the Trusteeship of the 1<sup>st</sup> class, people, who contributed as flat payment not fewer than 150 rubbles or who attracted into trusteeship not fewer than 30 members with the contribution 5 rubles could get the silver one of the 2<sup>nd</sup> class. Awarding with diplomas and badges in the Russian empire was introduced in 1915. Diplomas, presented to public organizations and establishments, had two classes. Diplomas of the first class were printed on ‘vellum’ paper in ‘gold’ print, of the second class - on the usual paper in black print.

The trustees and the members of the council of trustees, as well as donors, who contributed as flat payment not fewer than 300 rubles, were awarded with badges of three classes: gold, silver and bronze. They represented badges “... made of blue enamel shield, on which laid on Her Highness’ initials were placed”. The gold badge was presented to the honorable members of the society, members of the Council, who served in this rank uninterruptedly not fewer than three years, and “to those of the donors, who had silver badges and attracted 10 other donors with one ruble donation each”. The silver ones were presented to those people who contributed 10 rubles as flat payment, the bronze ones – “either to those who served in the Society and other people, who rendered assistance in other ways”. Emblems of peaked caps and sleeve bands could be decorations as well.

Also there were decorations of irreproachable service in Red Cross. One of those who was presented with this sign in 1879 in Ufa province was an outstanding public and state personality N.A. Gurvich. Having served 27 years

in the governmental service, he got the rank of a full councillor of State of IV class.

One of special decorations, which demonstrated the high status of trustees and heightened the prestige of trustee activity, was uniform. The rules of wearing it were assigned in the Regulations on civil full dress uniform on 27 February 1834 “Not formal and official, but encouraging and awarding” [15] civil Mariinsk dark-green full dress uniform with the six-class category of sewing; uniform of civil servants, tailcoats, frock-coats of ten-class silver sewing of the Ministry of internal affairs for the members of philanthropic society; for the Ministry of public education for trustees of Orenburg educational district, its educational institutions. The uniform was “an efficient means of attracting philanthropists and donors” [15].

An important stimulus for trustee activity was the awareness of the fact that the state would not stop taking care of them during the pensionary period. With this purpose in the General Regulations on pensions and lump-sum allowances in civil offices on 6 December 1827 there were separate chapters for those who served in trustee and charitable organizations.

The officials of the Trustee of the poor Committee, who when being appointed to the post in the staff of the Council and central establishments of the Emperor Philanthropic Society on 12 June 1900 had the right to get pensionary rights, the time of their previous service in class positions was reckoned into the pension, with the deduction into the pensionary capital [16].

The priests of the Commune of medical nurses of Saint Georgii were fixed a pension from the state Treasury according to the rules of school service of the Ministry of public education from the rate of salary 400 rubles. Medical nurses and medical assistants of the Society of Red Cross were presented the right to get pensions from the state treasury of from 150 to 200 rubles a year [16, p. 282].

The officials of both sexes in Empress Mariya’s department of establishments, who had the right for pension in this department, were presented when resigning the pension proportionately their salary which they had on the day of their dismissal from service. The educational staff of the city children’s orphanages of Empress Mariya’s department of establishments (Supervisors, Trustees and their Assistants) was presented the right to get pensions and flat fees from the state treasury [16, p. 283].

Trustees and philanthropists were awarded with other important signs of recognition: immortalization of their names in names of streets, establishments, placement of their portraits in the buildings of city Dumas, halls of fame in the buildings built on their donations.

The lists of donors were published in the press, their names were well known. The trustees and regular donors’ names into the Orders of public charity entered the special book of the Ministry of internal affairs. For example, in the Ministry of public education there was ‘Regulation on awards for philanthropists of colleges’, adopted on 14 February 1816 by count A. Razumovskiy [17] which stated that all the trustees and charitable donations “had to be printed in the

Bulletin” of the capitals, indicating the sum of their contribution. Under every educational institution a strung book in the best morocco binder with a golden edge for writing down the trustees’ philanthropists’ and Maecenas’ names with the sum and the purpose of contribution, was kept. To hang their portraits “under black marble, into frames done in good golden frames, on which to write the philanthropist’s rank, name, patronymic and surname” [17].

Also there were critical commentaries with respect to promotion in ranks, awarding with orders, medals and decorations. Count D.N. Bludov, a statesman of the middle of XIX century said: “Wastefulness on ranks and orders can be compared with the increase of banknotes” [18]. K.K. Grot, the Main Trustee of Empress Mariya’s department of establishments critically observed “if such an order was established for all charitable societies, than half of the population would wear decorations, which, in this case, would lose any significance” [18]. The rights to be awarded either were widened and limited. For example, by 1845 awarding with the order of Saint Anna afforded an opportunity to gain the right of hereditary nobility, and it was an easy way to get it. According to the statute of 1845 this order gave the opportunity of only personal nobility. This fact demonstrates the policy of governmental regulation of trustee and charitable activity.

### **3. Conclusions**

So, the following conclusions can be made. The temporal character of motivation, aspiring trustees and Maecenas to accomplish philanthropic activity, was conditional on the fact that the government consecutively created the system of social encouragements, privileges and stimuli in this sphere. The incentive policy of the Russian state was one of the instruments of attractiveness of trustee movement. For reviving the Russian trusteeship it is necessary to use the experience of thought over governmental policy of the Russian empire.

### **Acknowledgement**

The article has been written with ‘Russian Foundation for Humanities’ support (Project № 14-11-02009).

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