

PO-CH/NL/0160 PTA





Part A.

**CONFIDENTIAL**  
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Begins: 14/3/88.

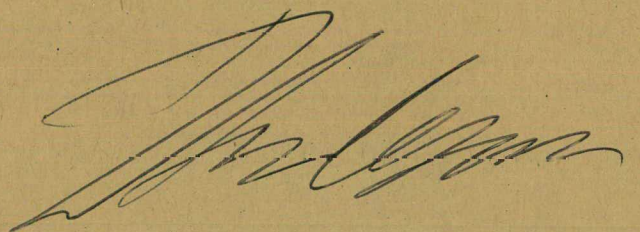
Ends: 6/7/88.

  
 PO -CH /NL/0160  
  
 PART A

Chancellor's (Lawson) Papers:

THE BARON THYSSEN ART  
COLLECTION

Disposal Directions: 25 years



1/9/95.

PO -CH /NL/0160  
PART A





FROM: CHIEF SECRETARY  
DATE: 14 March 1988

PRIME MINISTER


### THYSSEN COLLECTION

I have seen the correspondence between your office and Richard Luce's about the possibility that the Thyssen collection might be permanently located in this country.

2 Obviously there are very great attractions in the idea that we should secure such a major collection. But it is now becoming apparent that the cost may be very high, and high enough to make us think very seriously about the implications before entering into any commitment. I understand that a very preliminary estimate of some £200 million has been made, representing mainly the cost of the paintings which Baron Thyssen would want us to pay for, and partly the cost of a suitable building. But that figure could obviously prove to be an underestimate. We appear to be in competition with the Getty Museum among others; and it would not be surprising if the building turned out to cost a lot more than the £35 million which has been mentioned. We could well be contemplating another arts project on the scale of the British Library, which is costing well over £300 million.

3 We must also bear in mind that readiness to incur expenditure on this kind of scale could well strengthen pressures for greater public munificence in other areas. We will therefore need to consider Baron Thyssen's proposal very carefully once the detail of it is fully clear. It may be that any preference which he may have for the UK might be reflected in more favourable terms, possibly within range of what might be met from private sources. But if not, we are clearly being invited to enter into a very large spending commitment.

4 I am copying this minute to Richard Luce and to Sir Robin Butler.

  
JOHN MAJOR



Ch/  
mentioned  
at Prayers  
I believe

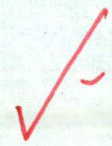


10 DOWNING STREET  
LONDON SW1A 2AA

CHIEF SECRETARY	
REC.	16 MAR 1988
ACTION	Mr Barr
COPIES	Mr. [unclear] Mr. [unclear] Mr. [unclear]
	Mr. [unclear] Mr. [unclear] Mr. [unclear]
	Mr. [unclear] Mr. [unclear]
	Mr. [unclear] Mr. [unclear]

mpw

16/3



16 March 1988

Mr [unclear]

From the Private Secretary

De Eleanor

mpw

THYSSEN COLLECTION

As agreed the Prime Minister met Baron Thyssen-Bornemisza for a drink yesterday evening. The Baron's wife was not present but Mr. Hanks-Drielsma was. Your Minister and the Secretary of State for the Environment were also present.

The meeting took the form of a general chat about the possible future of the Thyssen Collection, and the variety of sites that could be found within the United Kingdom. Specific points worth recording are as follows:

- (i) the Baron had not yet decided on a permanent home for the Collection and indeed he might not do so for some time. It was possible that he would go for an interim temporary solution, while negotiations continued with other members of the family on what proportion of the pictures should be given away and what proportion should be charged for;
- (ii) insofar as permanent solutions were being considered, proposals had been received from various countries including Spain, Germany, Italy and America. If possible the Baron favoured Europe, but discussion on the relative merits of the European countries was not particularly conclusive;
- (iii) it was agreed that there was a marginal preference for an existing beautiful building to be used but it was accepted that the costs of conversion would probably be more than the cost of building new;
- (iv) the Baron agreed that he would be pleased if the United Kingdom came up with a firm proposal by around the end of April which he would then arrange to be considered. The Prime Minister commented that one should not rush these things but we would try to put a package together.

Following the Baron's and Mr. Hanks-Drielsma's departure, the meeting considered a long list of possible sites for the Collection. The one that seemed to find the most favour was Lancaster House, but it was agreed that your Minister and the Secretary of State for the Environment, would consider various possibilities in conjunction with Mr. Palumbo's group. The requirement for a substantial amount



of funding to purchase the Baron's Collection was also noted at this stage. It was agreed that the various possibilities for raising this money would have to be studied very carefully, and there was no commitment to any one particular course of action.

I should also recall in this letter a couple of points that emerged later on. The first is that in the course of a dinner last night it became clear from the Baron that if we are to secure the Collection it will have to be in or very close to London and, secondly, we have had a telephone call from Mr. Hanks-Drielsma who confirmed the point about location (although he included the possibility of Birmingham) and stressed that it would be necessary to move quite quickly as there was a meeting of the Thyssen Trustees due in June - this information is I think confidential.

Action on this project now lies with your Minister, and Mr. Palumbo's group. But I know that the Chief Secretary's office will want to be kept closely in the picture with regard to any possible expenditure of public funds, and the Department of the Environment will continue to advise on possible buildings. I know that the Prime Minister would also like to be kept in touch with the progress in negotiations.

There are two further specific points. The first is the position of Mr. Hanks-Drielsma. My original impression had been that he was acting on behalf of the Baron, but the events of the last 24 hours suggest that this is not the case, and that his view is that he is acting on behalf of the British Government in negotiating with Baron Thyssen. You will doubtless wish to consider whether this is the most appropriate way to proceed. And, lastly, the Prime Minister did indicate an interest in possibly visiting the current exhibition of Baron Thyssen's paintings. Could you please let me know the exact dates of this, and who I should contact if it is possible to find a time for her to visit it.

I am copying this letter to Jill Rutter (Chief Secretary's Office), Deborah Lamb (Department of the Environment) and Trevor Woolley (Cabinet Office).

*Tom*

*AW*

(P. A. BEARPARK)

Miss Eleanor Goodison,  
Office of Arts and Libraries.





CHIEF SECRETARY	
REC.	15 APR 1988
ACTION:	Mr Burt
COPIES TO:	Box, PMG, Sir R Hadden
	Mr Anson, Mr Phillips, Mr Gurre
	Mr Haslam, Mr Tomblin
	Mr Skelly, Mr Cripps, Mr Tyrone
	Mr Call

OFFICE OF ARTS AND LIBRARIES  
Horse Guards Road  
London SW1P 3AL  
Telephone 01-270 5929

C88/2062

From the Minister for the Arts

Rt Hon Nicholas Ridley AMICE  
Secretary of State for the Environment  
2 Marsham Street  
London SW1

15 April 1988

*Dear Secretary of State,*

THYSSEN COLLECTION

Thank you for your letter of 13 April.

The Palumbo group has had several meetings and is formulating a report, but its work is not yet concluded. It is working towards a package offer costing some £200m which would be spread over five or six years, to provide a purpose-built gallery in either a renovated historic house or a new museum, and to buy those pictures not gifted by the Thyssen foundation. We will of course take on board your suggested sites in the report.

Before you meet the Baron on Saturday you should see the enclosed declaration which he and the Spanish Government signed on 7 April. This is an agreement between the parties to proceed, within the framework laid down, to conclude a loan of the best paintings (the A and B+ pictures) in the Collection to Madrid for up to 10 years, with options to extend or convert to a permanent agreement. The Spanish Government will refurbish and provide the Villahermosa Palace rent-free for this purpose, and the money so spent can be taken into account in any future financial arrangements.

Naturally your meeting with Baron Thyssen this week-end is extremely important since only he can tell us how watertight the arrangement is. Once you have been able to clarify the situation we can decide the next move. I believe in any event we have been seriously misled in that we were told firmly that no decisions would be taken until June.

I look forward to hearing the outcome of your discussions after which we can take early decisions.

I am copying this letter to the Prime Minister and the Chief Secretary for information.

*Yours sincerely,*

*Eleanor Goodison*

RICHARD LUCE

*(approved by the Minister and signed in his absence)*



# ARTEFACT

B

SUZ BOND  
46 GRESWELL STREET  
LONDON SW6 6PP  
TEL 01-381 1324

NADINE STEINMANN-THOMI  
FASCHENGASSE, 26  
CH-4059 BASEL  
TEL. 061 35 25 23

On April 7th 1988, the Honourable Javier Solana Madariaga, Minister of Culture of the Government of the Kingdom of Spain and the Honourable Baron Hans Heinrich Thyssen-Bornemisza (Baron Thyssen-Bornemisza) met at the Villahermosa Palace, Madrid.

The signatories hereby declare:

- I. The Thyssen-Bornemisza Collection is a collection of paintings acquired by Baron Thyssen-Bornemisza over a number of years, by inheritance or purchase. It represents a lifetime of collecting by Baron Thyssen-Bornemisza and his late father. The Collection is exceptional for its quality, value, diversity and state of conservation.
- II. The "Thyssen-Bornemisza Collection Trust" is the owner of all the paintings in the Collection.
- III. The paintings in the Collection are divided into four different categories: "A", "B+", "B-" and "C". All of the foregoing are in accordance with the lists held by the parties.
- IV. Both parties wish to enter into an agreement whereby category "A" and "B+" paintings which include the most significant paintings of the Collection be loaned to a Spanish Foundation for their maintenance and public exhibition for a period of up to ten years.

As a consequence of the foregoing and in order to establish the basis of their mutual understanding they execute this document in the following terms:

First.- The Spanish Government and Baron Thyssen-Bornemisza will create a new Private Cultural Foundation under Spanish law, domiciled in Madrid, to which the Spanish Government will provide rent-free (for the same parallel term of years as the loan mentioned in clause Three below) the use of the Villahermosa Palace and which will be endowed by the Spanish Government with sufficient capital for the refurbishment of the Palace and to provide all necessary financial resources to ensure the independence of the Foundation and to ensure that it is able to meet all its artistic and curatorial commitments.

ATTN: EILENN OFFORD



The object of the Foundation will be the exhibition and maintenance of the paintings loaned in accordance with the provisions of clause Three below. The Foundation shall preserve the international vocation and character of the Collection encouraging the periodical exhibition of part of its masterpieces outside Spain.

Baron Hans Heinrich Thyssen-Bornemisza shall be the Chairman of the Foundation's Council or Governing Body. He shall be substituted for and succeeded by his wife, the Baroness Carmen Thyssen-Bornemisza.

Second.- The refurbishment of the Villahermosa Palace shall be completed within eighteen (18) months, undertaken by the Foundation in cooperation with the Spanish Government and begun immediately after the establishment of the Foundation and the execution of the Loan Agreement mentioned in clause Three below. The approval of the Spanish Government will be required for both the Architectural Project and the final acceptance of the refurbishment.

Third.- A Loan Agreement for a period of up to ten years shall be executed between the Foundation and the owners of the paintings as paintings. The Foundation shall pay to the owners of the paintings as consideration for the loan an annual sum to be determined. Such annual sum will be used, in accordance with terms and conditions to be agreed, for the purchase by the Foundation of paintings of the Collection. The Loan Agreement will be conditional upon the completion and final acceptance of the refurbishment of the Villahermosa Palace.

Fourth.- In accordance with the provisions of Article 32.1 of the Law on the Historical Patrimony of Spain (Ley del Patrimonio Historico Español), the loaned paintings shall not be declared, by action of the Spanish Government, to be of cultural interest during the ten-year term of the loan. Therefore, the paintings shall be free to be exhibited abroad if so decided by the competent body of the Foundation.

Fifth.- It is the intention of the Spanish Government and Baron Thyssen that the Gallery in Lugano should continue to have an important role in the activities of the Collection. The existing arrangements between the Foundation established by Baron Thyssen in Barcelona and the town of Barcelona will also be fully respected and it is hoped that the relationship between the two Foundations will be developed to their mutual advantage.



Sixth.- It is contemplated that during the period of the loan, discussions take place to explore the possibility of achieving a longer term solution, either by way of transferring ownership of some or all of the paintings to the Foundation or extending the loan for a second or further term if the initial lease arrangement works well for all concerned. In the event of such a solution being reached any payments or other compensation paid under the terms of the loan will be taken into account in any future financial arrangements between the parties.

Seventh.- In case of dissolution of the Foundation by the termination of the Loan Agreement or for any other reason, its net worth will revert, upon liquidation of the Foundation, to the Spanish State, and in such event the paintings will be free to leave Spain.

Eighth.- The parties will use their best endeavours to conclude a definitive agreement governing all important aspects of the Foundation Charter, the loan agreement and other relevant matters signed by all bodies affected by these arrangements within three months and also to establish the Spanish Private Cultural Foundation and execute the Loan Agreement of works of art and all related documents within that time.

In witness thereof, the parties sign this document, in duplicate originals, in the Spanish and English versions, both of equal validity, in the place and on the date indicated "ut supra".

The Minister of Culture

Baron Hans Heinrich Thyssen-Bornemisza





22/4/88

*Alex, I see  
no case for  
allowing  
influence.*

*Baron*

MINISTER FOR THE ARTS

*Ch/ Paul Gray rang to "shake the obvious point" that PM still very keen on this, but has in mind to raise bilaterally with you or CST, or hold full meeting plus Messrs Ridley & Luce.*

C88/2226

PRIME MINISTER

THYSSEN COLLECTION

*So you may like to see how this is progressing upon 22/4*

CH/EXCHEQUER	
REC.	22 APR 1988 ✓ 22/4
ACTION	CST
COPIES TO	

... I attach a note which summarises the conclusions of the working group chaired by Peter Palumbo which I set up. Its members comprised Sir Nicholas Goodison, Sir Mark Weinberg, Jacob Rothschild, Neil MacGregor (Director, National Gallery), Professor Brian Morris (Chairman, Museums and Galleries Commission) and Martin Drury (National Trust).

Their report, which will be available shortly, fully supports the case for making an offer for the Thyssen Collection. It considers that this offer should be presented as a commitment of £200m spread over 5 years to provide a new gallery, and buy the B+ and B pictures in the collection; the Thyssen trustees would in turn vest the A pictures in a new UK-based foundation.

Nicholas Ridley is now working up proposals for the two sites most favoured: a prime site at Canary Wharf in the new London Docklands Development and The Grange, Hampshire, an historic house in fine surroundings which could be converted. Nicholas cleared these with the Baron last weekend as being the ones that he would favour, though a central site in Birmingham is a conceivable fall-back.

We are convinced that the approach to the Baron, if agreed, must be made quickly, and stress the way in which his needs can be accommodated if it is to succeed. He has assured us that his tentative discussions with the Spanish Government are not binding and can be superseded. I recommend however that if we make an offer on these lines we should stipulate that any interim loans of the relevant pictures (whether to Spain or elsewhere) must be terminated on the completion of the new gallery and the pictures made available for display there within a maximum period of, say, six months.



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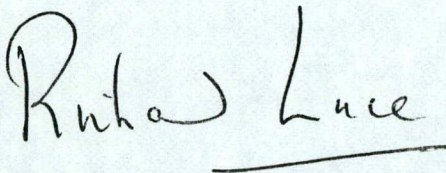
As far as domestic considerations are concerned, I must also make two other points

(a) This would be a unique arrangement. Its financing should be quite separate from the rest of the arts budget. You will readily understand that the National Museums and Galleries are heavily stretched and there is no scope for adjustment.

(b) The acquisition of these pictures should not prejudice our ability and willingness to protect those other pictures of the highest quality which are already part of our heritage and may need to be acquired for the nation in due course.

That said, I regard this as a magnificent opportunity to enhance our national heritage, and greatly hope that we can grasp it.

Copies of this letter go to Nigel Lawson, Nicholas Ridley, and Geoffrey Howe.

A handwritten signature in cursive script that reads "Richard Luce". The signature is written in dark ink and is positioned above a horizontal line.

RICHARD LUCE  
22 April 1988

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The Thyssen Collection: Summary of points arising from the Palumbo Group's work

1. The Thyssen collection at present comprises 1,365 pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
<hr/>					
Totals	227	496	443	199	1,365

2. The pictures are at present vested in a trust created in 1986 and registered in Bermuda. Our understanding is that if a satisfactory permanent home can be found for the collection, the Baron would ensure that all the 227 A pictures would be transferred in perpetuity to a new trust; but the family, as residual beneficiaries of the B and C pictures, expect at least the B+, and probably most of the B pictures, to be purchased as part of the settlement.

3. The Director of the National Gallery confirms that the Thyssen collection is the most important large collection of old and modern masters in private hands in the world, though there are smaller collections and individual pictures in private hands in this country which are of even greater importance. He believes that the Sotheby's valuation of the Thyssen collection (A, B and C pictures) at over \$1.2 billion is reasonable.

4. The A pictures are valued at nearly \$1 billion (£550m), the B+ pictures at \$165m (£91m) and the B- pictures at \$50m (£28m). We believe that a satisfactory offer for the B pictures could be pitched at £120m. If spread over 5 years, 10% pa should be allowed for inflation: see appendix.

5. Other offers have been made, but the only one which appears to be under serious consideration by the Baron at the moment is the Spanish Government's offer of the Villahermosa Palace in Madrid. This was the subject of a declaration signed by the Baron and the Spanish Government on 7 April, whereby the parties undertook to work towards an agreement under which the best paintings would be loaned to Spain for up to 10 years, with options to extend or convert to a permanent agreement. We are advised that this is not yet a binding commitment and that the Baron would not confirm it if he had an acceptable offer from the United Kingdom.



6. The sites which would best meet the Baron's wishes would be a prime site in the Canary Wharf Development in London's Docklands, or The Grange, Hampshire, an historic house held in trust by English Heritage. The Docklands scheme appears to be the one the Baron is most attracted by; it would generate the most visitors and have the prospect of some private funding. A site in central Birmingham is a possible fall-back.

7. A new building and a converted historic house would cost approximately the same to provide. The need is for a gallery space of up to 70,000 sq ft, together with suitable ancillary facilities for a major foundation: lecture room, shop, library and study areas.

8. The status of the collection must be a new foundation, under English law, which has inalienable rights to retain possession of all the A pictures, and of those B+ and B pictures to be agreed; but which might allow disposal of other pictures at the foundation's discretion, to create an endowment fund.

9. The composition of the new foundation should enable the Baron to be chairman and to nominate his successor, and Thyssen nominees to fill 49% of the places; HM Government would nominate the controlling 51%. [We believe this may not be acceptable to the Baron, and that we should therefore be prepared to offer the Thyssen trustees a controlling 51%, provided that inalienable rights to the pictures remaining permanently in the UK are clearly established; and that a clear agreement is reached on the extent to which the pictures may be temporarily loaned outside the UK.]

10. The gallery should be completed if possible within three years, and the pictures made available on its completion. Payments should be spaced over 5 years (unless a once-for-all payment is possible).

11. The costs to the UK would be

- £35m for a new or converted building (including fees and VAT)
- £10m site costs
- X | - a £120m offer for the B pictures at their current valuation, spread over 5 years and allowing for 10% inflation (bringing the total to £146m)
- provision of up to £5m pa running costs, offset by charges for entry.

12. The group has given careful thought to the possibility of raising a contribution to these costs from the private sector. It may be possible to interest a developer in contributing to



site and building costs if the Docklands site were to be adopted. In all other respects however the group believes that full Government funding is the only realistic assumption. An early offer to the Baron would in any case have to be based upon the Government's willingness to meet the whole cost if necessary.

13. The group conclude that an offer on these lines, backed by appropriate details of the two main sites, and made quickly, would have a good chance of success. And that acquisition of a collection of this quality would bring major benefits to the UK in terms of the collection's intrinsic merits, its tourist value, and the employment opportunities that it would generate.



Appendix

Proposed composition of UK offer

£m

	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>1992/93</u>
Site	10				
Building	-	12	18	5	-
Pictures*	24	26.5	29	32	35
Running costs	-	-	1	5	5
Total	34	38.5	48	42	40

\*Pictures: a £120m valuation with payments over 5 years allowing 10% pa allowance for inflation.





BT 26/4  
" (to pass into TB  
message behind)

FROM: ZOE EVEREST-PHILLIPS  
DATE: 25 April 1988

MR BURR

2- cc:  
PS/Chancellor  
PS/Paymaster General  
Sir Peter Middleton  
Mr Anson  
Mr H Phillips  
Mr Hawtin  
Mr Turnbull  
Mr Gieve  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

### THYSSEN COLLECTION

The Chief Secretary has seen Mr Luce's minute of 22 April to the Prime Minister, which we discussed on Friday.

2 Recent events have made the Chief Secretary even more anxious not to allow any additional expenditure for housing the Thyssen collection. He no longer sees any embarrassment in not competing for the pictures, as public perception is that the collection is going to Spain anyway. He would be inclined to let it do so.

3 I have heard from Andy Bearpark at No.10 this morning that the Prime Minister wishes to speak privately with the Chief Secretary about this over the next couple of days. A brief note on the financial implications of Mr Luce's proposals would be helpful.

ZOE EVEREST-PHILLIPS  
Assistant Private Secretary



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*Rec'd 26/4.*FROM: T J BURR  
25 April 1988

CHIEF SECRETARY

cc Chancellor  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mrs Case  
Mr Turnbull  
Mr Gieve  
Mr Instone  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

## THYSSEN COLLECTION

In his minute of 22 April, the Minister for the Arts proposes expenditure of £200 million over five years to secure and house the Thyssen Collection. You have indicated (Miss Everest-Phillips' minute of 25 April) that you are anxious to prevent additional public expenditure on obtaining the collection.

2. We only received warning of this minute at the last moment. We had been keeping in touch with the Office of Arts and Libraries, and had been told that we would be consulted once the Palumbo Group (which has been charged with formulating a proposition which the UK might put to Baron Thyssen) had reported. But Mr Ridley, who has been concerned with finding a suitable building to house the collection, had a meeting with Baron Thyssen during the weekend of 16/17 April, which evidently convinced him that the UK's chances now depended on moving quickly. During last week he persuaded Mr Luce that he should put an immediate submission to the Prime Minister, without waiting either for the Palumbo Group to complete its work or for consultation with the Treasury.

3. OAL did not tell us what they were doing until Mr Luce's minute was on its way to the Prime Minister. We objected in the strongest terms to their failure to consult the Treasury

BURR  
TO  
CST  
25 APR



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before submitting a major public expenditure proposal to the Prime Minister, and your office registered our objections with No 10. We now understand that the Prime Minister will want to discuss the matter with you in the next couple of days. This note provides briefing for such a meeting.

**The proposition**

4. The Baron divides his collection into three categories: A, B, and C pictures. The general idea seems to be that, by paying for most if not all of the B pictures, we would get the top quality A pictures free. (What would happen to the C pictures is unclear.) It is thought that an offer of £120 million, equivalent to Sotheby's valuation of the B pictures, would be sufficient for this purpose. The cost would be spread over 5 years, and would be increased by 10 per cent a year for inflation (presumably in art prices). This would increase the cost to £146 million, and in addition there would be a need to build or convert a suitable building, at an estimated cost of £45 million including the site. Running costs would be about £5 million a year once the building was ready, giving a total cost of £200 million over five years. For this we would get not only the B pictures, but the A pictures valued at some £500 million.

5. In spite of having been told by No 10 that "the Chief Secretary's office will want to be kept closely in the picture with regard to any possible expenditure of public funds", OAL have not discussed any of this with us, although they had undertaken to do so once the Palumbo Group had finished its work. It is therefore not clear how they arrived at their estimate for the cost of a building to house the collection, or how they arrived at the figure of 10 per cent a year for indexing successive annual payments for the pictures. An inconsistency in their calculations is that they have made generous allowance for rising art prices, but apparently none for increases in construction costs (which other arts projects have shown to be a vulnerable area). Most importantly, however, it is not clear that we would actually own any pictures as a result of this expenditure. It is apparently thought that the



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Baron will want to have a controlling interest in the foundation in which the pictures are vested. To judge from the square-bracketed section in paragraph 9 of the paper attached to Mr Luce's minute, the tangible gain to the UK from expenditure of £200 million might be no more than a requirement that the pictures should remain in the UK for most of the time.

**The Spanish connection**

6. The sense of urgency which is now evidently felt by Mr Ridley and Mr Luce has no doubt partly been stimulated by the widely reported agreement which Baron Thyssen has reached with the Spanish Government. The text of this agreement was attached to Mr Luce's letter of 15 April to Mr Ridley. OAL may be right in telling us that this is no more than a declaration of intent and does not commit either side. According to Mr Luce's minute of 22 April, the Baron himself would certainly appear to believe that the agreement is not binding. But first, the agreement has obviously succeeded in creating a strong public expectation, both in Spain and elsewhere, that the collection is going to Spain. And second, the Baron's apparent ability thus to shrug off an expectation which he himself has created must give grounds for doubt about his reliability as a negotiating partner. Mr Luce himself must share those doubts, since his letter of 15 April said that "we have been seriously misled" about the timing of decisions on the collection.

**Discussion**

7. The amount of art in the public UK collections is already very large, and more than can be put on display. In recognition of this situation, the purchase grants of the national museums and galleries have been reduced in a deliberate shift of emphasis away from adding to the collections towards housing and displaying what they already contain. The acquisition of a major new collection can therefore hardly be viewed as a priority. Even if he could do so, Mr Luce would not want to accommodate it within his three-year programme, and his minute to the Prime Minister is careful to emphasise that the cost of acquiring



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the collection must be wholly additional to that programme. It is because OAL see the prospect of avoiding any issue of priorities for their programme that they are so enthusiastic about acquiring the collection.

8. Superficially, the proposed deal might appear to represent good value for money. We would be getting nearly £700 million worth of pictures, plus a suitable gallery to house them, for £200 million. But there is a certain unreality about adding up the value of all the individual pictures in the collection in this way. If they were all sold simultaneously on the market they might well saturate it and achieve a significantly lower figure than implied by the price which each painting might achieve in isolation. In any case, it looks as if the Government would only stand to secure an interest of some 50 per cent in the foundation in which the pictures were vested: the debate seems to be focussing on whether we should have a 49 per cent or a 51 per cent interest, and there is no suggestion of a 100 per cent interest.

9. The value for money argument is therefore far from clear cut. What is clear is that the sum of money involved is very large for such a purpose. While the art lobby would no doubt be quick to congratulate the Government on the conclusion of a deal with Baron Thyssen, others would be quick to contrast the Government's openhandedness for an art collection with what they would see as its tightfistedness on other public expenditure issues. Pressure for public expenditure sweeteners in other areas would be reinforced. The Prime Minister is said to have some misgivings now that the cost is clearly going to be around £200 million, rather than a few tens of millions as she had apparently at first assumed.

10. Finally, there may be a diplomatic argument which you can exploit. There seems little doubt that Spain believes itself to have effectively secured the collection. That may not be precisely what the agreement says, but the feeling is that a major step has been taken in that direction. If the UK were now to secure the collection, from under the noses of the Spanish,



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it is perhaps not too farfetched to think that this could repercuss unhelpfully on other aspects of Anglo-Spanish relations. Mr Luce has copied his minute to the Foreign Secretary, whose views would certainly need to be obtained.

**Line to take**

11. You might therefore draw on the following points in discussion with the Prime Minister:

(a) We already have more art in public hands than we can display;

(b) Further purchases are not a priority for the arts programme, and Mr Luce is only prepared to consider acquiring the Thyssen collection on the basis that none of the money would come from his programme;

(c) Extra money on this scale for the Thyssen collection would undermine the three year deal on arts expenditure which you agreed with Mr Luce in the last Survey, and would conflict with the key message that arts bodies must manage within the funds available to them rather than always looking for more;

(d) It is not clear whether the Government would secure even a controlling interest in the pictures for its expenditure of £200 million, and there appears to be no prospect of full ownership;

(e) The importance of the collection should not be overstated. Paragraph 3 of the annex to Mr Luce's minute indicates that while the Thyssen collection is the most important large collection in private hands, there are smaller collections which are of even greater importance;

(f) The amount of money involved is very large, and the Government's readiness to spend this money will be used to undermine its efforts to resist concessions in other



**CONFIDENTIAL**

areas;

(g) The public perception is that the collection is going to Spain anyway - including in Spain, and there is surely a risk of considerable offence to Spanish sensibilities in depriving them of what they think they have secured.

*T. J. Burr*

**T J BURR**



CONFIDENTIAL



10 DOWNING STREET  
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	27 APR 1988
ACTION	CST
COPIES TO	

27/4

From the Private Secretary

26 April 1988

Dear Eleanor

THYSSEN COLLECTION

The Prime Minister has seen your Minister's minute of 22 April summarising the conclusions of the working group which she had set up. She also had an opportunity this evening to discuss financial aspects of the matter with the Chancellor of the Exchequer and the Chief Secretary.

The Prime Minister is very keen that the Thyssen Collection should, if at all possible, come to the UK. She would like Departments concerned now to discuss, as a matter of urgency, the detail of an offer that might be made to Baron Thyssen. Such an offer should be based on the best possible artistic, financial and legal advice and a small project team, under suitable leadership, which might report to your Minister, the Secretary of State for the Environment and the Chief Secretary, should be established to carry the matter forward.

The Prime Minister would welcome proposals on next steps. Since this matter involves a number of Departments, I suggest that Sir Robin Butler might prepare, in consultation with interested Departments, urgent advice on how best to carry this matter forward.

I am copying this letter to Alex Allan (H.M. Treasury), Jill Rutter (Chief Secretary's Office), Roger Bright (Department of the Environment), Tony Galsworthy (Foreign and Commonwealth Office) and Sir Robin Butler.

*Yours ever*

*Andy*

P.A. BEARPARK

BEARPARK  
TO  
GOODISON  
26 APR

Miss Eleanor Goodison,  
Office of the Minister for the Arts.

CONFIDENTIAL





Ch

This seems mad to me

(a) Labo party (x others) will contest willingness to spend £40m p.a. on this with eg refusal to raise HB capital out-let to £10,000

(b) Arts lobby will say for better ways to spend the money if it's available for arts spending

A good idea  
Central, it will need v.  
Carter, it will need v.  
Carter, it will need v.  
Howson  
a gr  
Sympson  
this plan  
you

an  
much  
clerk  
I am  
v. unclear  
Barr's wife  
nation is going  
it must be done  
new. stop.  
r.



CONFIDENTIAL

3653/2

FROM: A G TYRIE

DATE: 27 APRIL 1988

CHIEF SECRETARY

cc Chancellor  
Mr Anson  
Mr Burr  
Mr Cropper  
Mr Call

THYSSEN COLLECTION

I have read Tim Burr's minute of 25 April.

✓ As you know I am not my normal blood-sucking self on this. If we can obtain what would amount to almost another National Gallery at a fraction of the cost I think we should at least explore it a good deal further.

✓ Apart from some obvious attractions, I think that the arrival of a collection like this, in a brand spanking new Gallery, with entry charges and run 'commercially', would shake up the museums and galleries in this country, and not before time. Unlike some of our venerable institutions we could ensure that the Thyssen Collection would be consumer and tourist orientated and not for the benefit of arts professors. Docklands would be an excellent site for that reason.

believe it when I see it ✓  
Some savings. £200 million on Thyssen would blow a hole in the 3-year deal in the OAL, negotiated in last year's PES. So if we were to end up with the Collection I would see no case for

TYRIE  
TO  
CST

27 APR



sticking with the three year deal. In particular we should scrub the acquisition grants for the foreseeable future, currently running at £9 million per annum. We should also consider reducing, preferably removing, the acceptance in lieu ceiling, which gives OAL access to the Reserve. This could save up to another £10 million a year.

Of course the removal of these acquisition grants would create an appalling storm in the arts world, but in my view that is exactly what has been needed for a long time. Politically, we would be virtually immune from attack, having just earmarked, say, £200 million for Thyssen and able to claim that the combination of Thyssen and the National Gallery made Britain the best endowed country in the world for paintings.

Handling negotiations. As for the detailed proposals in Mr Luce's letter to the Prime Minister OAL's thinking is clearly very sketchy both on the project and on the ultimate control of the paintings. For example, it appears that we would start paying for the paintings even before they arrive! OAL are incapable of handling negotiations of this type and we need to be kept closely involved. Their failure to keep us informed about Mr Luce's letter to the PM was outrageous.

Incidentally, I think Tim Burr overeggs his pudding a little. For example, I don't think the fact that the Baron is keeping wires open to both the Spanish and the British gives "grounds for doubt about his reliability as a negotiating partner" (paragraph 6). Nor is it relevant that if the Baron flooded the art market with these pictures he would fail to achieve their

Luce's  
letter tries  
to cut off  
these  
options



**CONFIDENTIAL**

value, of £700 million. This is the price we would have to pay, piecemeal, to acquire a Collection like this. Nor do I think that talking to Thyssen would damage Anglo-Spanish relations! (paragraph 10).

✓ One major danger which Tim remarked to me, and with which I agree, is that we **must not be drawn into an auction with the Spanish** (or anyone else). That is perhaps the most important reason for taking any negotiations out of OAL's effective control.

M. May

pp

A G TYRIE



*sup*

Ref. A088/1326

PRIME MINISTER

*a*  
*Earlier papers*  
*into you*

*for below*  
*AA*

CH/EXCHEQUER	
REC.	28 APR 1988 <i>2/4</i>
ACTION	CST
COPIES TO	

Thyssen Collection

*27/4/88-*

BUTLER  
TO  
P.M.  
27 APR

Mr Bearpark's letter of 26 April asked me to prepare, in consultation with interested Departments, urgent advice on how to carry forward the work in preparing a bid for the Thyssen Collection.

2. I understand that the main dates in the timetable are as follows: the Trustees are expecting to have a meeting in June, at which they would expect to take a decision. By that date we need to have a fully worked up project available. Baron Thyssen has said that he would like to hear from us in May about what we have in mind. An incidental factor is that the Prince of Wales is dining with the Baron on 14 May and we will at least need to provide some advice to the Prince on this subject.

3. There are two main aspects to our bid. The first is the building, on which, as you know, the Department of the Environment have made considerable progress in identifying possible sites. Since this would be a very attractive acquisition in whichever location it is placed, there is a prospect of getting some private contribution to the provision of a site. The second factor, on which we are less well advanced, is the structure of the organisation which might exhibit the pictures and the terms of agreement with the Thyssen Trust about the acquisition of the pictures and the terms on which they would be held and exhibited.

4. We will have to work very fast indeed to work up a proposition in the time available which will both commend itself to the Trust and be defensible to Parliament and public opinion



here. We will certainly need expert help in doing so and we are considering how that can be acquired. We are unlikely to have reached a final conclusion by mid-May, and the furthest that we can hope to get by then is to indicate to the Baron the outline of our approach in a way that emphasises how seriously we are taking this issue.

+CST? 5. With all these considerations, I think that the best way of handling this may be to set up an informal group of Ministers under your chairmanship, including the Foreign Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts. This would be supported by an official group which I would chair, including officials from the same Departments. I have commissioned papers on the building, the terms of the agreement and handling which could be ready for consideration by the group under your chairmanship in the week beginning 9 May. This would make it possible to decide what could be said on an interim basis to the Baron in mid-May, and on the advice to be given to the Prince of Wales in time for his dinner with the Baron, and pave the way for preparation of a worked up bid in time for the meeting of the Trustees in June.

6. I should be grateful if you would let me know whether you would be content with this way of proceeding.

7. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

R.F.B.

ROBIN BUTLER

27 April 1988





10 DOWNING STREET  
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	29 APR 1988 ✓
ACTION	CST
COPIES TO	

NICKS  
TO  
BUTLER  
28 APR

do not think  
CST has yet been  
minuted. Did you want  
From the Principal Private Secretary

him to be?

M. About  
Chairmanship

ppp

SIR ROBIN BUTLER

THYSSEN COLLECTION

The Prime Minister discussed with you this morning your minute of 27 April about the arrangements for carrying forward the work in preparing a bid for the Thyssen collection.

The Prime Minister said that she was content with the arrangements described in your minute. It was clearly important to make rapid progress on the lines that you indicated with a view to a meeting of Ministers under her chairmanship in the week beginning 9 May.

I am sending a copy of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

N. L. W.

N. L. Wicks

28 April 1988



A 4784...  
6 MAY 1988

FILING INSTRUCTIONS

FILE No. ....

H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA TEL 51 66 21

May 2nd, 1988. HTB/as

The Rt. Hon. Nicholas Ridley, M.P.,  
House of Commons,

GB - London, S.W.1.

*ch/a very  
confusing  
double negative!*

*mpw.*

Dear Mr. Ridley,

thank you so much for your letter dated April 20, 1988.  
I enjoyed your and your wife's visit very much.

I studied carefully the material concerning the various possibilities of sites, but I must admit that if everything works out well, I am most attracted by the proposal of the Spanish Government. Especially because re-studying the whole question will be much more time-consuming. I am very sorry that the English interest started relatively late and I do not think that I cannot  give a contribution to a country which is so much blessed with treasures of old and modern times. But, as one says, it is always worth to try.

Thanking your for your efforts may I also wish you luck for all your valuable future projects.

Sincerely yours,



H.H. Thyssen-Bornemisza





FROM: S I M KOSKY

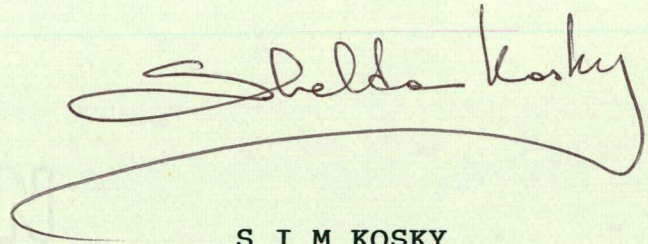
DATE: 4 May 1988

MRS THORPE

cc:  
Sir Peter Middleton  
Mr Anson  
Mr Phillips  
Mrs Case  
Mr Turnbull  
Mr Gieve  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

**MEETING TO DISCUSS THE COLLECTION OF PICTURES BY BARON THYSSEN**

The Chief Secretary regrets that he will be unable to attend the Prime Minister's meeting to discuss the Thyssen Collection at 5.30pm on 11 May as he will be travelling to Birmingham to undertake an engagement at that time.



LONDON

S I M KOSKY



BF 575

Can I have  
Pps. pl.  
M.



CH/EXCHEQUER	
REC.	04 MAY 1988
ACTION	CST
COPIES TO	

4/5

Prime Minister

THYSSEN COLLECTION

1-ACSA  
2-PWP

I have now seen Sir Robin's note to you of 27 April.

I am rather worried about the timescale of the offer to the Baron the note implies. I think we should at least be able to give him some idea of the Heads of Agreement just before the Prince of Wales meets him on 14 May.

By that date, the sites we can offer the Baron will have been decided, and we should expect to be able to put to him the broad terms of the trust agreement, leaving the fine detail for the meeting of the Baron's trustees in June.

I am copying this letter to Geoffrey Howe, Nigel Lawson and Richard Luce, and to Sir Robin Butler.

N R

4 May 1988



*mp*

LAMB  
TO  
GOODISON  
5 MAY

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:  
Your ref:



Miss Eleanor Goodison  
Private Secretary to  
The Rt Hon Richard Luce MP  
Minister of the Arts  
Cabinet Office  
Office of the Minister for the Civil Service  
Horse Guards Road  
LONDON  
SW1P 3AL

CH/EXCHEQUER	
REC.	05 MAY 1988 <i>65</i>
ACTION	<i>CST</i>
COPIES TO	

5 May 1988

*Dear Eleanor,*

THYSSEN COLLECTION

My Secretary of State and Mr Luce met yesterday evening to discuss progress on the Thyssen Collection. Others present were Mr Stone and Ms Morrison from OAL, Mr Burr from the Treasury and Mr Turner from DOE.

Mr Ridley reported that his meeting with Paul Reichmann on Monday evening had gone very well. Canary Wharf seemed very keen and had put a lot of effort into working up proposals for 2 sites and he considered that both should be offered to the Baron. The Reichmanns were prepared to offer the site, but Mr Ridley felt that discussion of any further contribution should be for a later stage when it would be necessary to consider the whole question of encouraging private sector contributions. Mr Ridley also reported on his meeting with Sir John Baring who had appeared very unenthusiastic about using The Grange. Sir John intended to consult his children about the proposals and come back to Mr Ridley early next week. Mr Ridley did not wish to abandon the idea of The Grange until he had heard again from Sir John Baring. In any case, both he and Mr Hanks-Drielsma felt that the Baron's preference was for a site in Docklands. Mr Luce added that given the uncertainty of The Grange it was all the more useful to have the site in Birmingham as a fallback.

Mr Luce indicated that the Heads of Agreement and a draft memorandum would be available for the Prime Minister's meeting next week. These should be presented to the Baron in mid-May and there would then be an opportunity to negotiate the details with the Trustess at a later stage.

There was some discussion of the most appropriate way of briefing the Prince of Wales before his meeting with the Baron on 14 May. It was agreed that, rather than providing His Royal Highness with full details of the package to be offered to the





Baron, it would be most appropriate for him to indicate general goodwill and to convey to the Baron the British Government's enthusiasm for the Collection to come to Britain. He might say that the Government were in a position to submit proposals to the Baron and to suggest that these could be presented to the Baron the next time he is in London. Mr Ridley and Mr Luce agreed that they would discuss this with the Prime Minister at next week's meeting.

I am copying this letter to Andy Bearpark at No 10, Moria Wallace in the Chancellor's office, Lyn Parker in Sir Geoffrey Howe's office and Trevor Woolley in Sir Robin Butler's office.

*Yours sincerely,*

*Deborah.*

DEBORAH LAMB  
Private Secretary



mp

CH/EXCHEQUER	
REC.	06 MAY 1988
ACTION	CST
COPIES TO	

CONFIDENTIAL



Private Secretary to Secretary of State  
for the Environment

Trevor Woolley

We spoke about the attached letter, which has just arrived here at lunch time today.

On your advice I have not relayed its contents to Haukes-Dwelsma. I am however copying this note & the letter to Andy Bearpark (W10), Eleanor Goodison (OAL) and Bryan Jefferson (DOE).

Alan King  
APS/S. PL  
6/5

c.c. Alex Allen - IS/.



H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA - TEL 51 66 21

May 2nd, 1988. HTB/as

The Rt. Hon. Nicholas Ridley, M.P.,  
House of Commons,

GB - London, S.W.1.

Dear Mr. Ridley,

thank you so much for your letter dated April 20, 1988.  
I enjoyed your and your wife's visit very much.

I studied carefully the material concerning the various possibilities of sites, but I must admit that if everything works out well, I am most attracted by the proposal of the Spanish Government. Especially because re-studying the whole question will be much more time-consuming. I am very sorry that the English interest started relatively late and I do not think that I cannot give a contribution to a country which is so much blessed with treasures of old and modern times. But, as one says, it is always worth to try.

Thanking your for your efforts may I also wish you luck for all your valuable future projects.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Henry Thyssen-Bornemisza', with a long horizontal flourish extending to the right.

H.H. Thyssen-Bornemisza



CONFIDENTIAL

*prop.*

Ref. A088/1417

MR WICKS

*Copy*

CH/EXCHEQUER	
REC.	06 MAY 1988
ACTION	CST
COPIES TO	

*6/5*

Thyssen Collection

You will have seen the letter of 2 May from Baron Thyssen to the Secretary of State for the Environment. This appears to close off a bid from the UK for the collection.

2. Mr Hanks-Drielsma called on me this evening at his request. I had expected that he would be coming to explain the Baron's letter, but he did not know of it. He was surprised and said that he would have a word with the Baron's solicitor here, but agreed that it appeared to have foreclosed the negotiations.

3. As you know, the submission for the Prime Minister's meeting next week is all but complete. However, barring further developments or instructions, I will not put it forward and will assume that the Prime Minister's meeting is cancelled.

4. I am copying this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment and the Minister for the Arts.

*R.B.*

ROBIN BUTLER

6 May 1988

CONFIDENTIAL

BUTLER TO WICKS 6 MAY



Ch/ Here we go again!  
Nigel Wicks is of the view  
that Friday's letter  
was drafted  
by Thyssen's  
(Spanish) wife

PPS P  
✓ M



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434  
My ref:  
Your ref:

npnd May 1988  
9/5

Dear Trevor,

I attach a copy  
of a letter which Baron  
Thyssen has written to  
Claude Blankes-Drielsma which  
seems to put us back at  
square 1 & re-open the whole  
question.

I am copying this  
to Eleanor Goodison in Richard  
Luxe's office, Andy Bearpark at  
No. 10, Moira Wallace in the  
chancellor's office and Lyn Parker  
in Sir Geoffrey Howe's office.

Yours sincerely,  
Deborah Lamb.

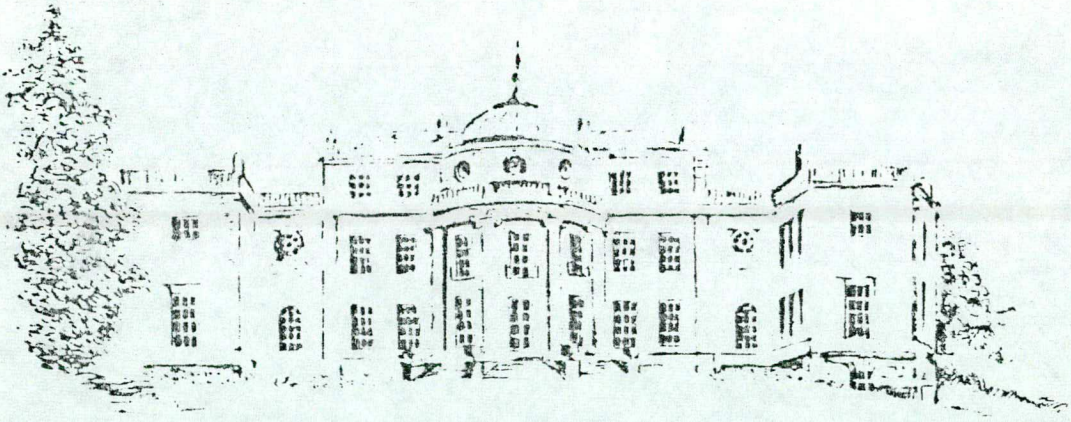
CH/EXCHEQUER	
REC.	09 MAY 1988
ACTION	CST
COPIES TO	

✓  
9/5

LAMB  
TO  
NOOLLEY  
9 MAY



COPY



DAYLESFORD HOUSE

Dear Claude,  
9<sup>th</sup> of May 88

When I wrote to the University  
I was under the impression  
that was no firm proposal  
as yet and that given the time  
that these sort of complicated  
proposals have taken in the  
past I thought it would be  
best to discontinue. As I  
understand it from you now



a firm British proposal  
is ready and would be  
submitted within the next  
couple of weeks of which I  
am of course delighted.  
I will give it my utmost  
consideration without being  
committed any way at this time  
as you know that the ultimate  
decision for either a short or  
long term solution for the  
collection or part of it lies  
with the Trustees. I am  
grateful that you let me know  
this and looking forward  
hearing from you, best regards

Henry Jones. Barnes



CONFIDENTIAL

CH/EXCHEQUER	
REC.	10 MAY 1988 ✓
ACTION	CST
COPIES TO	

9/5/88

Ref. A088/1431

PRIME MINISTER

The Thyssen Collection

You asked me to put together with officials from Departments concerned a proposal to the Thyssen Trustees for the permanent location of the Thyssen Collection in this country. A meeting has been arranged under your chairmanship on Wednesday 11 May to consider this.

BUTLER  
TO  
PM  
9 MAY

Should the British Government submit a proposal to the Trustees?

2. In the last few days, we have received two conflicting letters signed by Baron Thyssen. These have been circulated to Ministers. In the light of these contradictory indications, the Secretary of State for the Environment and I called on Mr Coleridge, an Executive Trustee and Baron Thyssen's personal legal adviser, today.

3. Mr Coleridge explained that the pictures were vested in a Trust under Bermudan law to protect them from Swiss inheritance tax. The 'A' pictures were irrevocably made over to the Trust, but there is a right of reversion for some of the 'B' and 'C' pictures. In making any decision, Mr Coleridge made clear that the Trustees (5 lawyers plus three 'protectors' to look after the interests of the wife and children) had the right of decision but would want to take full account of the views of the Baron. The beneficiaries of the Trust (the wife and children) would also have to agree to any long term solution.

Mr Coleridge said that the Trustees had discretionary powers but would want to proceed by agreement with the Baron and the other interests concerned and had so far succeeded in doing so.

CONFIDENTIAL



4. On the agreement signed by the Baron with the Spanish Government, Mr Coleridge said that he would not want to diminish the importance of this. It was not a document on which a lawyer would probably advise anyone to sue, but in reality the extent to which it could be unravelled was an important factor. But the difficulty which had been encountered in reaching the present stage with the Spanish might well cause the Trustees to think that a long term solution would not be found with the Spanish.

5. Mr Coleridge said that there would be a meeting of the Thyssen Foundation (which advises on the care of the pictures and would have an important influence on the Trust) in early June. There would be a meeting of the Trust in early July. If the British Government submitted a proposal, the Trust would be likely then to take a decision in principle and, if this decision was in favour of the British proposal, they would be likely then to try to unravel the agreement reached with the Spanish Government, since the Trustees were likely to recognise that they could not proceed with two parties at once.

6. Despite the difficulties and contradictions so far, Mr Coleridge said that he personally hoped that the British Government would put in a proposal and thought that it would have a chance of success. The Baron and his family (including his present wife) were all Anglophile, and the Baron had said in the past that a British location would be a reasonable compromise. Mr Coleridge also said that the Trustees would want to treat a proposal from us in confidence.

7. The first decision for Ministers, therefore, is whether they wish, against this background, to submit a proposal. If they do so, it must be assumed that it will become known at some stage, not least because those supporting the Spanish Government's bid may wish to make it known. There are clearly obstacles in the way of a British offer being accepted, but at



the same time much goodwill towards Britain and, if an offer from the British Government made a favourable impression on the Foundation and the Trustees, there is a fair chance that the Baron would be persuaded by them. However, disentangling from the Spanish would clearly be a messy business, and the Trustees might feel obliged to go ahead with loaning the pictures to the Spanish for a time, in accordance with the agreement, while a gallery was being created in Britain; and difficulties about obtaining possession could arise at a later stage.

#### The Proposals for an Agreement

8. The attached draft proposal and its two Annexes provide for the A and B pictures, and such other pictures as may be mutually agreed, to be made over to a new UK Foundation. In compensation for the rights which they would surrender in the pictures, the British Government would pay up to £120 million to the Trustees. The proposal also provides that the British Government should ensure the provision of a gallery, which we estimate would cost £38 million excluding site costs, and that we would provide a recurrent grant of up to £4 million for running costs and maintenance.

9. Ministers should recognise that a consequence of this is that the sum of £120 million is unrelated to the value of particular pictures or to the value of any rights which the beneficiaries of the Trust are surrendering. This is the approach recommended by Mr Coleridge. It would be defended on the basis that the sum is clearly exceeded by the value of the pictures being made over to the new Foundation.

10. The proposal provides for 5 Trustees to be appointed by Thyssen interests in addition to the Baron for as long as he wished to be Chairman, and 7 by the British Government. These proposals might well be unacceptable to the Baron who might wish the Thyssen interest to retain control, at least for as long as



he is alive. Mr Coleridge told us that other Governments' proposals have allowed for this. If Ministers wished to concede this point, the terms of operation of the Foundation would need to be more strictly defined at the outset; but the agreement might then provide for 5 Trustees to be appointed by each side, with the Baron having the casting vote during his Chairmanship, and that when he withdrew the Chairman and an additional Trustees should be subsequently appointed by the British Government to give us a majority of 2.

11. The proposals envisage that there would be negotiation leading to an agreement on these lines. If such an agreement can be reached with the Thyssen Trustees the first step thereafter should be to set up the body in which the pictures will be vested. The body could then appoint a director and supervise the provision of a building within the cost limit imposed by the Government, including any private finance raised towards it. A short Bill will be needed to set up the body and provide for its financing.

#### Sites

12. Annex B to the draft agreement offers two sites, reflecting the preliminary discussion with Baron Thyssen - Canary Wharf, and Centenary Square, Birmingham. The developer of Canary Wharf would make the site available free of charge and has indicated that he might be prepared to contribute to the cost of the gallery. Birmingham City Council is also prepared to donate a site.

13. Ministers will want to consider to what extent they want to exert an influence on the choice of sites. Giving the Baron a free hand may increase the chance that our offer will be acceptable and gives the Government some protection against complaints from locations not chosen. On the other hand, the location of the exhibition could, for example, contribute to the



Government's inner city policies and help to rebut criticisms from the Arts world and others that the scheme was just another example of favouring the South East.

### Finance

14. It is obviously desirable that as much private finance should be attracted as possible. However, once the Government has committed itself to the acquisition of the collection and the site has been chosen, it will be difficult to attract further private finance. The approach taken in the proposal, therefore, is to set a limit on the British Government's contribution of £120 million for the pictures, and £4 million a year (which would no doubt need to be subsequently increased for inflation) for the contribution to running costs of the gallery. If private finance could be obtained to finance part of this, these sums could be reduced; or, of course, private finance could supplement them. The construction costs of the gallery are estimated at £38 million and this again could be put as the upper limit of the Government's contribution, though this figure could be reduced (if, for example, those interested in developing Canary Wharf or the Birmingham site can be persuaded to make a contribution to the construction costs as well as providing the site).

15. The timing of the payment to the Trust will need further consideration and will form part of the negotiations with the Trust. Given the possibility that the Spanish or Swiss Governments might seek to obstruct the passing of the pictures into our possession, either payment should not be made until the pictures arrive here or we will need some other form of protection against non-delivery. In any event, it looks unlikely that the £120 million would fall to be paid this financial year.



16. Ministers also need to consider provision in the public expenditure plans. The Minister for the Arts has indicated that he could only support the proposal if these funds are provided as an addition to existing provision for the Arts.

#### Legislation

17. The Treasury advise that legislation is needed to authorise the transaction and to cover the continuing costs of the exhibition. There would also be advantage in defining by legislation the constitution, powers and accountability of the new body. A short Bill may therefore need to be introduced next Session if agreement is reached with the Trustees.

#### Timetable and Handling

18. Baron Thyssen is hoping to receive a proposal from the British Government in the next two weeks. Another relevant date is 14 May when the Prince of Wales is lunching with Baron Thyssen. The Prince has said that he would prefer not to proceed with the lunch unless the United Kingdom is making a proposal which he can support.

19. One alternative is to seek to submit the note below and the annexes to the Baron before 14 May. But Ministers may feel that this gives insufficient time to consider adequately, and achieve collective authority for, the commitment of substantial public funds to a project which is certain to be controversial. The alternative would be to take longer to prepare our proposals and to advise the Prince of Wales to tell the Baron that the proposals are being prepared at a very high level within the British Government and will reach him shortly.

20. When the proposal is delivered it is most likely to be effective if it is delivered personally to Baron Thyssen by the Prime Minister. Mr Hanks-Drielsma has suggested that Baron



Thyssen would probably be willing to accept an invitation to come to London for this purpose. An alternative would be to send the proposal under a personal letter from the Prime Minister.

### Presentation

21. Although the acquisition of the collection would be a coup, the commitment of up to £200 million for this purpose is bound to be criticised both by the rest of the arts world who have been pressing for funds to maintain adequately their existing collections but also by other pressure groups (eg those who have suffered from the recent changes in social security). The Director of the National Gallery, Mr Neil MacGregor, has already written, contrasting the Government's readiness to make these funds available, with its alleged neglect of existing public collections.

22. So far discussions with Baron Thyssen have attracted hardly any notice but, once a formal proposal is submitted, it is virtually certain that news of it will leak, if only because those who oppose it will want to alert the Spanish Government and perhaps campaign more widely. At that point, it will be necessary for the Government to confirm that discussions are taking place with Baron Thyssen and the Trustees and emphasise the uniqueness of the opportunity of acquiring this collection. Beyond that, it may be best to say as little as possible about the details during the negotiations. Those responsible for the sites under consideration would also need to be persuaded to withhold comment.

### The Prince of Wales

23. If Ministers decide to make a proposal, the Prince of Wales might be advised to say to the Baron on 14 May that the British Government wants very much to acquire the collection and that a



top level group, under the Prime Minister, is preparing a proposal which will be put to the Baron very shortly. However, apart from urging the United Kingdom's interest generally, we think it essential that the Prince should not himself get into any form of direct negotiations with the Baron or the Trustees.

Summary

24. Ministers are invited:

a. To decide whether to submit a proposal to the Thyssen Trustees for the acquisition of the pictures for a new Foundation in this country (paragraphs 2-7)

b. To consider the outline of the proposals to be put to the Trustees in the attachment, particularly whether the form of the financial offer is satisfactory (paragraphs 8-9) and the control of the new Foundation (paragraph 10)

c. To consider whether they wish to express a preference to the Baron between the two sites in our proposal (paragraph 13).

d. To consider whether the costs should be additional to existing provision for the arts (paragraph 16).

e. To note that, if agreement is reached with the Trustees, a short Bill will be needed in the 1988-89 Session (paragraph 17).

f. To consider the points of timing, handling and presentation (paragraphs 18-22).

g. To consider the advice to be given to the Prince of Wales before his lunch with the Baron on 14 May (paragraph 23).



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25. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B

ROBIN BUTLER

9 May 1988



## THE THYSSEN COLLECTION

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen Collection could be given a permanent home in the United Kingdom. This note sets out the Government's view on the form that such arrangements should take.

2. HMG understands that the Collection, which is owned by the Thyssen-Bornemisza Art Collections Trust, at present comprises 1365 pictures, as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
	227	496	443	199	1365

3. The main features of the arrangements would be:

a. All the 227 'A' pictures, at present on loan to the Thyssen Foundation in Lugano, should be made over in perpetuity to a new Foundation, to be set up as soon as possible in the UK for the specific purpose of owning, caring for and exhibiting the Collection to the public. Further proposals for the constitution and powers of the new Trust are at Annex A.

b. The best of the 'B' pictures (about 500) would also be made over to the new Foundation, together with such other pictures from the Collection as may be mutually agreed.

c. HMG would be prepared to ask Parliament to grant up to a maximum of £120m which it would pay to the Trustees in compensation for the rights surrendered in (a) and (b).



d. Subject to any necessary Parliamentary approval, HMG would ensure the provision of a Gallery on a site to be agreed with Baron Thyssen, constructed and fitted out in such a way that the Collection can be cared for and exhibited at a high standard and be accessible to the public. Further proposals for the site, reflecting preliminary discussions with Baron Thyssen, are at Annex B. HMG would expect the construction cost of such a Gallery to be around £38m, excluding site costs.

e. The Gallery should be named "The Thyssen Gallery". In addition to the storage and exhibition of the pictures, it should make provision for conservation, and have other facilities, eg for education and scholarship, appropriate to a major public gallery.

f. HMG would seek Parliamentary approval to make a contribution of up to £4m towards the maintenance and running costs of the Gallery; the Foundation would be responsible for raising any additional sums that were necessary for these purposes, eg by charging for admission.

4. The next step should be the holding of negotiations between HMG and the Thyssen interests in order to arrive at a detailed and binding agreement. While these negotiations are in progress, no other negotiations would take place between the Thyssen interests and any other Government or interested party over the future of the Collection; and no new loans of pictures from the Collection would be made without full consultation with HMG.

5. It is proposed that the agreement to be negotiated should take a form in which:



- i. the first step would be to set up the new Foundation, appoint its Trustees and enable it to employ a Director and such other staff as are needed to carry out preliminary work;
- ii. decisions would then be taken about which 'B' and (if any) 'C' pictures would be acquired by the Foundation;
- iii. appropriate arrangements would be made for the vesting of the pictures in the Foundation and for their physical delivery to the Trustees in the UK; and for the timing of payments by HMG under paragraph 3(c) above;
- iv. prior to the taking of decisions on acquisition by the Foundation, facilities for inspecting and verifying the authenticity, condition, title and deliverability of the pictures concerned would be extended to experts nominated by HMG for this purpose;
- v. the Trustees would be responsible for obtaining the necessary planning consents, drawing up the brief for the new building and ensuring its construction within cost limits laid down by HMG.



**THE THYSSEN FOUNDATION IN THE UNITED KINGDOM**

1. The Collection and the Gallery would be vested in an independent body of Trustees set up by legislation or otherwise under English law.
2. Baron Thyssen would be the first Chairman for as long as he wishes to serve, with the right to nominate his own successor subject to the consent of HMG. Thereafter the Trustees would elect their own Chairman, again subject to the consent of HMG.
3. In addition to the Chairman, there should be 12 Trustees, 5 appointed by the Thyssen interests and 7 by HMG. All Trustees (with the exception of Baron Thyssen as first Chairman) to serve for a period of 5 years, capable of renewal. An appropriate definition of the Thyssen interests would be needed for incorporation in the founding legislation or other instrument.
4. The Trustees should be equipped with the necessary powers to
  - (a) appoint and employ a Director and staff;
  - (b) care for, preserve and add to the objects in their Collection;
  - (c) exhibit the objects to the public and provide access to them for the purposes of study and research;
  - (d) generally promote enjoyment and understanding of the fine arts.



(e) carry out all the managerial and administrative functions required for the fulfilment of the above objects.

5. Since the "A" and the best "B" pictures are to be transferred under a condition of perpetuity, the Trustees would not have powers to dispose of them. They would however be empowered to dispose of other items in the Collection, subject to the approval of HMG. The proceeds of any such disposal may be applied by the Trustees to the purposes of the Gallery as they see fit.

6. The Trustees would obtain the consent of HMG before disposing of any land or buildings.

7. The Trustees may loan items from the Collection for exhibition elsewhere in the UK or abroad, subject to suitable arrangements for ensuring that an appropriate proportion of the "A" pictures is always on exhibition in the UK.

8. The Trustees would appoint a Director of the Gallery with the consent of HMG. They may also appoint other employees.

9. Within the limits of their annual income, the Trustees would be free to pay to their employees such remuneration and allowances and to appoint them on such other terms and conditions as the Trustees may determine. The salary of the Director would be subject to approval by HMG.

10. There would be an appropriate requirement for the minimum number of days in the year on which the Gallery would be open to the public.

11. The Trustees would appoint their own professionally qualified auditors. The Comptroller and Auditor General would have access to their books and records.



## CENTENARY SQUARE: BIRMINGHAM

Birmingham is the second largest city in England with a population of more than 1 million. A site could be made available for the gallery in the city centre on the north side of Centenary Square. Major redevelopment of the square, now in progress, includes construction of an international convention centre, concert hall and hotel. Adjoining the square are the Central Television headquarters and Europe's largest municipal library. The site is illustrated in the drawings and photographs enclosed.

The site is close to the Birmingham inner ring road which links to the Aston Expressway and the M6 motorway. Parking will be available close to the square for 4,000 cars. New Street Station, which provides a direct rail link with London and other cities, is within 1 kilometre ( $\frac{1}{2}$  mile). Birmingham International airport can be reached in 15 minutes. 7 Million people live within one hour's travel by road.

The convention centre is expected to be completed by 1991 and the construction of the gallery could follow on to complete the development of the square.

BIRMINGHAM



9/5/88 -

CANARY WHARF: LONDON DOCKLANDS

Canary Wharf, which lies alongside the River Thames immediately to the east of the city of London, is to be developed to provide a new business district. It will include 12.5 million sq ft of office and retail accommodation and hotel and leisure facilities and will be the world's largest single development.

Two sites (1 and 2 on the enclosed plans) could be made available for the gallery. The first site lies on the proposed West Ferry Circus, on axis with the main approach to Canary Wharf, and enjoys views up river to the City. The second site lies on the waterfront to the south of West Ferry Circus. An indication of the proposed development of Canary Wharf is shown in the enclosed drawings.

The site will be served by the Docklands Light Railway which will provide access to Bank Station and the underground network and London City Airport which lies 2 miles to the east. The Docklands Highway, now under construction, will connect Dockland to Britain's motorway system. The proposed east London River crossing will connect to the A2 and, by 1993, the Channel Tunnel will complete motorway and rail links with Europe. Parking for 6,500 cars will be available within Canary Wharf. The new Thames Line Riverbus will link Canary Wharf with stations on the river from Chelsea to Greenwich. More than 20 million people live within one hour's travel time.

The construction of a gallery could be timed to coincide with the completion of the development of Canary Wharf in 1992.



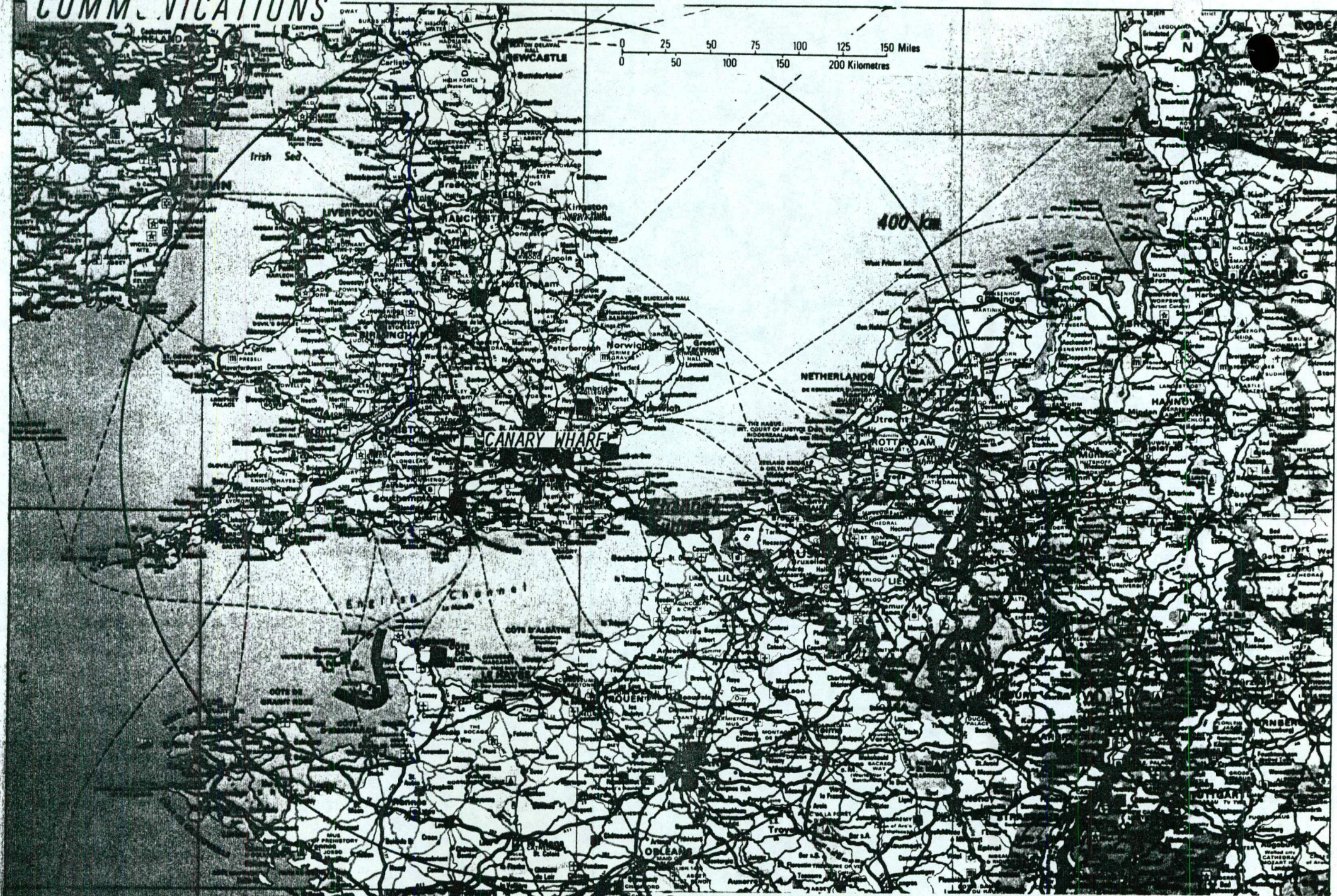
# CANARY WHARF, DOCKLANDS



A VIEW OF CANARY WHARF FROM ST. PAULS



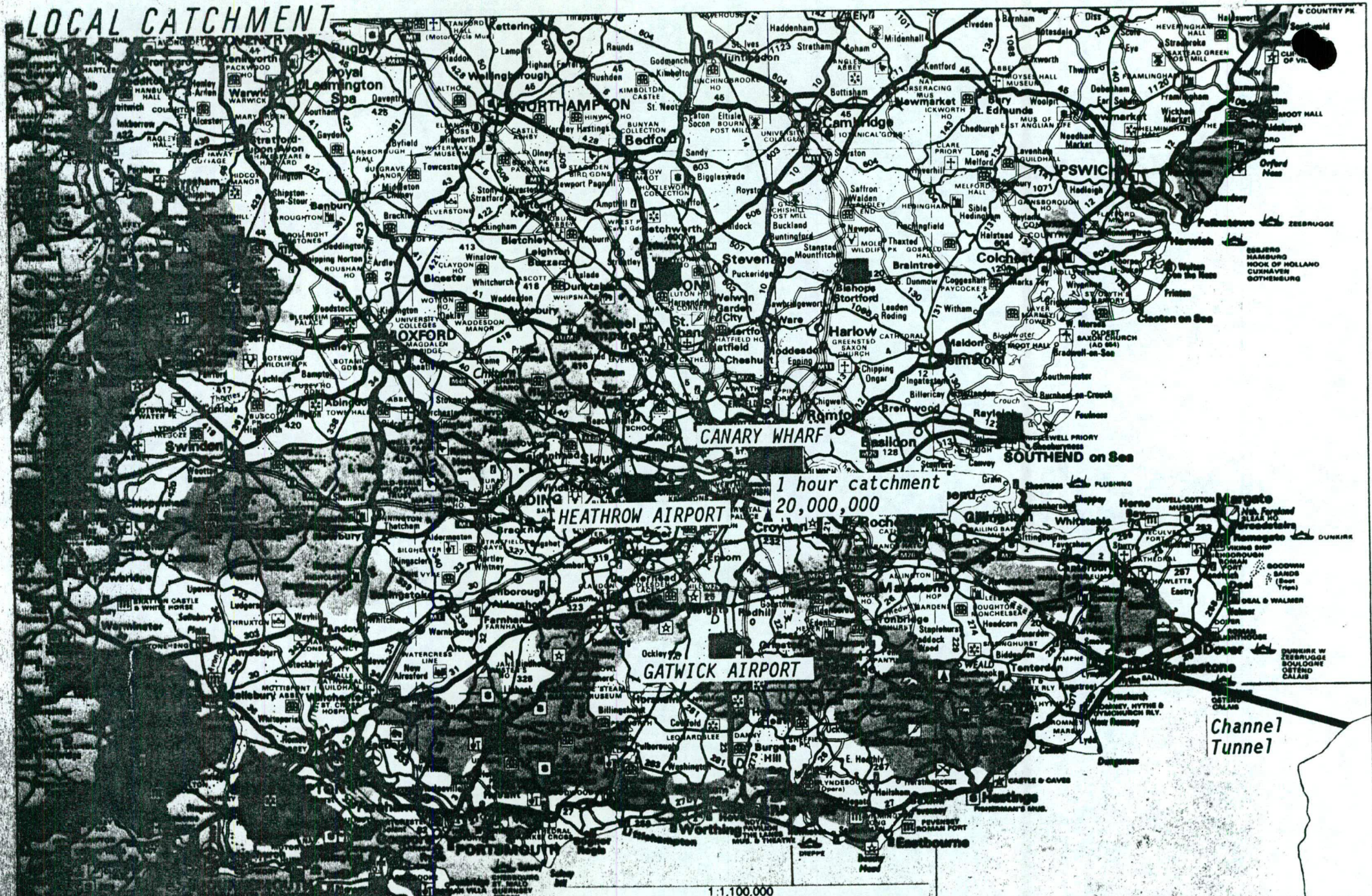
# COMMUNICATIONS



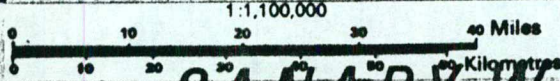
CANARY WHARF, DOCKLANDS



# LOCAL CATCHMENT



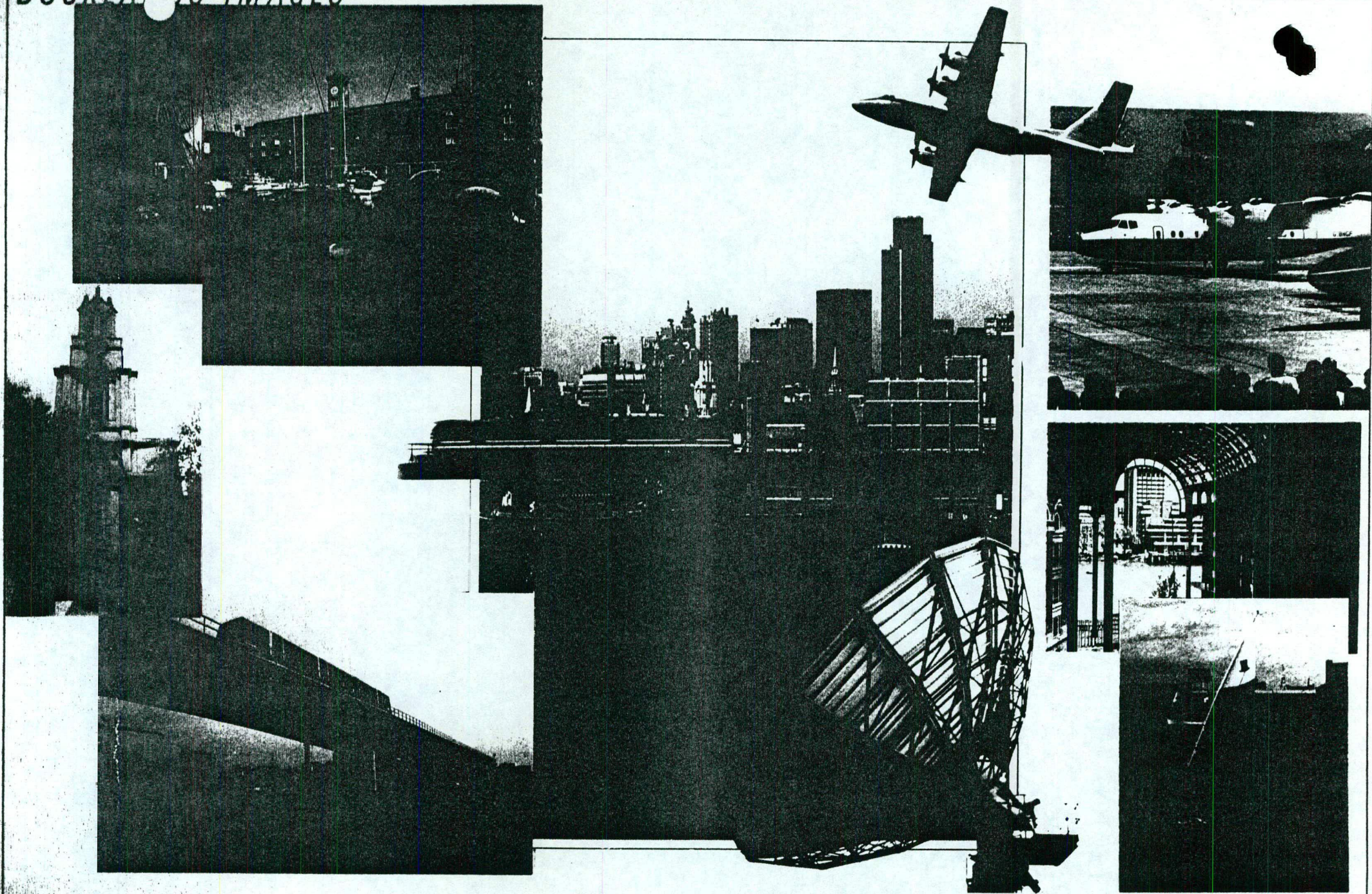
1 hour catchment  
20,000,000



# CANARY WHARF, DOCKLANDS



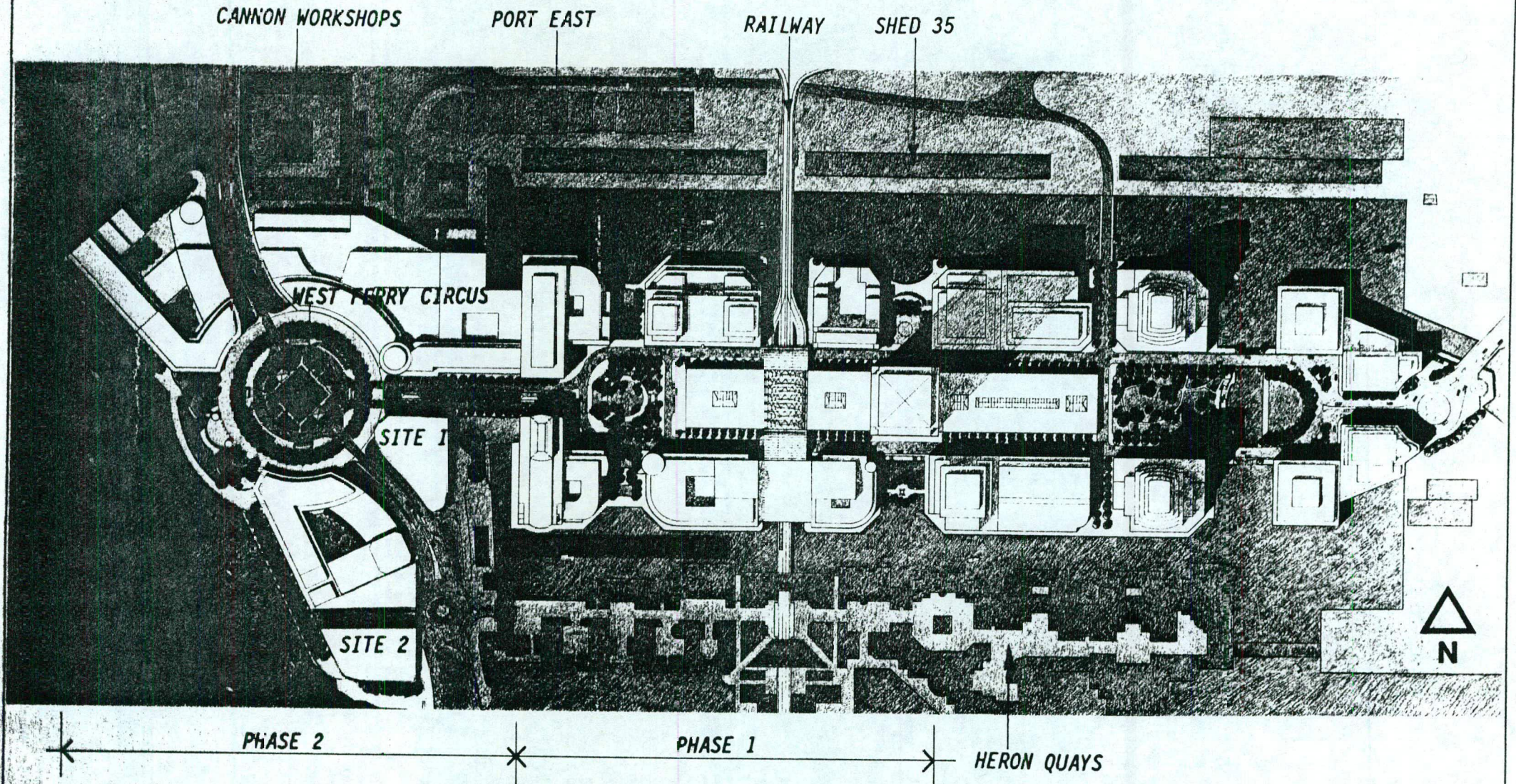
*DOCKLANDS IMAGES*



*CANARY WHARF, DOCKLANDS*



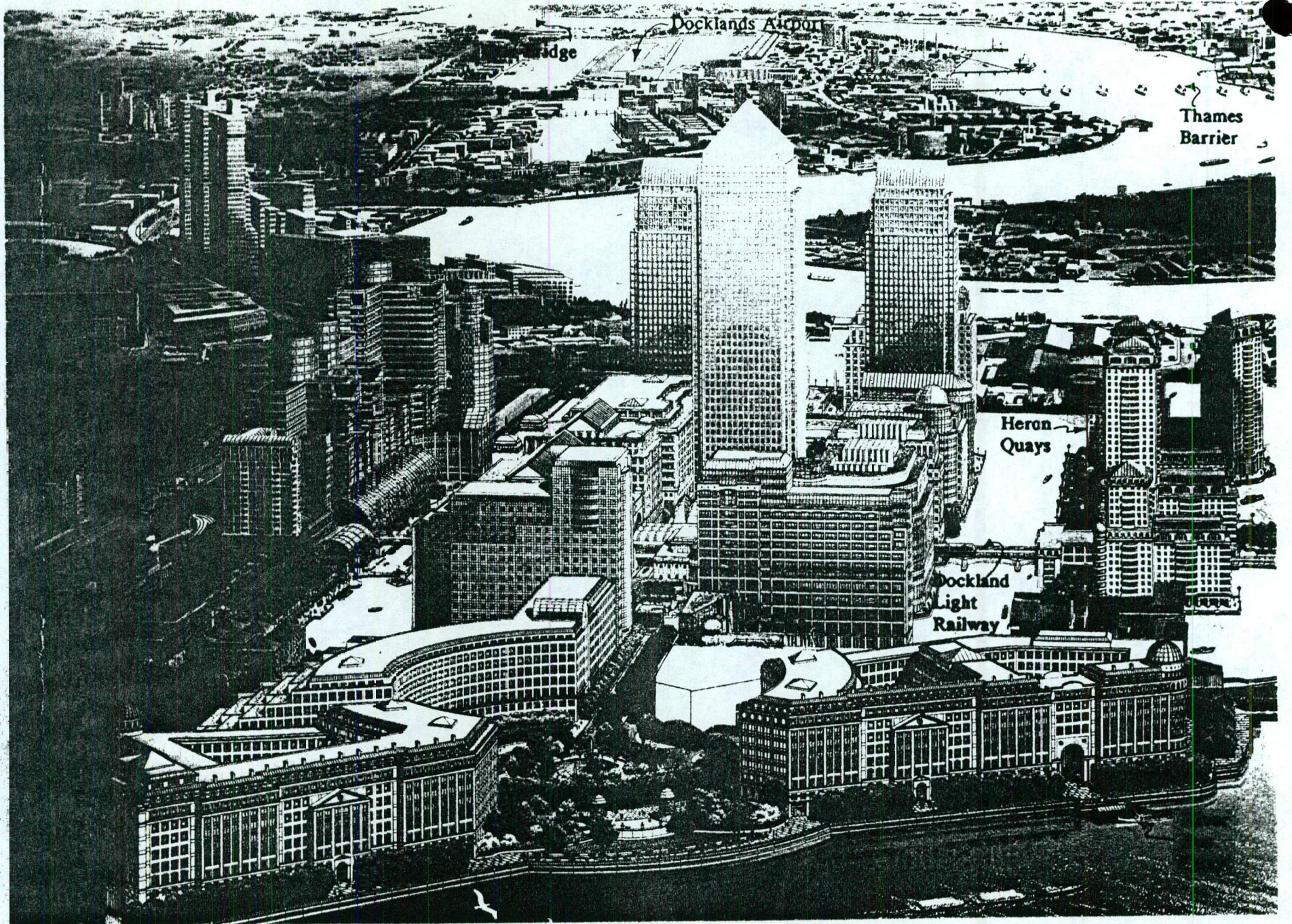
SITE ANALYSIS



CANARY WHARF, DOCKLANDS



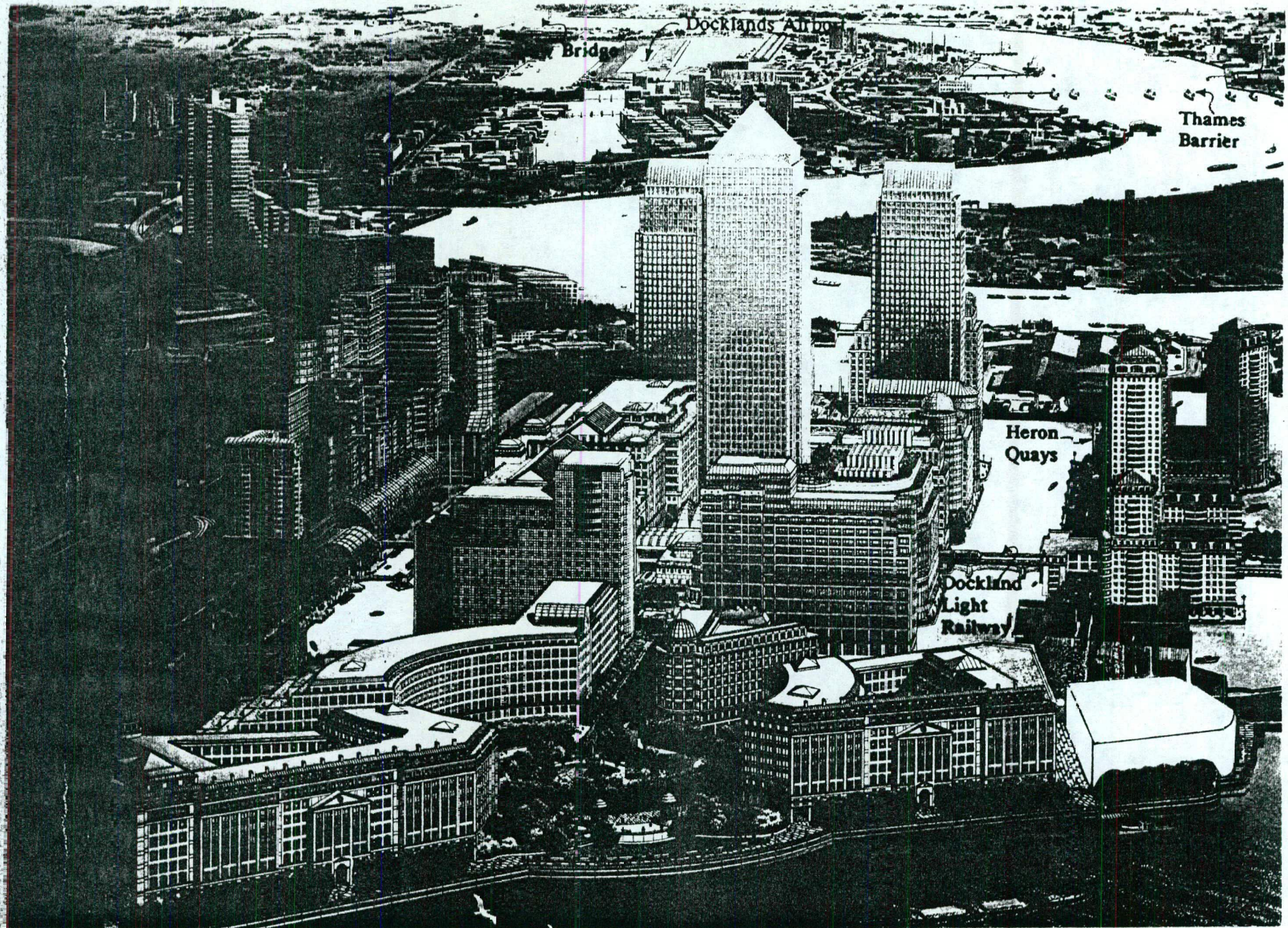
AERIAL VIEWS SITE 1



CANARY WHARF, DOCKLANDS



AERIAL VIEWS SITE 2



CANARY WHARF, DOCKLANDS



## CENTENARY SQUARE: BIRMINGHAM

Birmingham is the second largest city in England with a population of more than 1 million. A site could be made available for the gallery in the city centre on the north side of Centenary Square. Major redevelopment of the square, now in progress, includes construction of an international convention centre, concert hall and hotel. Adjoining the square are the Central Television headquarters and Europe's largest municipal library. The site is illustrated in the drawings and photographs enclosed.

The site is close to the Birmingham inner ring road which links to the Aston Expressway and the M6 motorway. Parking will be available close to the square for 4,000 cars. New Street Station, which provides a direct rail link with London and other cities, is within 1 kilometre ( $\frac{1}{2}$  mile). Birmingham International airport can be reached in 15 minutes. 7 Million people live within one hour's travel by road.

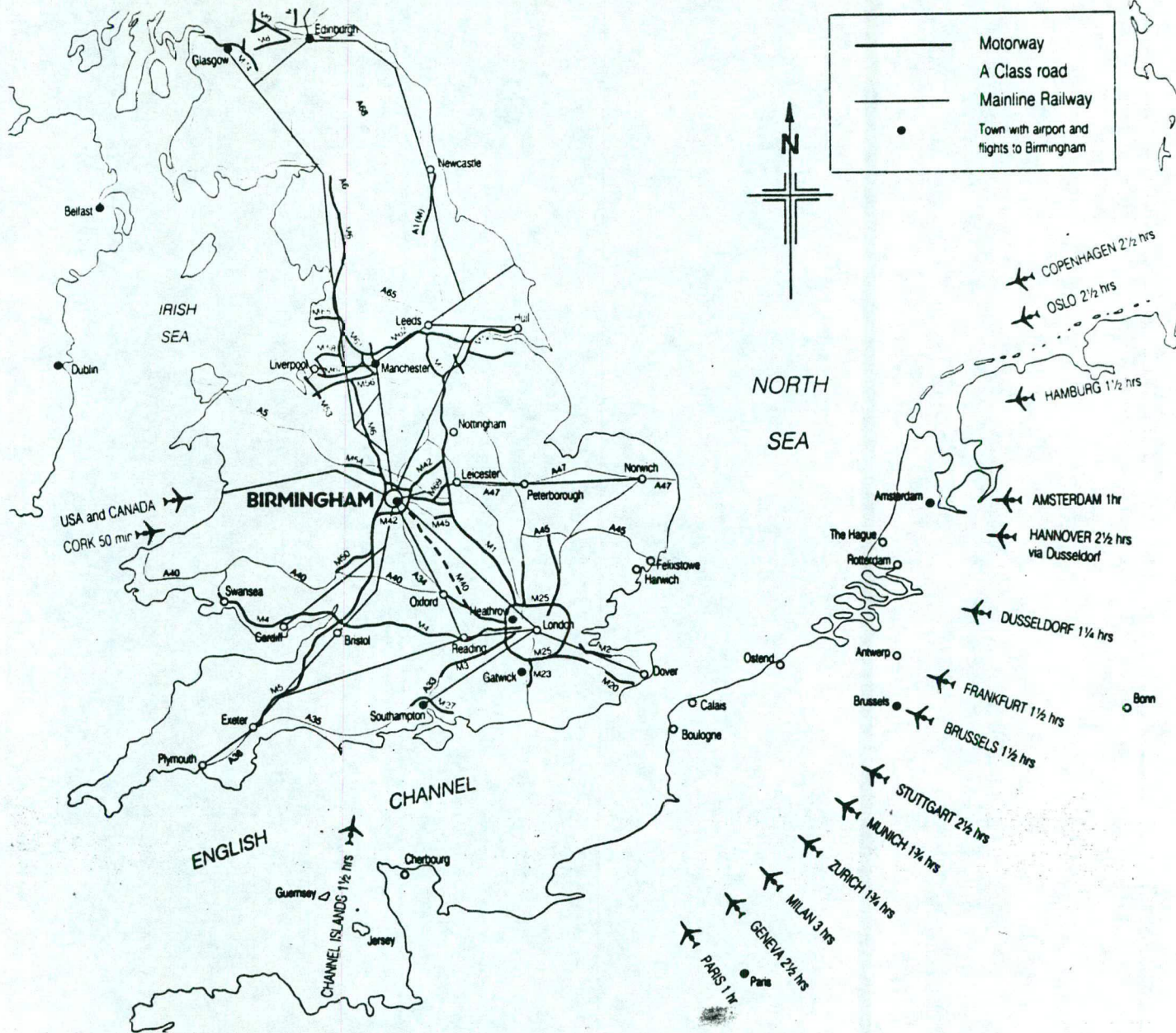
The convention centre is expected to be completed by 1991 and the construction of the gallery could follow on to complete the development of the square.



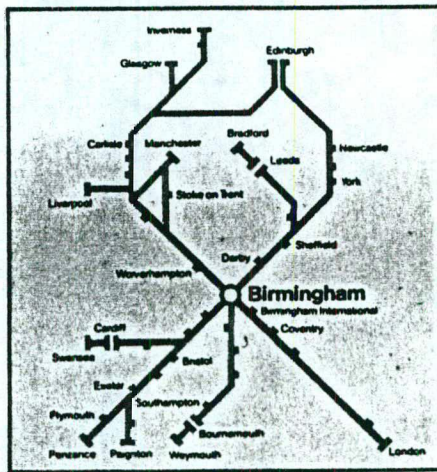
# STRATEGIC LOCATION

## JOURNEY TIMES TO BIRMINGHAM

<b>AIR</b> UK and Euro flights to Birmingham International Airport	<b>RAIL</b> to Birmingham New Street Station	<b>ROAD</b> Vehicles average speed 45 mph, via motorway
<b>Gatwick</b> 50 min	<b>London</b> 1 1/2 hrs	<b>London</b> 2 3/4 hrs <b>Outskirts</b> 100m
<b>Heathrow</b> 40 min	<b>Reading</b> 2 hrs	<b>Heathrow</b> 2 1/2 hrs 115m
<b>Southampton</b> 40 min	<b>Southampton</b> 3 hrs	<b>Southampton</b> 2 3/4 hrs 130m
<b>Cork</b> 50 min	<b>Bristol</b> 1 1/4 hrs	<b>Bristol</b> 1 3/4 hrs 80m
<b>Dublin</b> 50 min	<b>Cardiff</b> 1 3/4 hrs	<b>Cardiff</b> 2 1/4 hrs 105m
<b>Belfast</b> 55 min	<b>Liverpool</b> 1 1/2 hrs	<b>Liverpool</b> 2 hrs 95m
<b>Manchester</b> 30 min	<b>Manchester</b> 1 1/2 hrs	<b>Manchester</b> 1 3/4 hrs 80m
<b>Edinburgh</b> 50 min	<b>Leeds</b> 2 1/4 hrs	<b>Harwich Felixstowe</b> 3 1/2 hrs 150m
<b>Glasgow</b> 50 min	<b>Glasgow</b> 4 1/2 hrs	<b>Glasgow</b> 6 1/2 hrs 290m
<b>Newcastle</b> 50 min	<b>Newcastle</b> 3 1/2 hrs	<b>Dover</b> 3 3/4 hrs 175m



## ACCESS BY RAIL



# CENTENARY SQUARE

B I R M I N G H A M



# REGIONAL LOCATION

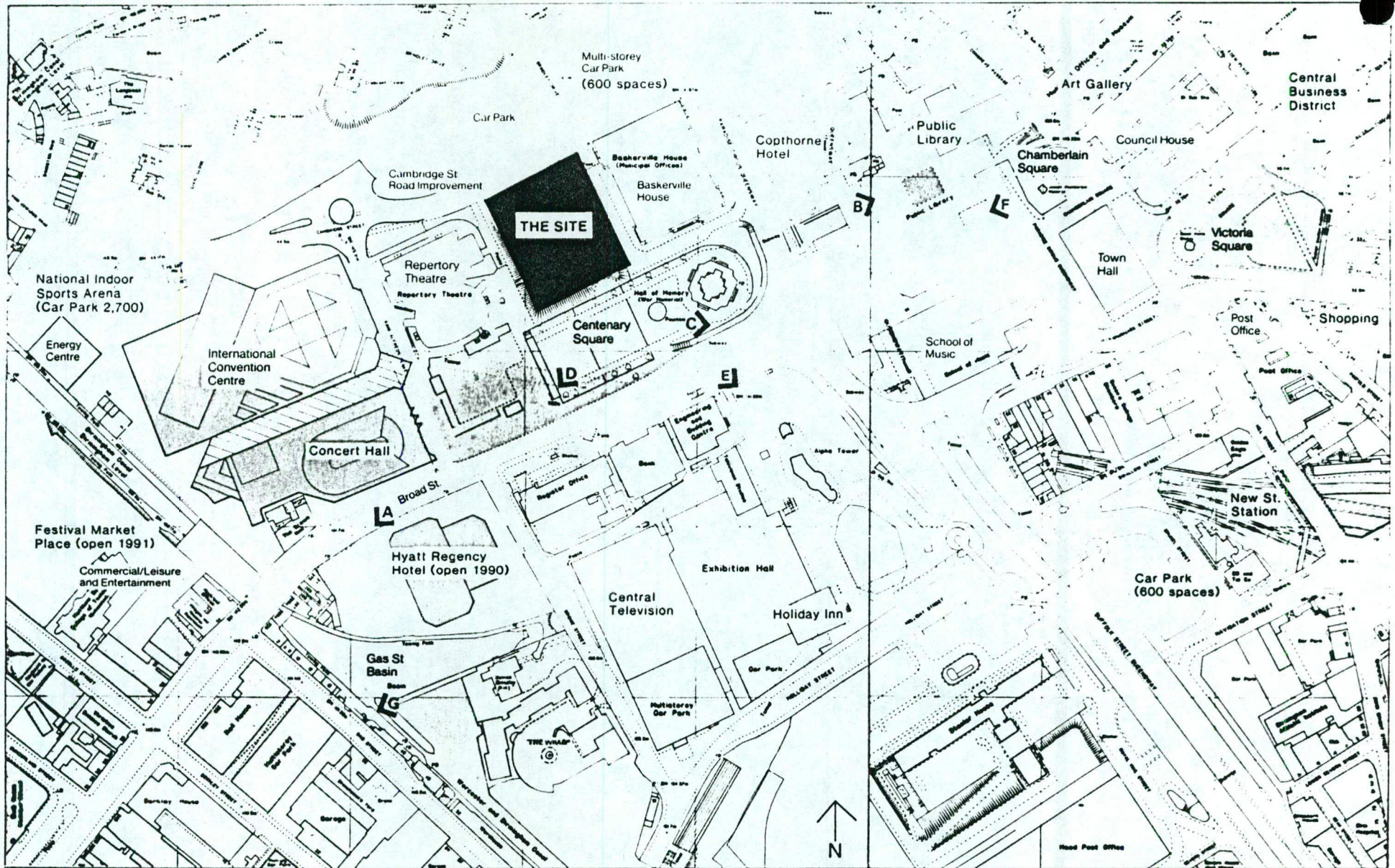


## CENTENARY SQUARE

B I R M I N G H A M



# SITE PLAN



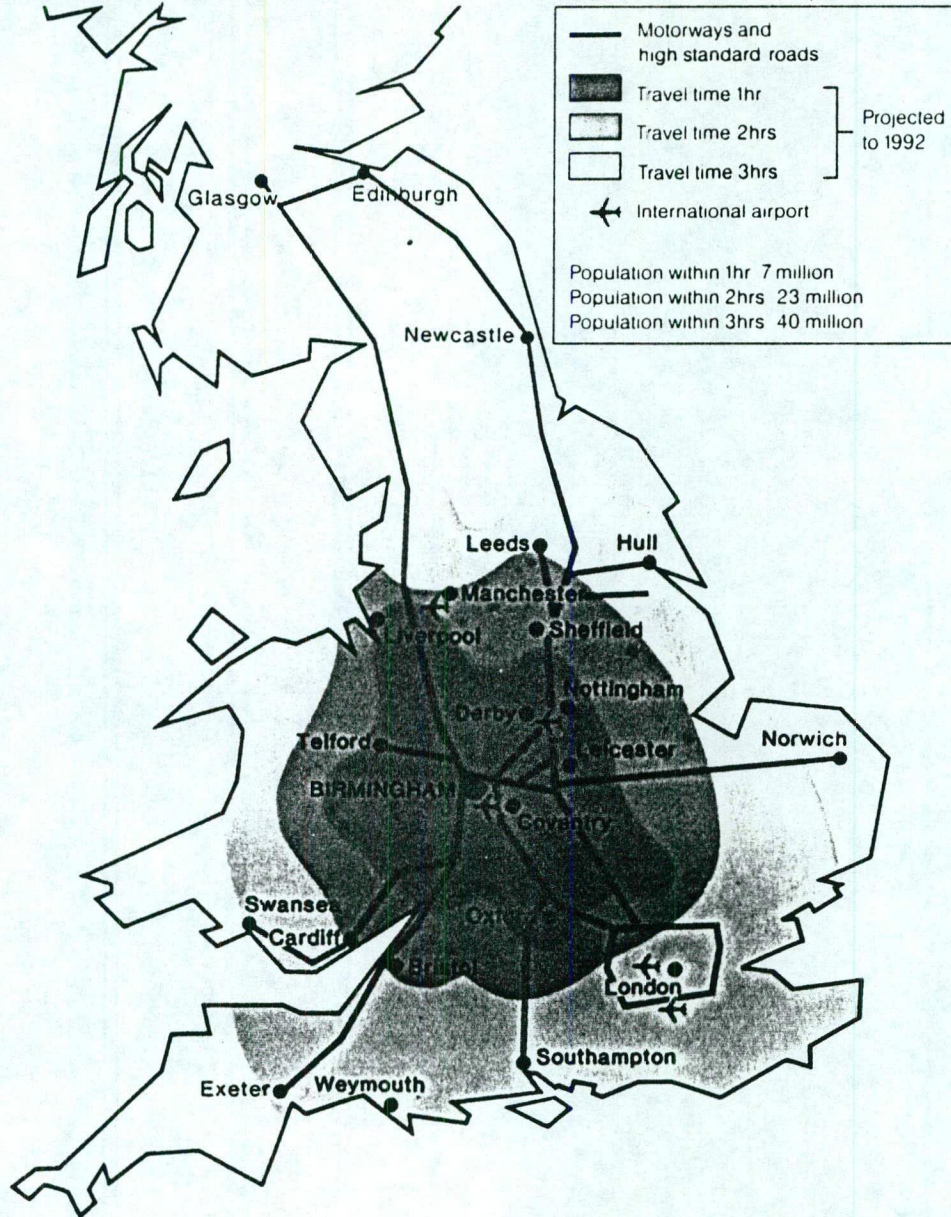
## CENTENARY SQUARE

B I R M I N G H A M

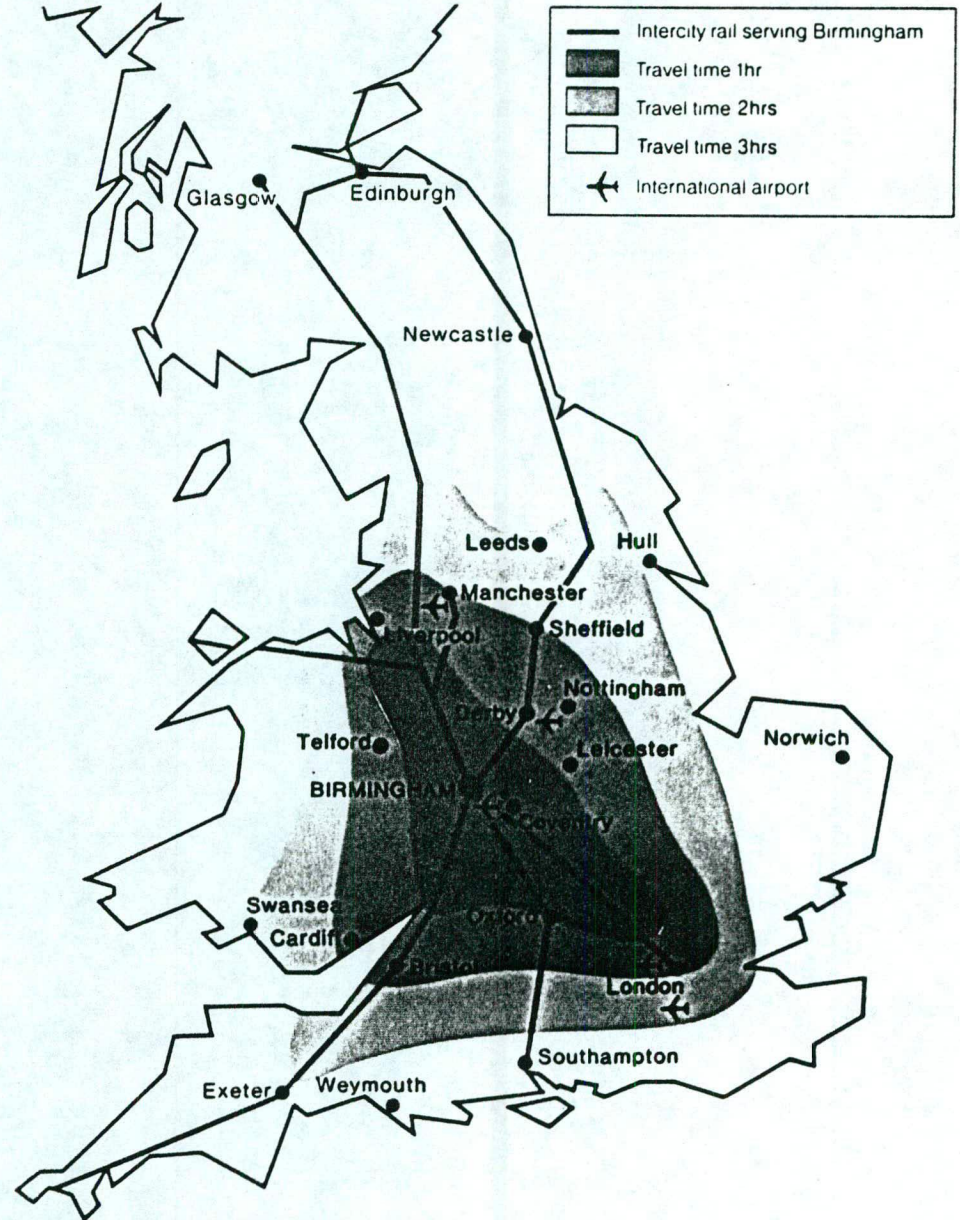


# CATCHMENT AREA

## JOURNEY BY ROAD



## JOURNEY BY RAIL

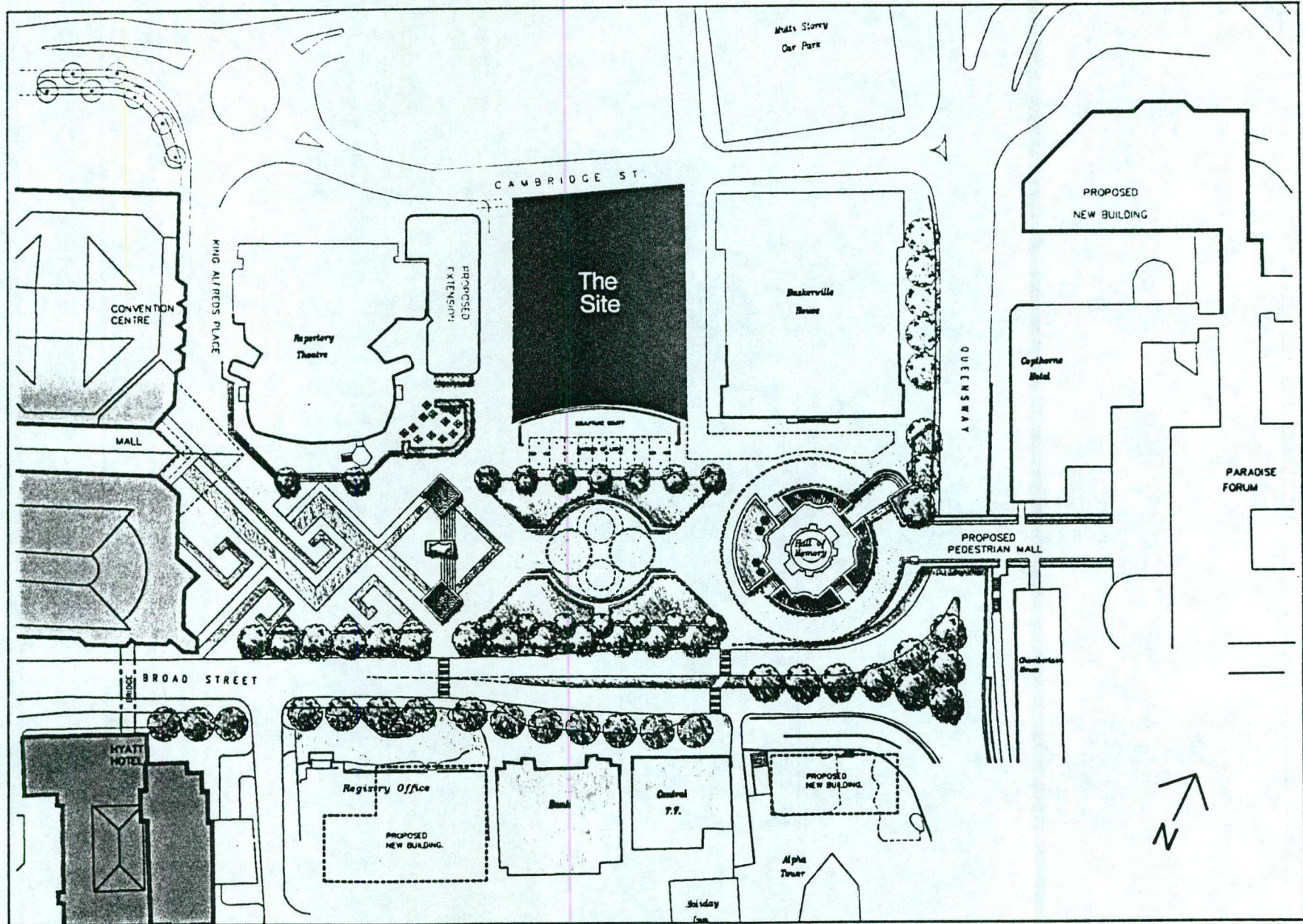


CENTENARY SQUARE

B I R M I N G H A M



SITE PLAN



CENTENARY SQUARE

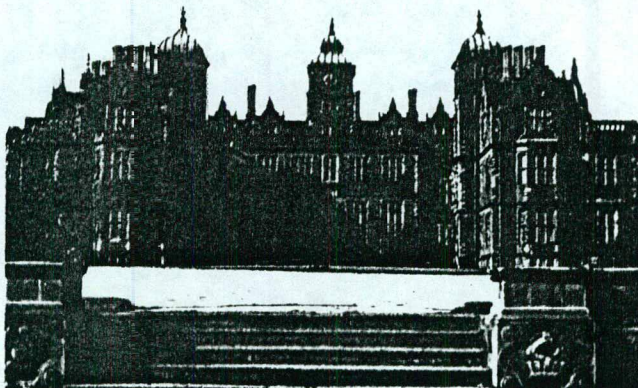
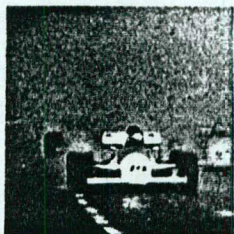
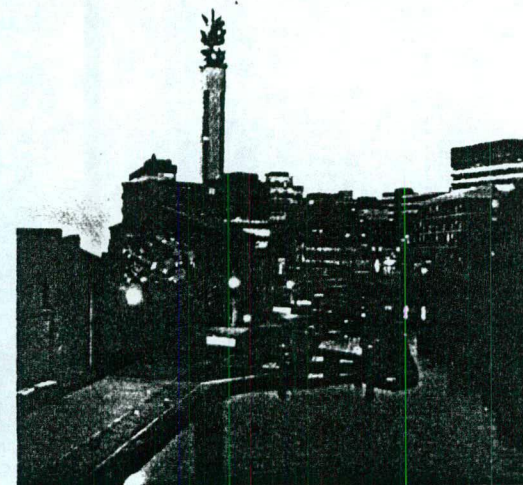
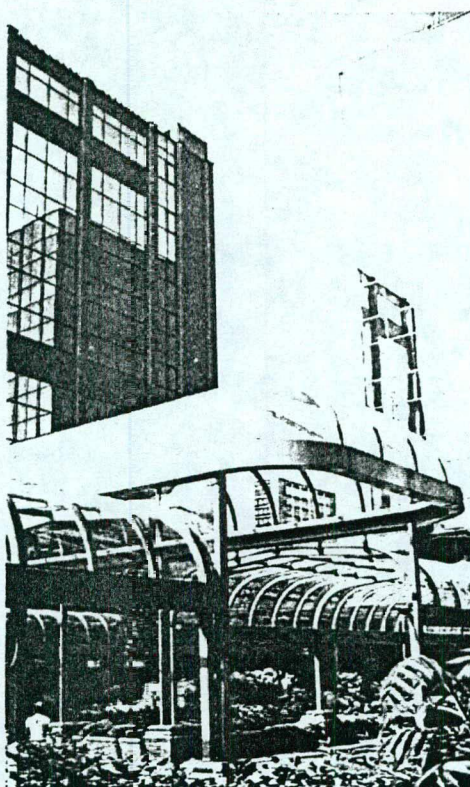
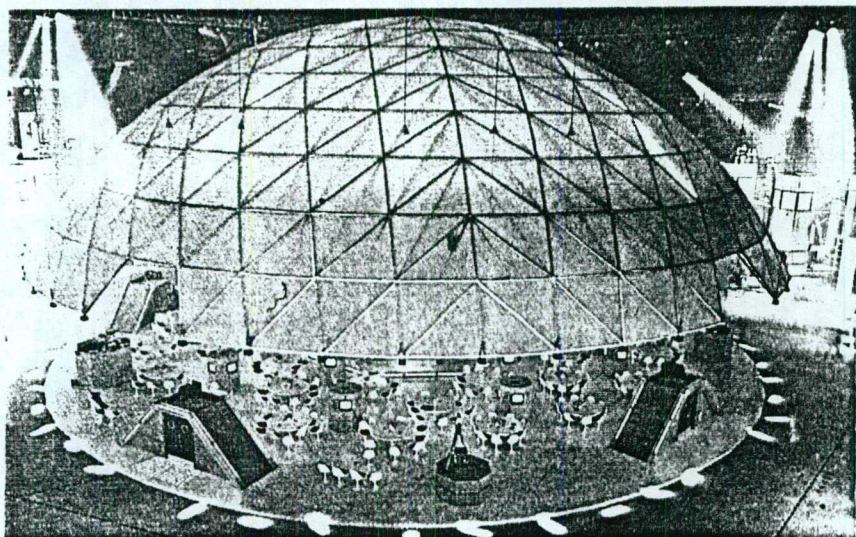
B I R M I N G H A M



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THE CITY

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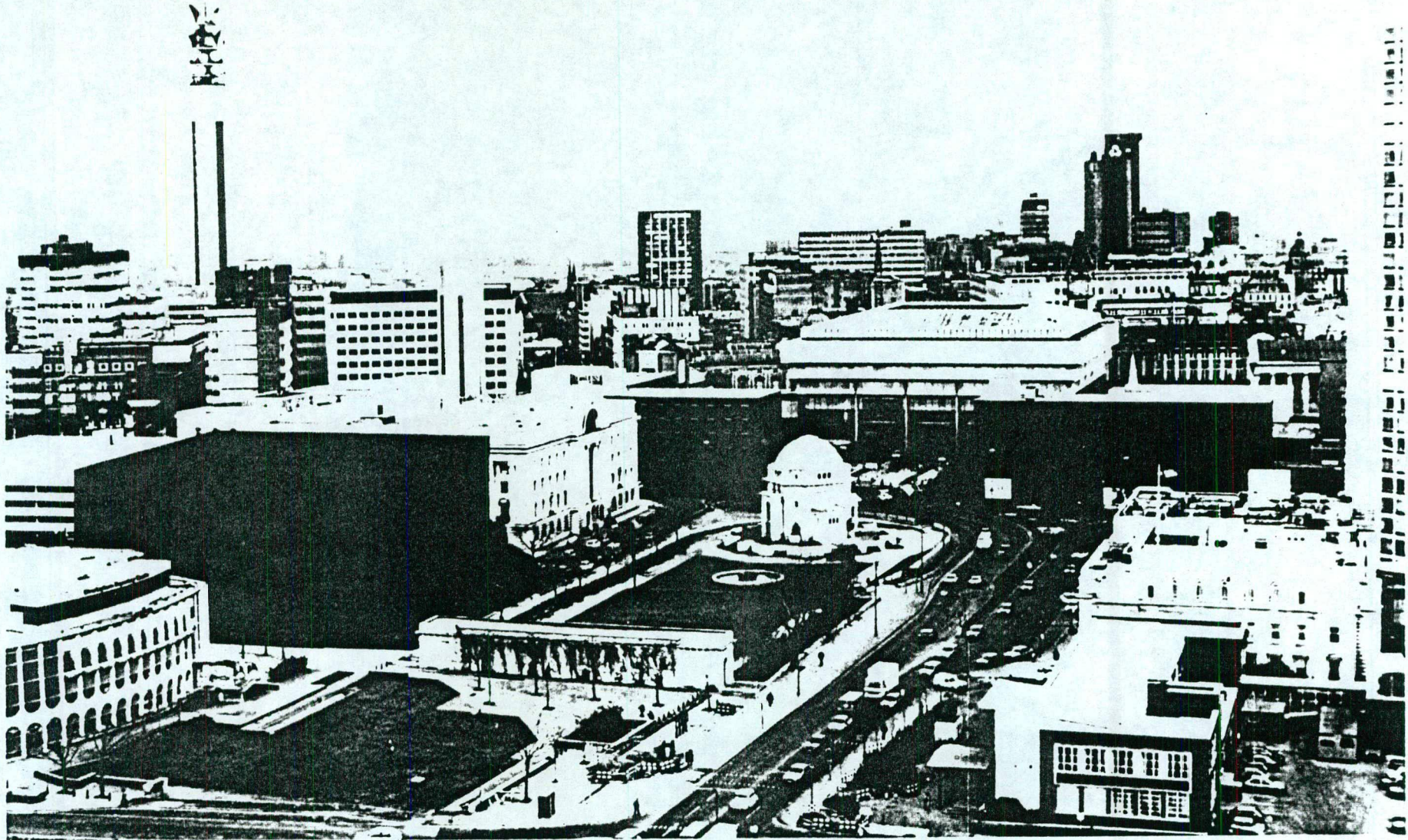
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CENTENARY SQUARE

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B I R M I N G H A M





Aerial view of Centenary  
Square showing site location

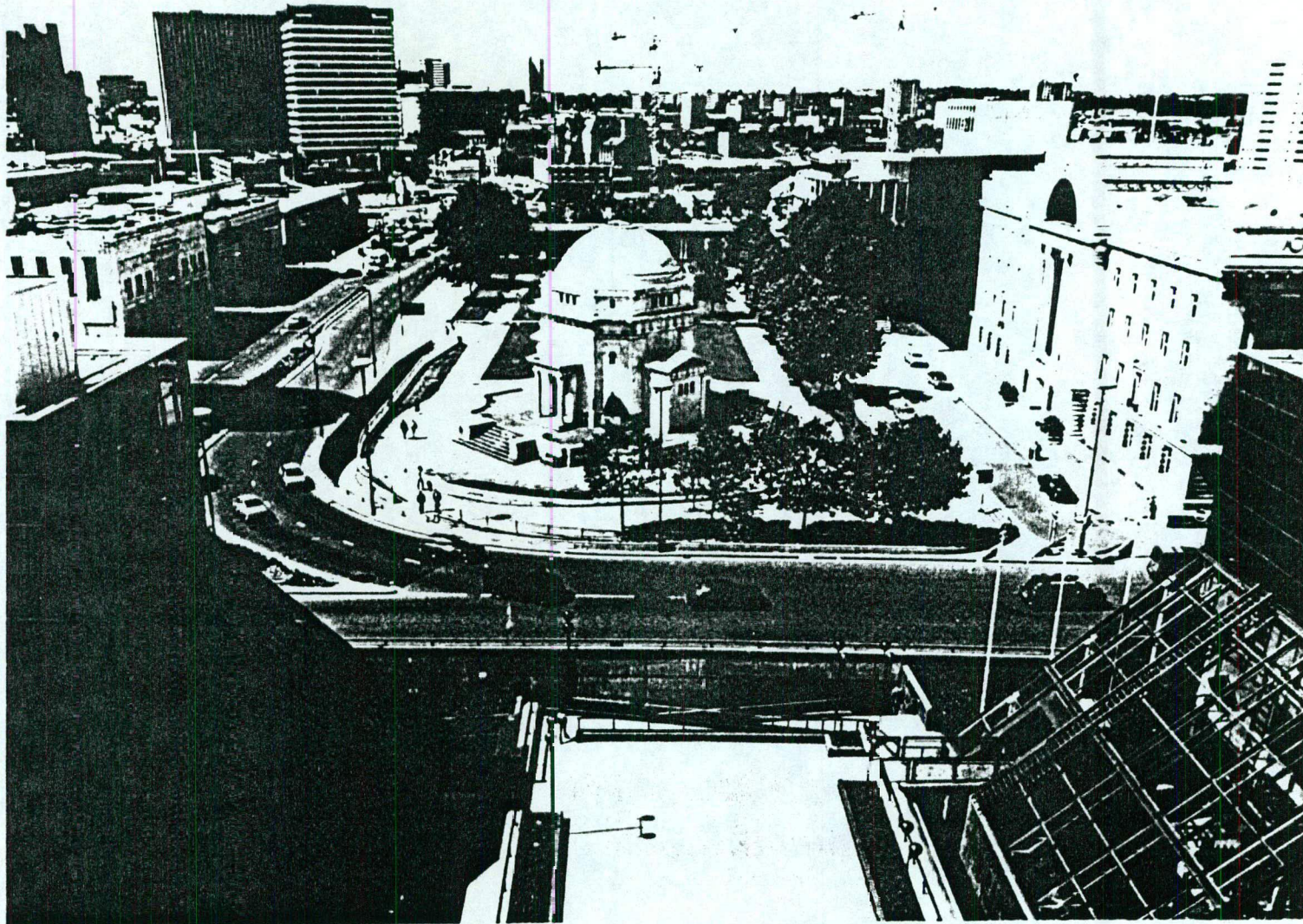
*CENTENARY SQUARE*  
B I R M I N G H A M



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VIEWS OF SITE

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Centenary Square from the Central Library

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*CENTENARY SQUARE*  
B I R M I N G H A M

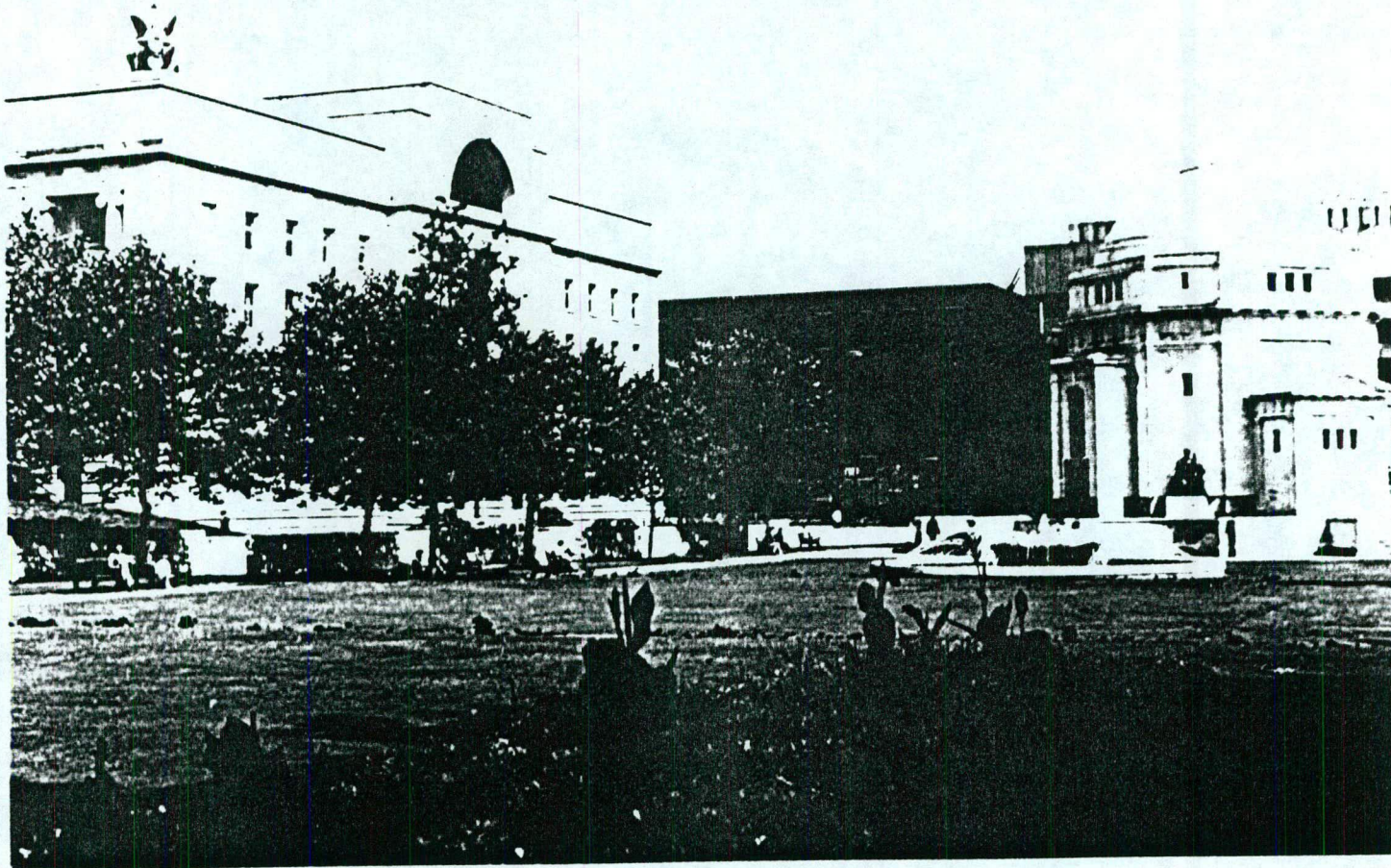
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VIEWS OF SITE

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Baskerville House and The Hall of Memory

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*CENTENARY SQUARE*  
B I R M I N G H A M

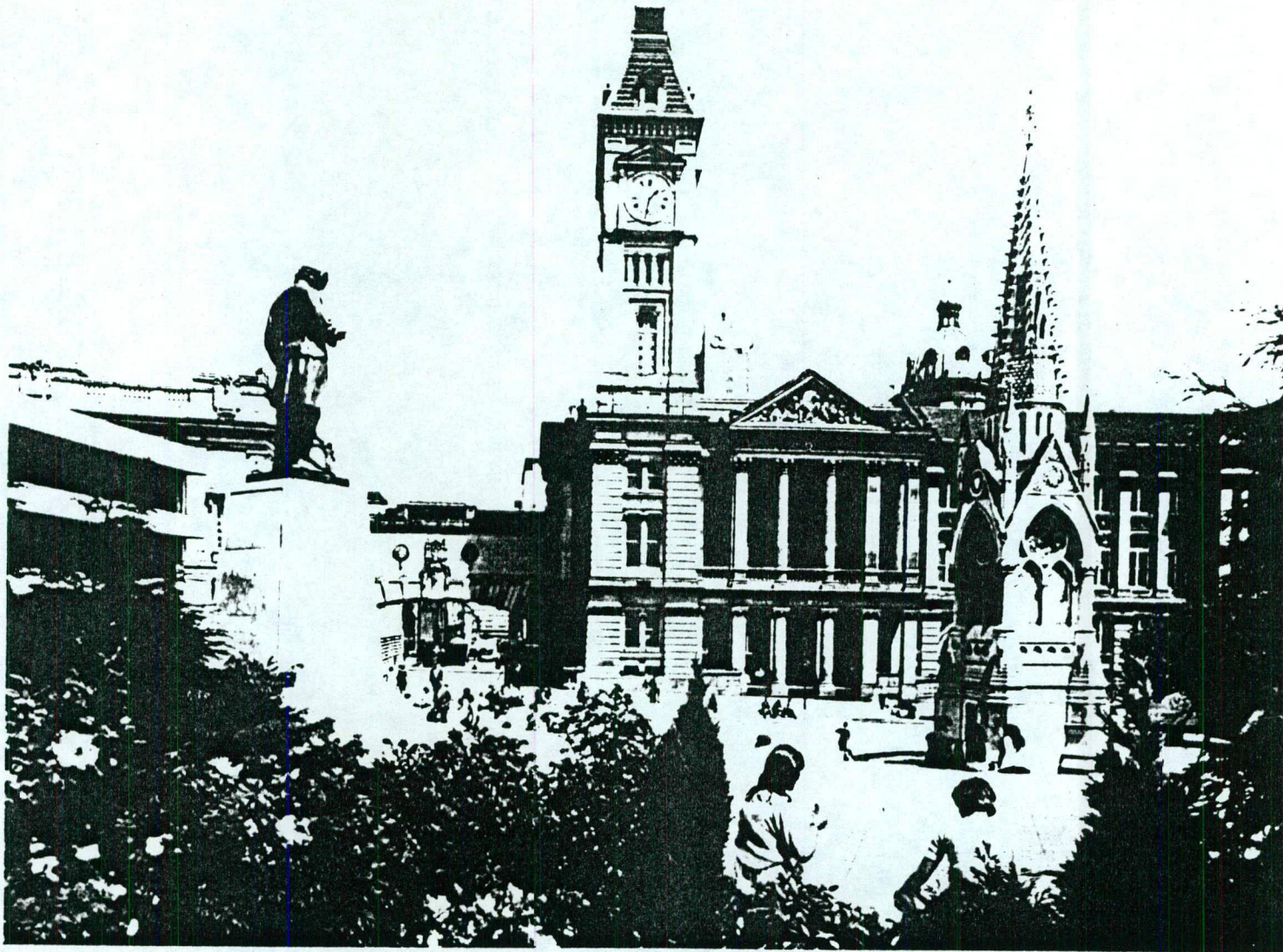
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VIEWS OF SITE

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Chamberlain Square from the Central Library

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*CENTENARY SQUARE*

B I R M I N G H A M

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CONFIDENTIAL

FROM: A G TYRIE

DATE: 10 MAY 1988

CHIEF SECRETARY

cc Chancellor  
Financial Secretary  
Paymaster General  
Economic Secretary  
Mr Burr  
Mr Cropper  
Mr Call

THYSSEN

It seems that, for the time being at least, Thyssen is back on the agenda. A few thoughts.

What do we want?

I think Thyssen is only worth having if we use it to develop a new style of arts institution, populist like the Pompidou Centre, preferably largely self supporting like the Royal Academy; in short, market orientated.

I can't see any point in recreating another National Gallery in Docklands. We've been spending the last few years trying to persuade the National Gallery and the other major institutions to become more consumer/market orientated. Thyssen is only worth having if it assists the change in attitudes in the arts world which we have been pushing for.

The trouble with the Butler paper is that it is very much in the old mould. It is very defeatist about being able to attract further private finance (paragraph 14), and it says virtually nothing about the scope for building shops, restaurants etc



into the design and turning it into an institution for the masses. The two are interlinked. Perhaps discussion of the latter can await an agreement in principle but I think it's worth putting down a marker that we should go in the populist direction.

### Cost

OAL has a small contingency fund (£10 or £20 million or so): that can go. I also think we should get rid of the acquisition grant altogether (another £10 million, and possibly look at the acceptance in lieu concessions, (also worth £10 million). We could spread the building costs over a number of years. But all these measures will still leave us with over £100 million for the category B pictures to explain.

### Presentation

If we obtained Thyssen, Richard Luce would have his work cut out holding the line with Arts Institutions which consider themselves starved of funds. But that problem is also an opportunity, it gives us the chance (if we build the right kind of institution), to show these institutional dinosaurs in the arts world how things can be done. We are also going to have to justify spending money on pictures rather than geriatric wards. It could cost us something in PESC.

There is also a problem with presentation if we don't get the pictures. I think it is pretty important that we try and keep under wraps exactly how much money we were prepared to stump



up for Thyssen. The fact that we were even considering it would be of considerable political embarrassment, both for arts presentation and more widely.

I suspect that Richard Luce will give the impression of having very cold feet about Thyssen at the meeting tomorrow, possibly for tactical reasons. His line will be that any tampering with his three year deal to obtain Thyssen would make the arts lobby impossible to handle. He will also argue that the Duke of Sutherland, amongst others, have collections which rival Thyssen's and would be very aggrieved to find that arrangements are being made for Thyssen but not them. I'm no expert but I doubt there's anything to rival Thyssen and we should cross Duke of Sutherland type bridges when we come to them.

PP  
KJ.  
A G TYRIE



BRIEFING

CONFIDENTIAL

FROM: J. ANSON  
10th May, 1988.

ANSON  
TO  
CX

10 MAY

CHANCELLOR

c.c. Chief Secretary  
Sir P. Middleton  
Mr. Phillips  
Mrs. Case  
Mr. Burr  
Mr. Call

THYSSEN COLLECTION

I agree with the general line of Mr. Burr's brief.

2. The work which we have been doing on this in the last couple of weeks, and the letters from the Baron over the weekend, have brought out some of the inherent difficulties, and you may find that most of your colleagues are now inclined to drop the idea. We would strongly recommend that your initial position should be as in Mr. Burr's speaking note.

3. If the discussion goes more widely, the key points to bring out are:

(a) Although some may welcome the project as an imaginative gesture, we have already been warned that it would arouse articulate protest even in the arts world. Neil MacGregor, the Director of the National Gallery has put this point powerfully (see attached extract). And if it is controversial in the arts world, it will be far more so among those lobbying on behalf of the NHS, the disabled, and so on.

(b) The complexity of the Thyssen interests, and the uncertainty of who can speak authoritatively for all of them. It is by no means certain that if we make a proposal, it can then be turned into a firm legal agreement that secures the UK interest (ie to get the pictures physically



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on permanent display in the UK) and protects it against eg any second thoughts by members of the Thyssen family, or export controls by the countries where the pictures are currently situated. We need to be assured about the title and deliverability of the pictures.

- (c) The Baron's agreement with Spain. The status of this is doubtful, but if he walks away from it, there will be a row, in which we will not escape being involved. If the Baron seeks to compromise by sending the pictures to Spain on loan while our gallery is being built, there is the problem of getting them out again afterwards.
- (d) The implication for expenditure on the Arts. In the official discussions we have not conceded that the cost should simply be additional. In the last Survey we concluded a firm 3-year agreement on the arts programme, at the expense of some concession on the figures. Obviously something as large as this cannot be accommodated wholly within it. But there is no reason why there should not be some contribution. This ought to be open for discussion in this year's Survey.
- (e) The need for legislation. Sir Robin Butler's minute puts this briefly; Mr. Burr's brief provides a fuller note. There is no doubt that the ordinary Parliamentary convention requires legislation for a commitment of this sort. This will need to be fitted into the congested programme for next Session.



CONFIDENTIAL

- (f) Control of the new Foundation. Given the amount of public money involved, we should ask for a majority of HMG appointed Trustees.
- (g) The site. Of the two sites now in contention, we should favour the one in Birmingham, which at least has the merit of helping an inner city area in the regions, and countering the criticism that more public money was being spent on the South East.



J. ANSON



EXTRACT FROM LETTER FROM NEIL MACGREGOR

There is, however, one central point with which I must open: the response of all those who work in museums. For several years now, the Minister has been obliged to state in public that there is simply not money available for the Government to meet its obligations to maintain the buildings of our major public galleries; to house great university collections like the Courtauld; to increase, through the University Grants Commission, help to institutions like the Fitzwilliam and the Ashmolean; or to provide adequate purchase grants. All such institutions (and they are too numerous to list) have been obliged to seek private support on the basis that the Government is unable to help. Even the most successful are still unable to display their holdings 'at a high standard'.

The reaction of trustees and staff responsible for underfunded museums and galleries to the decision to spend a huge sum of money on a foreign collection ( which will not even be fully owned by H.M.G.) may be imagined, and is unlikely to be either favourable or muted. The level of running costs funding proposed for the Thyssen collection must be likely to precipitate vociferous and articulate protest. Perhaps more important. what will be the reaction of those who might have become benefactors? How can it now be credibly represented to them that the Government is unable to meet the costs of collections for the most part given free to the British people? Who will persuade Denis Mahon, Lilian Browse or the Duke of Sutherland -- again, to name only a tiny sample -- that they would not be better advised to follow the Thyssen example and offer their collections for negotiation around the world? And who will explain to benefactors -- again like Denis Mahon -- why in this instance the Government intends actually to prohibit sale? These are difficult and perhaps familiar questions, but they are exacerbated in an extreme degree by the present proposal, which in itself raises some questions and many misgivings.



CONFIDENTIAL

FROM: T J BURR  
10 May 1988

1. MR ANSON *↓ 10/5*
2. CHANCELLOR *10*

cc Chief Secretary  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Phillips  
Mrs Case  
Mr Hawtin  
Mr Turnbull  
Mr Gieve  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

BURR  
TO  
CX  
BRIEF  
10 MAY

**THYSSEN COLLECTION**

The Prime Minister is holding a meeting tomorrow to decide whether the UK should put forward a proposal to secure the Thyssen Collection, and if so, to settle the terms of such a proposal. Discussion will be based on Sir Robin Butler's submission of 10 May and the draft proposal attached to it.

**Background**

2. The possibility that Baron Thyssen might be interested in finding a permanent home for his art collection in the UK emerged a couple of months ago. The Prime Minister was anxious to seize this opportunity, and the Minister for the Arts accordingly set up a group chaired by Mr Peter Palumbo to formulate a proposition which could be put to the Baron. While this work was still under way, it was announced that the Spanish Government had reached an understanding with Baron Thyssen, paving the way for a 10-year loan of the collection to Spain, and possibly for its permanent location there. The terms of this understanding, however, appeared to amount to no more than a declaration of intent, and we were told that the Baron did not regard it as binding.

3. The pace of events accelerated in the middle of last month



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when the Secretary of State for the Environment met Baron Thyssen, and subsequently convinced the Minister for the Arts that it would be necessary to move very rapidly if the UK's proposal was to be successful. Mr Luce then minuted the Prime Minister proposing that the UK should agree to make available £120 million for the pictures, and £38 million for the construction of a suitable gallery.

**The proposition**

4. Since then interdepartmental discussions have taken place, leading to the proposition presented in the paper. This has the following essential features:

(a) The Thyssen Trust, which owns the collection, would make over the best pictures (numbering over 700, or just over half the total collection, and known as the A and B+ pictures) to a new UK foundation.

(b) Compensation of £120 million (which happens to be Sotheby's valuation of all the B pictures - over 400 B- as well as the nearly 500 B+) would be paid to the Thyssen Trustees;

(i) in respect of their interest in the A pictures, valued at £550 million, which they own unconditionally;

(ii) in respect of the reversionary interest of Baron Thyssen's family in some of the B+ pictures.

(c) The UK foundation would comprise 7 trustees appointed by HMG and 5 by Thyssen interests, with the Baron as Chairman; but if this was unacceptable each side might appoint 5 trustees with the Baron as voting Chairman until his death, when the UK would appoint the Chairman and an additional trustee, thus securing long-term control.

(d) The Government would ensure the provision of a suitable gallery, either in docklands or in Birmingham, at a construction cost of up to £38 million (the site in either



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case would be provided free).

(e) The Government would provide an annual grant of up to £4 million towards the running costs of the gallery.

**Recent developments**

5. Last Friday Mr Ridley received a letter from the Baron indicating that he had decided not to pursue the possibility of a UK location for the collection, but instead to proceed with the alternative Spanish proposal. He was then told by Mr Hanks Drielsma, a self-appointed intermediary between the Baron and the Government on this matter, that the British Government was well-advanced with its proposal, and that it should be ready in a couple of weeks. This led Baron Thyssen to write to Mr Hanks Drielsma on 8 May to say that since the British proposal would be ready much sooner than he had expected when he wrote his previous letter, he would be ready to consider it (though without commitment since the decision rested with the Thyssen Trust).

**The issues**

6. These are set out in paragraph 24 of Sir Robin Butler's submission to the Prime Minister. The first and most important is whether to put forward a proposal at all. This question can be considered on two levels:

(a) whether the Government should spend some £160 million in total, plus £4 million thereafter in running costs, to secure pictures worth £650 million for the UK and a suitable art gallery in which to house them;

(b) whether the legal complexities of dealing with the Thyssen interests, and the terms likely to be available from them, together with the problem of the Spanish agreement, mean that the risks of an unsatisfactory outcome are too great to warrant a UK proposal.

7. On the first question, the deal could be presented as a



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coup for the nation, and it is unlikely that it would in itself attract serious criticism. What would undoubtedly happen, however, is that the Government's munificence would be contrasted with its restricted line on other public expenditure issues, and it would be argued that the Government should be prepared to show similar generosity in other areas. Such arguments have already been advanced in strong terms by the Director of the National Gallery, who has contrasted the Government's willingness to contemplate large-scale expenditure on a foreign collection with its alleged neglect of public collections in the UK. Thus it cannot be assumed that the reaction from the art world would be favourable to the Government.

8. The second question presents serious difficulty. Acquisition of the collection would not be a straightforward transaction with a single party possessing a clear power of decision. The situation is described in some detail in paragraphs 2-7 of Sir Robin Butler's submission. Formally, any deal would have to be concluded with the Thyssen Trust, which owns the pictures. But their policy is evidently to proceed by agreement with the Baron. But they also have to have regard to the interests of the Baron's wife and children, who are the beneficiaries of the Trust. The Baron would also appear to be directly influenced by his wife, who is Spanish.

9. Against this background it is not reassuring that the Baron has a reputation for finding it difficult to make up his mind, which is borne out by the events of last weekend. Moreover it is not entirely clear that his letter of 8 May represents a genuine change of heart. It could equally well be interpreted in terms of a wish not to cause offence by refusing even to look at a proposal which had already been prepared for his consideration. It may also be significant that the 8 May letter was written during a visit to this country, whereas the earlier (negative) letter was written from his home in Switzerland and may more reflect the influence of his wife. Furthermore, he has stressed that the decision lies with the Trustees rather than himself, although their policy is to act in agreement with him. It may be that he simply does not want to take



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responsibility for an ultimately unfavourable decision for the UK.

10. But even if there were no doubt about the intentions of the Thyssen interests, and they were all acting in unison, it is not clear that they have the power to enter into an agreement of the kind proposed. The precise legal position of the Trust is not clear, since it is established under Bermudan law. But it would be surprising if the Trustees could alienate Trust property for less than its full value. They might be able to do so with the agreement of the beneficiaries of the Trust, but if any of the children have not yet reached the age of majority they will be unable to sign away their rights under the Trust, and would not be bound by any agreement reached.

11. There is also the problem of the Spanish agreement. The Foreign Secretary has not so far contributed to the correspondence, but he will be present at the meeting and it will be important to ascertain his view. It is all too likely that the announcement of a UK proposal would lead to great activity by Spanish interests, perhaps including the Baron's wife, to frustrate it. If the Baron were then to change his mind again the Government would be left with the embarrassment of a failed proposal. Not too much weight should be put on the possibility that the Trustees would refuse to be swayed by the Baron in such circumstances since first, that is not their normal practice, and second, they are bound to take account of the views of his family.

12. Against this background, our advice is that you should argue against putting any proposal to the Baron. A speaking note to this effect is attached. The point to be made is that one can be entirely in favour of acquiring a major collection at a fraction of its market value, and still not believe that the Government will be well advised to enter a risky negotiation with a complex of Thyssen interests which might end only in political, financial, and diplomative embarrassment.



Issues on the proposal

13. If the decision is nevertheless to go ahead, it will be necessary to consider the other issues in paragraph 24 of Sir Robin Butler's minute. The key points for the Treasury on the proposal itself (paragraph 24(b)) are as follows:

(a) **Control.** We see it as a key requirement that HMG, or at any rate UK interests, should have control over the UK foundation in which the pictures would be vested. It does not seem defensible for the UK to pay £120 million to Thyssen interests in order to persuade them to transfer the pictures into a foundation controlled by Thyssen interests. Sir Robin Butler's fallback proposal of giving Thyssen interests control during the Baron's lifetime but providing for Government control once he ceases to be Chairman is a possible fallback, but much less satisfactory that Government control from the outset.

(b) **Possession.** Given the likely problems in reaching a deal, and the obstacles which can be erected to international movement of works of art, it is vital that no irrevocable payment is made to Thyssen interests until all the pictures covered by the agreement are physically in the UK. There will also need to be ample opportunity for the Government to satisfy itself of the condition, authenticity, and quality of what it is acquiring.

(c) **Legislation.** It may be argued that there is no need for legislation in the next Session to permit the acquisition of the collection. We believe that such legislation will be necessary to satisfy the requirements of Parliamentary propriety, as well as providing the right method of establishing the foundation. The annex to this submission explains the position more fully.

(d) **Pay.** Since the bulk of the new gallery's recurrent expenditure would be met by Government grant, it ought to have a pay regime for its employees which is approved by the Government. The need for that requirement has been



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questioned in interdepartmental discussion, as likely to be objectionable to the Baron. We nevertheless recommend you to argue for it. If there is strong objection from colleagues, you need not make it a sticking point. But what is essential is that the salary of the Director should be subject to Government approval. Otherwise his pay will get out of line with that of other Directors of national collections and there will be constant pressure for their pay to be in what they see as a proper relationship with his.

Sites

14. The choice is between dockland and Birmingham. It seems to us that the latter might give more value for money in terms of the contribution to the Government's inner city objectives, it might also be more readily defensible.

The arts programme

15. In the last Survey, the Chief Secretary reached a three-year deal with Mr Luce, which was intended to avoid further additions to arts expenditure. This proposal would, of course, represent a major addition. We have reserved your freedom to argue for offsetting savings from the programme; but in practice we do not think that any will be forthcoming, and we recommend you to agree that the costs should be additional to existing provision (paragraph 24(d) of Sir Robin's note).

Conclusion

16. We recommend against proceeding with this matter. We believe that the Foreign Secretary and possibly the Minister for the Arts himself are likely to take the same view. Mr Ridley is said to be still keen to go ahead, but he apparently recognises the difficulty which the Government would have in reaching a satisfactory agreement with the various Thyssen interests. If a decision to proceed is nevertheless taken, the key points on which you will need to insist are at paragraph 13 above.

\* Only if absolutely necessary. There is advantage in keeping up the pressure on OAL on this.

J. John  
for T J BURR

VA. 10/5



## SPEAKING NOTE

At first sight the prospect of acquiring a very major art collection at less than its full value was an attractive one. It might still be attractive if we were clearly dealing with a single party who had a firm intention of bringing the collection permanently to the UK.

2. But the work which has now been done shows that this is very far from being the case. Formally, the decision rests not with the Baron but with the Thyssen Trust. But first, it is not clear whether they have the power to make over the collection at less than its full value. Second, they have to act in agreement with the Baron's Spanish wife and children, as beneficiaries of the Trust. Insofar as they take account of the Baron's own wishes, we have had ample demonstration that he is prone to change his mind, and is no doubt influenced by his wife.

3. If we proceed, we face a very real prospect of an unsatisfactory negotiation which in the end leads nowhere. It could, however, bring us considerable political and diplomatic embarrassment. And the fact that we had shown ourselves ready to spend on this scale for such a purpose would undoubtedly reinforce public expenditure pressures in other areas.

4. For all these reasons I conclude, with regret, that we would be best advised not to pursue the matter.



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980/19

**Legislation**

Under the 1932 Concordat between the Treasury and the Public Accounts Committee, it was agreed that express Parliamentary authority would normally be sought in main legislation for any continuing services financed from voted monies. This would clearly apply to the continuing expenditure on the recurrent costs of the Gallery. But the purchase of the pictures would effectively commit the Government to continuing expenditure on accommodating them and, as a matter of propriety, expenditure on their acquisition could hardly be excluded from the requirement for explicit statutory authority.

There are also wider reasons for establishing the Trust on a statutory basis. Although such a body could be established without legislation by the creation of a private charitable trust, the size and the nature of the investment of public money in the body makes it more appropriate for its establishment and constitution to be provided for by Parliament. Legislation would also provide the most effective means for accountability to Parliament for the use of that public money, and for safeguards and control on the exercise of the body's powers. Parliament would retain direct control over the extent of the powers and the constitution of the body and control any subsequent proposals for variation.

Given the likely need for early progress, legislation in the next Session of Parliament would be needed before substantial payments need to be made.



*Price Waterhouse and Partners*



From The Chairman, Management Committee

11 May 1988

*pp*

CABINET OFFICE  
A 4915.....  
11 MAY 1988  
FILING INSTRUCTIONS  
FILE No. ....

CONFIDENTIAL

Sir Robin Butler, KCB, CVO,  
Secretary of The Cabinet and  
Head of the Home Civil Service,  
Cabinet Office,  
70 Whitehall,  
LONDON SW1A 2AS

*Baron Thyssen*

THYSSEN COLLECTION

Having reflected I see the position as follows:-

Our case is an extremely strong one and the moment of presenting our proposal is opportune.

The competition included the Getty, Bonn, Stuttgart, Spain etc. These proposals have been discarded with the exception of the short term solution with Spain.

We were told by the Chairman of the Trustees that they would not accept the present outline in the Spanish letter of intent, "they would have to start with a clean sheet".

Our proposal will be the only long term solution on the table for the Foundation and Trustee Meetings in early June and July. The Trustees can consider our proposal as securing the future of the collection in accordance with the Baron's wishes in meeting his anxiety about the long term future for his collection after his death (The Spanish proposal would not achieve this).

HANKES  
- DRIGLSAA  
-> BUTLER  
11/5



Having spent many hours in discussions with Baron Thyssen I am convinced that he will regard our proposal as exciting and acceptable.

I have got to know the Chairman of the Trustees rather well. He has stated categorically that he believes the British proposal would be the best possible outcome. There is a division among the family on the Spanish option and his view, which has also been expressed to him by members of the family, including Baron Thyssen, is that the British proposal could be the ideal compromise within the family.

Furthermore while the Baroness is clearly in favour of Spain she is not opposed to a British proposal as such.

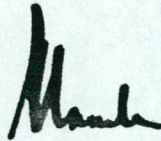
Baron Thyssen's letter to me, dated 8 May, states clearly that he welcomes the British proposal and it will receive his utmost consideration. We know that the Trustees feel the same.

The present favourable situation has been brought about as a result of establishing an intimate relationship between myself, the Baron and the Trustees. It is my opinion, and that of the Trustees, that it is essential to ultimate success that the negotiations should continue by the same method rather than by direct negotiation with Government.

I would appreciate it if this letter could be put to the meeting with the Prime Minister later this afternoon.

A great opportunity will be lost if we do not put forward our proposal.

Yours ~~sincerely~~



Claude Hankes-Drielsma



CONFIDENTIAL



10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

CH/EXCHEQUER	
REC.	12 MAY 1988 ✓ 12/5
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*11/5/88*

SIR ROBIN BUTLER

THE THYSSEN COLLECTION

The Prime Minister held a meeting this afternoon to discuss your minute of 9 May concerning a proposal to the Thyssen Trustees for the permanent location of the Thyssen collection in this country. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General, the Minister for the Arts, Mr. George Guise (No. 10 Policy Unit) and yourself were present.

Please could you, and copy recipients, ensure that this minute is seen only by named persons and that its circulation is kept to the minimum necessary.

The Prime Minister said that there was an opportunity, which was unlikely to recur, for the country to acquire an extremely valuable collection of pictures for a payment of a fraction of their market value. The case for such an acquisition would have been clearer cut if the negotiating uncertainties and legal difficulties had not been so great and the intentions of the other parties more certain. If the United Kingdom was to have a chance of securing the collection, a speedy response was necessary.

The following points were made in discussion.

1. The political difficulties of the acquisition were magnified by the legal and negotiating uncertainties involved. There would be the worst of all worlds if HMG entered into negotiations and the project did not, for one reason or another, go ahead.
2. Some in the arts and heritage world would support the acquisition of such a fine collection. Others would argue that it was inconsistent for the Government to fund this large purchase when money for the maintenance, repair and expansion of museums, as well as for new purchases, had been denied. Such criticism might be muted by emphasising that Baron Thyssen's contribution of the "A" pictures was itself a most generous private sector contribution. It would be helpful if some private sector finance for the gallery itself could be assembled as well.

*WICKS  
-> BUTLER  
11/5*



3. Whatever the legal effect of the Spanish agreement, it seemed that the Baron had given some moral commitment to the Spanish Government over the future of the collection. It was difficult to believe that the Trustees would readily flout the Baron's authority by denying an agreement to which he had put his signature, even though they might not have liked its terms. It was important that HMG should not place itself in the position of an international gazumper or become party to an international bidding competition. In any event, the agreement between Baron Thyssen and the Spanish Government was a considerable complication, though the difficulties would be felt more by the Baron and the Thyssen Trustees than by HMG. The various pressures and conflicting interests within the Baron's family added to the complications, though they need not necessarily work to the UK's disadvantage.

4. If the proposal went ahead, there would have to be complete certainty that the absolute title of the property in the collection passed to a foundation set up in this country. Before concluding negotiations we would need to be assured that the Trustees had the power to transfer to the new foundation the property in the pictures unencumbered. This would require us to be satisfied that the children and beneficiaries of the various trusts agreed to the transfer. The changes of mind of Baron Thyssen, and the substantial use of taxpayers' money, made it essential that Trustees appointed by the Government were in the majority in the foundation so that HMG's nominees effectively controlled the pictures.

5. It was clearly essential that HMG should not part with any cash for the pictures until the foundation had received delivery and were certain as to absolute title. Once negotiations had begun, we had an interest in ensuring that the pictures should be properly safeguarded including their insurance and general care. The commitment of funds to a gallery should be delayed, if at all possible, until there was certainty that the pictures had been acquired; if the pictures did not materialise, there were many comparable works of art in this country which could be exhibited in a new gallery.

6. Legislation, perhaps as early as the next session, would be needed both to establish the foundation and to give Parliamentary sanction to the expenditure of taxpayers' money.

Summing up the discussion, the Prime Minister said that although some Ministers present had doubts about the acquisition, the Secretary of State for the Environment should submit to the Cabinet, on 19 May, a paper seeking authority to open negotiations with the Baron and the Trustees on the broad lines of the approach described in the attachment to your minute. If the Cabinet agreed, a letter should be sent to the Baron, with a copy to the Trustees, informing him of HMG's wish to negotiate regarding the collection. Such a letter should probably be written by the Secretary of State for the Environment. Either the letter,



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- 3 -

or its attachments, should make clear the broad terms of the Government's approach. It should point out, in suitable terms, that since substantial sums of taxpayers' money would be involved, the Government would need to be assured that absolute title of the property in the collection would pass to a foundation established in this country, and that the majority of the Trustees would need to be appointed by HMG. It should explain that the Government would need to assure itself that the Trustees had power to transfer property in the pictures unencumbered and that the children and other beneficiaries of the Trust agreed to the transfer. There needed, too, to be arrangements to ensure that the pictures were delivered here into the foundation's ownership before any money was paid. The requirement for legislation should be presented to the Baron as a means of safeguarding the Trustees and his interests as well as those of the British Parliament. There needed to be arrangements, too, about the pictures' insurance in the period before the foundation acquired title and possession. The advice of Bermudan, Spanish and Swiss lawyers would need to be sought on relevant aspects. A time limit should be set for a decision by the Trustees on whether to proceed with the offer.

The approach to the Baron should be tailored in such a way as not to preclude further private sector funding, including endowment funding. There would need to be separate discussions between the Treasury and the OAL about the PES treatment of the additional expenditure, but it was accepted that expenditure was pre-eminently additional, though for the time being it should be left open whether there should be any contribution from elsewhere.

The Prime Minister asked you to prepare a Cabinet paper for the Secretary of State for the Environment reflecting the points above. You should also prepare, in close consultation with the Attorney General and the Treasury Solicitor's Department, the draft of a letter which, subject to the agreement of the Cabinet on the general approach, should be sent to the Baron covering the above points.

There would need to be arrangements for the Attorney, to be closely involved with the detailed negotiations and to see the various legal documents involved, including the texts of the various Thyssen Trusts and of any necessary consents and assurances required.

You should arrange for the Prince of Wales to be briefed on the latest position before his lunch with the Baron on 14 May. It should be made clear to the Prince that he should not enter into negotiations on behalf of HMG, but should simply indicate that a proposition was being worked out at the highest levels of Government with a view to a formal approach within the near future.

I am sending copies of this minute to the Private Secretaries of those Ministers present and to George Guise (No. 10 Policy Unit).

N. L. WICKS  
11 May 1988



1669/6

FROM: T J BURR  
12 May 1988

CHANCELLOR

cc Chief Secretary  
 Financial Secretary  
 Paymaster General  
 Economic Secretary  
 Sir P Middleton  
 Mr Phillips Mr Anson  
 Mrs Case  
 Mr Hawtin  
 Mr Turnbull  
 Mr Chivers  
 Mr Gieve  
 Mr S Kelly  
 Mr Cropper  
 Mr Tyrie  
 Mr Call

*Subject of an  
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THYSSEN COLLECTION

Following the Prime Minister's meeting yesterday, a Cabinet Paper is being prepared for circulation by the Secretary of State for the Environment early next week. This submission seeks your views, and those of the Chief Secretary, on what the paper should say about the public expenditure treatment of the cost of acquiring the Thyssen Collection.

2. A draft of the paper is attached. This will be Mr Ridley's paper, and its purpose will be to propose that the UK should attempt to secure the Collection. It therefore does not labour the points about the complexity of the Thyssen interests and the Baron's proneness to vacillation which were brought out in my brief of 10 May. But a number of significant amendments will nevertheless be made following a meeting taken by Sir Robin Butler this morning. In particular, the sentence on the need for legislation, at the end of paragraph 4, is to be strengthened by indicating that a Bill will probably (not 'perhaps') be needed next Session. The paper will also indicate the considerable uncertainty which still exists about the precise legal position of the Collection. A revised draft will be circulated to you and other Ministers directly concerned before it is circulated to Cabinet.

3. The question of public expenditure treatment arises at the end of paragraph 5, where it is recorded that the Minister for



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the Arts is opposed to finding the money from his programme. That will now be preceded by a more helpful sentence recording his wish to see the maximum contribution from private sources, though noting that Thyssen interests will themselves be making a major contribution by providing the paintings at much less than their full value. The question is whether Treasury Ministers should add a sentence giving their view on the public expenditure treatment.

4. The broad alternatives are:

(a) To leave the draft as it is, which would effectively mean accepting Mr Luce's view that there should be no contribution from his programme.

(b) To accept that it was unrealistic to seek a contribution from Mr Luce during the currency of the three-year programme for the arts which was agreed in the last Survey, but keep the longer-term position open by inserting a sentence as follows:

"In the view of the Chancellor and the Chief Secretary, the cost will need to be taken into account in the Public Expenditure Survey when considering provision for other arts expenditure beyond the three-year programme agreed in the last Survey."

(c) To take a hard line, and insist that the question of a contribution from the arts budget remains open for all years and must be considered in the forthcoming Survey. Suitable wording would be:

"In the view of the Chancellor and the Chief Secretary, it will be necessary to consider in the forthcoming Public Expenditure Survey the extent to which a contribution to the cost should be sought from the arts programme."

5. The last of these alternatives, while entirely orthodox from a Treasury standpoint, would not be accepted by Mr Luce,



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and would lead to an argument in Cabinet about the public expenditure treatment. You would then have to get Mr Luce overruled if the matter was to proceed. We have however persuaded OAL to recommend to Mr Luce that he could live with the second alternative (though they cannot of course commit him).

6. We recommend that you should go for alternative (b). It is a position which you should be able to hold in Cabinet without difficulty. At the same time it will maintain the pressure on Mr Luce to ensure that both the capital cost of the new Gallery, and the cost of running it, are kept under proper control. It will also enable the Chief Secretary to make more effective use of the argument, in future Surveys, that the arts have benefited enormously from the acquisition of the Thyssen Collection, and can therefore afford to accept restraint in other areas.

**Conclusion**

7. We therefore recommend that you should seek the insertion in the paper of the sentence at paragraph 4(b) above. If you and the Chief Secretary agree, we will need to know early tomorrow so that we can get the sentence into the revised draft of the paper for circulation by the weekend.



**T J BURR**



DRAFT CABINET PAPER

The Thyssen-Bornemisza Collection

The Thyssen Trust are seeking a long-term home for the Thyssen-Bornemisza Collection of which some [50] pictures are currently on display at the Royal Academy. The Collection consists of over 1,300 pictures of the highest distinction, currently valued at about £670 million.

2. Baron Thyssen and his Trustees envisage making over the best of these pictures (the 227 'A' pictures) and the best of the second category of pictures (the 'B' pictures, totalling about 500), with such other pictures from the Collection as may be mutually agreed, to a foundation in a country of their choice which would provide a gallery where they would be on permanent display to the public. Baron Thyssen and his Trustees also envisage the payment of a sum in compensation to the Trustees for the surrender of their rights in the pictures transferred.

3. A number of countries have made offers for these pictures, including Germany and Spain. The



Getty Foundation has also expressed an interest. None of the offers so far made have been regarded by Baron Thyssen or the Trustees as providing a satisfactory long-term destination for the pictures, although the Baron (whose current wife is Spanish) has personally signed a memorandum of understanding with the Spanish Government envisaging the establishment of a foundation in Spain and the loan of the pictures for exhibition in Spain for up to ten years.

4. Baron Thyssen and the Trustees have indicated that they would welcome an offer from Britain to provide a permanent home for the Collection. There is to be a meeting of the Thyssen Foundation in early June and of the Trustees in July, at which a decision about the proposal to be pursued is likely to be taken. If a proposal from the British Government were to be accepted in principle there would be a number of detailed points to be covered in legal negotiations before an agreement could be reached. A Bill would then need to be presented to Parliament, perhaps next Session, to establish the foundation and to provide cover for committing funds to the payment of compensation to the Trustees and the provision of a gallery and its



running costs.

5. The Minister for the Arts and I have discussed what proposal might be put to the Trustees, and this has been discussed in a small Group under the Prime Minister. A realistic offer would have to include a sum of about £120 million as compensation for the Trustees and the provision of a gallery, which it is currently estimated would cost £38 million, in addition to the site costs. It is also estimated that the running costs of the gallery might be £4 million on top of the yield of admission charges and other contributions. The Minister for the Arts has said that these sums, which would be spread over the next two or three years, could not be provided from existing provision for the Arts Budget.

6. Two sites which, on the basis of preliminary discussions with the Baron, might be acceptable, have been identified. One is in Canary Wharf and the other in Birmingham. The Canary Wharf site would be made available free of charge by the developers of Canary Wharf who would also consider a contribution to the costs of the building and in Birmingham the site would be provided by the City



Council.

7. The draft of an offer to the Trustees is set out in the attached papers. The Trustees would wish to consider it in confidence but it is bound to become known in due course, whether or not it is successful. It will be controversial, not least with other Art Collections which would argue that, if funds of this order could be made available, they should be provided to improve the display of existing Collections. But this represents a unique opportunity to acquire permanently for this country a pre-eminent Art Collection at a fraction of its value; and we should also be criticised if we were to pass it up.

8. The Cabinet is invited to agree that a proposal on the lines of the paper attached to this memorandum should be submitted to Baron Thyssen and the Thyssen Trustees for consideration at their forthcoming meeting.



CONFIDENTIAL



FROM: ZOE EVEREST-PHILLIPS  
 DATE: 13 May 1988

PS/CHANCELLOR

cc:  
 PS/Financial Secretary  
 PS/Paymaster General  
 PS/Economic Secretary  
 Sir Peter Middleton  
 Mr Anson  
 Mr H Phillips  
 Mrs Case  
 Mr Hawtin  
 Mr Turnbull  
 Mr Chivers  
 Mr Gieve  
 Mr Burr  
 Mr S Kelly  
 Mr Cropper  
 Mr Tyric  
 Mr Call

**THYSSEN COLLECTION**

The Chief Secretary has seen Mr Burr's note of 12 May and the draft Cabinet Paper.

2 The Chief Secretary has commented that it is extremely bad news that this is going to Cabinet. The proposed line is the minimum we should take - Mr Luce agreed to 3 year funding and has now asked for far more money for Thyssen without keeping us informed. The Chief Secretary is not at all sensitive therefore about an assumption (a) to require a private sector contribution and (b) to take this extra cost into account in future Arts settlements.

ZOE EVEREST-PHILLIPS  
 Assistant Private Secretary





FROM: MISS M P WALLACE

DATE: 13 May 1988

MR BURR

cc PS/Chief Secretary  
 PS/Financial Secretary  
 PS/Paymaster General  
 PS/Economic Secretary  
 Sir P Middleton  
 Mr Phillips  
 Mr Anson  
 Mrs Case  
 Mr Hawtin  
 Mr Turnbull  
 Mr Chivers  
 Mr Gieve  
 Mr S Kelly  
 Mr Cropper  
 Mr Tryie  
 Mr Call

**THYSSEN COLLECTION**

The Chancellor has seen your minute of 12 May, and, in the circumstances, is content with the line you propose at paragraph 4(b) - taking the cost into account when considering provision for other arts expenditure beyond the three year programme agreed in the last Survey.

2. He has also commented that the main issue, of course, is not this, but the terms of any offer made to the Thyssen Trustees. In this context, it would be particularly important to ensure a Government majority on the proposed foundation, and that no money should be paid until the pictures were delivered, and any doubts about title cleared up.

*Mpw*

MOIRA WALLACE

MPW  
 THYSSEN  
 COLLECTION  
 13/5



**CONFIDENTIAL****FROM: T J BURR  
13 May 1988****CHANCELLOR**

cc Chief Secretary  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mrs Case  
Mr Hawtin  
Mr Turnbull  
Mr Gieve  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

**THYSSEN COLLECTION**

Further to my submission of yesterday, I now attach a revised draft of the Cabinet Paper on this subject, together with the draft proposal which would be sent to Baron Thyssen and the covering letter.

2. These are all on expected lines. In particular the draft Cabinet Paper includes the changes which were agreed to the earlier version, including the sentence on public expenditure implications which you approved. Mr Luce has indicated that he can live with this sentence, and will not challenge it in Cabinet.

3. If you have any comments on the paper, we will need to feed them in early on Monday.

**T J BURR**



**CONFIDENTIAL**

DRAFT PAPER FOR MINISTERS

**THE THYSSEN-BORNEMISZA COLLECTION**

The Thyssen Trust are seeking a long-term home for the Thyssen-Bornemisza Collection of which some 50 pictures are currently on display at the Royal Academy. The Collection, which is of the highest distinction, consists of over 1,300 pictures currently valued at about £670 million.

2. Baron Thyssen and his Trustees envisage making over the best of these pictures (the 227 'A' pictures) and the best of the second category of pictures (the 'B+' pictures, totalling about 500), with such other pictures from the Collection as may be mutually agreed, to a new foundation in a country of their choice. The recipient country would provide a gallery where the pictures would be on permanent display to the public; and would pay a suitable sum in compensation to the beneficiaries of the Trust for the surrender of their rights in the pictures transferred.



3. A number of countries have made offers for these pictures, including Germany and Spain. The Getty Foundation has also expressed an interest. None of the offers so far made have been regarded by Baron Thyssen or the Trustees as providing a satisfactory long-term destination for the pictures, although the Baron (whose current wife is Spanish) has personally signed a memorandum of understanding with the Spanish Government envisaging the establishment of a foundation in Spain and the loan of the pictures for exhibition in Spain for up to ten years and possibly longer.

4. Notwithstanding this memorandum of agreement, Baron Thyssen and the Trustees have indicated that they would be glad to consider an offer from Britain to provide a permanent home for the Collection. There is to be a meeting of the Thyssen Foundation in early June and of the Trustees in July, at which a decision about the proposal to be pursued is likely to be taken. If a proposal from the British Government were to be accepted in principle there would be a lot of important points to be covered in negotiations before an agreement could be reached; in particular our knowledge of the legal position is limited. A short Bill would then need to be presented to Parliament, probably next Session, to establish the new UK foundation and to provide cover for committing funds to the payment of



compensation, and the provision of a gallery and its running costs.

5. The Minister for the Arts and I have discussed what proposal might be put to the Trustees, and this has been discussed in a small Group under the Prime Minister. A realistic offer would have to include a sum of about £120 million as compensation for the beneficiaries and the provision of a gallery, which it is currently estimated would cost £38 million, in addition to the site costs. It is also estimated that the running costs of the gallery might be £4 million on top of the yield of admission charges and other contributions. The arrangements should be such as to encourage as much private financing as possible, in addition to the very large private subvention represented by the pictures themselves and the contribution that may be expected from the developers. Such arrangements however are unlikely greatly to diminish the sums mentioned above. The Minister for the Arts has said that they could not be provided from existing provision for the Arts Budget. In the view of the Chancellor of the Exchequer and the Chief Secretary the cost will need to be taken into account in the next Public Expenditure Survey when considering provision for other arts expenditure beyond the 3-year programme agreed in the last Survey.



6. Two sites have been identified which, on the basis of preliminary discussions with the Baron, might be acceptable. One is in Canary Wharf, London, and the other in an inner city site in Birmingham. The Canary Wharf site would be made available free of charge by the developers of Canary Wharf who would also consider a contribution to the costs of the building and in Birmingham the site would be provided by the City Council.

7. The draft of a proposal to the Trustees is set out in the attached papers. The Trustees would wish to consider it in confidence but it is bound to become known, whether or not it is successful. It will be controversial, not least with other arts interests which would argue that, if funds of this order could be made available, they should be provided to improve the care and display of existing collections or to meet other existing arts needs in this country. But this is a unique opportunity to acquire permanently for this country a magnificent Art Collection at a fraction of its value; we ought not to miss the chance.

8. The Cabinet is invited to agree that a proposal on the lines of the paper attached to this memorandum should be submitted to Baron Thyssen and the Thyssen Trustees for consideration at their forthcoming meeting.



DRAFT COVERING LETTER TO BARON THYSSEN

Her Majesty's Government understands that the Trustees of the Thyssen-Bornemisza Collection are considering the long-term future of the Collection.

Her Majesty's Government wishes to take this opportunity to propose arrangements for providing a permanent home for this pre-eminent Collection in the United Kingdom. To do so it believes would be for the benefit not only of the British people but also of the many visitors to our country. If the Trustees were to decide, with your own approval, that this magnificent Collection should be located in the United Kingdom such a decision would be warmly welcomed by Her Majesty's Government.

Of course, the decision cannot be that of Her Majesty's Government alone. An acquisition as important as this must be sanctioned by Parliament. Her Majesty's Government would be willing to seek approval from Parliament to the acquisition if arrangements to the satisfaction of both the Trustees and Her Majesty's Government can be agreed in principle. I have been authorised to say that, to achieve such agreement, Her Majesty's Government would welcome the



opportunity to discuss with the Trustees arrangements on the lines set out in the note enclosed with this letter.

Her Majesty's Government, and Parliament before it sanctioned the acquisition, would need to be satisfied of various important matters included in the note and its annexes. It would of course be especially important to be clear, before Her Majesty's Government approached Parliament, that no dispute could foreseeably arise over the power of the Trustees to pass an absolute and unencumbered title in the pictures to the new Foundation in the United Kingdom. I feel sure that you and the Trustees would give our representatives the assistance they will require to confirm this and other points.

Because of the pre-eminent position of the Collection Her Majesty's Government would intend not only to seek the sanction of Parliament to its acquisition but would also ask Parliament to provide, through legislation, for the establishment of the new Foundation in the United Kingdom which would own and control the pictures. It is considered that the status conferred on the Foundation by such statutory authority would be commensurate with the importance of the Collection and would best achieve the arrangements for the Foundation which Her Majesty's Government believes will be thought desirable by yourself as well as by Parliament.



Her Majesty's Government would hope that the Trustees would decide in principle before the end of July whether they wish to pursue this proposal.

Her Majesty's Government recognise and admire the generosity and munificence involved in the suggestion which originated with yourself and to which its own proposals relate and it warmly hopes that you and the Trustees will give them favourable consideration.

I am sending a copy of this letter to Mr Paul Coleridge as chairman of the Trustees.



CONFIDENTIAL

**THE THYSSEN-BORNEMISZA COLLECTION**

Her Majesty's Government is interested in negotiating arrangements under which the Thyssen-Bornemisza Collection could be given a permanent home in the United Kingdom. This note sets out the Government's view on the form that such arrangements should take.

2. HMG understands that the Collection, which is owned by the Thyssen-Bornemisza Art Collections Trust, at present comprises 1365 pictures as follows:

	A	B+	B-	C	Totals
Old Masters	127	218	127	56	528
Modern Masters	100	278	316	143	837
<hr/>					
	227	496	443	199	1365

3. The main features of the arrangement would be:

(a) All the 227 A pictures, at present on loan to the Thyssen Foundation in Lugano, should be made over in perpetuity to a new Foundation, to be set up as soon as possible in the UK for the specific purpose of owning, caring for and exhibiting the Collection to the public. Further proposals for the constitution and powers of the new Trust are at Annex A.

(b) The best of the 'B' pictures (about 500) would also be made over to the new Foundation, together with such other pictures from the Collection as may be mutually agreed.



(c) HMG would be prepared to ask Parliament to grant up to a maximum of £120m which it would pay to the Trustees in compensation for the rights surrendered in (a) and (b).

(d) Subject to any necessary Parliamentary approval, HMG would ensure the provision of a Gallery on a site to be agreed with Baron Thyssen, constructed and fitted out in such a way that the Collection can be cared for and exhibited at a high standard and be accessible to the public. Further proposals for the site, reflecting preliminary discussions with Baron Thyssen, are at Annex B. HMG would expect the construction cost of such a Gallery to be around £38m, excluding site costs.

(e) The Gallery should be named "The Thyssen Gallery". In addition to the storage and exhibition of the pictures, it should make provision for conservation, and have other facilities, eg for education and scholarship, appropriate to a major public gallery.

(f) HMG would seek Parliamentary approval to make a contribution of up to £4m towards the maintenance and running costs of the Gallery; the Foundation would be responsible for raising any additional sums that were necessary for these purposes, eg by charging for admission.

4. The next step should be the holding of negotiations between HMG and the Thyssen interests in order to arrive at a detailed and binding agreement. While these negotiations are in progress, no other negotiations would take place between the Thyssen interests and any other Government or interested party over the future of the Collection; and no new loans of pictures from the Collection would be made without full consultation with HMG. As part of the negotiations, steps should be taken to assure HMG that the present Trustees are in a position to pass an



absolute and unencumbered title in the pictures to the new Foundation.

5. It is proposed that the agreement to be negotiated should take a form in which:

(i) the first step would be to set up the new Foundation, appoint its Trustees and enable it to employ a Director and such other staff as are needed to carry out preliminary work;

(ii) decisions would then be taken about which B and (if any) C pictures would be acquired by the new Foundation;

(iii) appropriate arrangements would be made for the vesting of the pictures in the new Foundation and for their physical delivery to its Trustees; and for the timing of payments by HMG under paragraph 3(c) above in relation to the timing of delivery;

(iv) prior to the taking of decisions on acquisition by the new Foundation, facilities for inspecting and verifying the authenticity, condition, title and deliverability of the pictures concerned would be extended to experts nominated by HMG for this purpose;

(v) the Trustees of the new Foundation would be responsible for obtaining the necessary planning consents, drawing up the brief for the new building and ensuring its construction within cost limits laid down by HMG.



**THE THYSSEN FOUNDATION IN THE UNITED KINGDOM**

1. The Collection and the Gallery would be vested in an independent body of Trustees set up by legislation or otherwise under English law.
2. Baron Thyssen would be the first Chairman for as long as he wishes to serve, with the right to nominate his own successor subject to the consent of HMG. Thereafter the Trustees would elect their own Chairman, again subject to the consent of HMG.
3. In addition to the Chairman, there should be 12 Trustees, 5 appointed by the Thyssen interests and 7 by HMG. All Trustees (with the exception of Baron Thyssen as first Chairman) to serve for a period of 5 years, capable of renewal. An appropriate definition of the Thyssen interests would be needed for incorporation in the founding legislation or other instrument.
4. The Trustees should be equipped with the necessary powers to
  - (a) appoint and employ a Director and staff;
  - (b) care for, preserve and add to the objects in their Collection;
  - (c) exhibit the objects to the public and provide access to them for the purposes of study and research;
  - (d) generally promote enjoyment and understanding of the fine arts.



(e) carry out all the managerial and administrative functions required for the fulfilment of the above objects.

5. Since the "A" and the best "B" pictures are to be transferred under a condition of perpetuity, the Trustees would not have powers to dispose of them. They would however be empowered to dispose of other items in the Collection, subject to the approval of HMG. The proceeds of any such disposal may be applied by the Trustees to the purposes of the Gallery as they see fit.

6. The Trustees would obtain the consent of HMG before disposing of any land or buildings.

7. The Trustees may loan items from the Collection for exhibition elsewhere in the UK or abroad, subject to suitable arrangements for ensuring that a high proportion of the "A" pictures is always on exhibition in the UK.

8. The Trustees would appoint a Director of the Gallery with the consent of HMG. They may also appoint other employees.

9. Within the limits of their annual income, the Trustees would be free to pay to their employees such remuneration and allowances and to appoint them on such other terms and conditions as the Trustees may determine. The salary of the Director would be subject to approval by HMG.

10. There would be an appropriate requirement for the minimum number of days in the year on which the Gallery would be open to the public.

11. The Trustees would appoint their own professionally qualified auditors. The Comptroller and Auditor General would have access to their books and records.



**CANARY WHARF: LONDON DOCKLANDS**

Canary Wharf, which lies alongside the River Thames immediately to the east of the city of London, is to be developed to provide a new business district. It will include 12.5 million sq ft of office and retail accommodation and hotel and leisure facilities and will be the world's largest single development.

Two sites (1 and 2 on the enclosed plans) could be made available for the gallery. The first site lies on the proposed West Ferry Circus, on axis with the main approach to Canary Wharf, and enjoys views up river to the City. The second site lies on the waterfront to the south of West Ferry Circus. An indication of the proposed development of Canary Wharf is shown in the enclosed drawings.

The site will be served by the Docklands Light Railway which will provide access to Bank Station and the underground network and London City Airport which lies 2 miles to the east. The Docklands Highway, now under construction, will connect Dockland to Britain's motorway system. The proposed east London River crossing will connect to the A2 and, by 1993, the Channel Tunnel will complete motorway and rail links with Europe. Parking for 6,500 cars will be available within Canary Wharf. The new Thames Line Riverbus will link Canary Wharf with stations on the river from Chelsea to Greenwich. More than 20 million people live within one hour's travel time.

The construction of a gallery could be timed to coincide with the completion of the development of Canary Wharf in 1992.



## CENTENARY SQUARE: BIRMINGHAM

Birmingham is the second largest city in England with a population of more than 1 million. A site could be made available for the gallery in the city centre on the north side of Centenary Square. Major redevelopment of the square, now in progress, includes construction of an international convention centre, concert hall and hotel. Adjoining the square are the Central Television headquarters and Europe's largest municipal library. The site is illustrated in the drawings and photographs enclosed.

The site is close to the Birmingham inner ring road which links to the Aston Expressway and the M6 motorway. Parking will be available close to the square for 4,000 cars. New Street Station, which provides a direct rail link with London and other cities, is within 1 kilometre ( $\frac{1}{2}$  mile). Birmingham International airport can be reached in 15 minutes. 7 Million people live within one hour's travel by road.

The convention centre is expected to be completed by 1991 and the construction of the gallery could follow on to complete the development of the square.





A handwritten signature in dark ink, appearing to be 'M P Wallace'.

FROM: MISS M P WALLACE

DATE: 16 May 1988

MR T J BURR

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mrs Case  
Mr Hawtin  
Mr Turnbull  
Mr Gieve  
Mr S Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

**THYSSEN COLLECTION**

The Chancellor was grateful for your minute of 13 May. He has no further comments on the revised Cabinet paper.

A handwritten signature in dark ink, appearing to be 'Moira Wallace'.

MOIRA WALLACE



19/5/88.

NOTE FOR RECORD

SECOND SEC'S OFFICE (PUBLIC AFFAIRS)	
ACTION	MR BURR
COPIES TO	PPS PS/CST SIR P MIDDLETON MR PHILLIPS

CC PS/Sir Terence Heiser  
 Sir John Bailey  
 Mr Anson  
 Mr Wilding  
 Mr Gray

MRS CASE  
 MR SN WOOD

Thyssen Collection

Sir Robin Butler held a meeting this afternoon to discuss the action arising out of the decision by the Cabinet this morning to make a proposal to the Trustees of the Thyssen-Bornemisza Collection. Present were Mr Jefferson, Mr Turner (DOE), Mrs Dayer (Treasury Solicitor's Department), Mr Burr (Treasury), Mr Wilding and Mr Stone (Office of Arts and Libraries).

The Proposal

2. The proposal would be produced in a bound form and incorporating a letter dated today over the signatures of the Secretary of State for the Environment and the Minister for the Arts. Its title would include the description: "A Proposal by Her Britannic Majesty's Government". The Prime Minister's initial reaction that morning was that although the delivery of the proposal to the Baron should be low key, the use of a Queen's Messenger might err on the side of discourtesy. The Prime Minister would be speaking to Sir Peter Smithers to seek his advice on this point. The Prime Minister was keen that the proposal should be delivered as soon as possible (perhaps over the weekend) and if it could be done in good order, it should be with Sir Robin by the following afternoon for him to pass the same day to the Prime Minister for approval.



### The Negotiating Team

3. It was known that Mr Robert Alexander QC was willing to assist in the negotiations, and the Prime Minister had that morning endorsed the suggestion that he should head the delegation negotiating on behalf of Her Majesty's Government. It was important that he should be formally retained for this task and so act for and take instructions from the Government. Mr Wilding would speak to Mr Alexander that evening. The team should also include a member of the Treasury Solicitor's Department and representatives at Grade 7 level from each of the Office of Arts and Libraries and Department of the Environment, who would be expected to be able to speak with the authority of their Ministers. If possible the composition of the team should be agreed in principle in time for Sir Robin's report to the Prime Minister that weekend.

### Publicity

4. The Prime Minister had indicated that publicity should be kept to a minimum. But it was only a matter of time before an Arts Correspondent raised questions on the subject and it was necessary therefore to have a defensive line ready. This would take the general form that it was known that the Trustees sought proposals for the future of the Collection and in this connection the Government had put forward some ideas. But that these had to remain confidential while they were discussed. This line was defensible on the grounds that this accorded with the Baron's wishes; that other proposals had run into trouble from premature publicity; and that any proposals were subject to Parliamentary approval. Approaches about both the costs and possible locations could be answered on the same basis. Mr Wilding would let Sir Robin have a suitable formulation for him to include in his note to the Prime Minister.



Negotiations with Developers

5. It was agreed that the Department of the Environment, without prejudicing the final choice of the site, would seek to get firmer proposals from Mr Reichman for housing the collection in a site at Canary Wharf, since the terms were likely to be more favourable while uncertainty about the preferences of the Trustees remained.

P.C.B.

PAUL CUTHBERT-BROWN

19 May 1988





10 DOWNING STREET  
LONDON SW1A 2AA

CH/EXCHEQUER	
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*Don't like it  
some  
this*

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

Sir Peter Smithers telephoned the Prime Minister this evening to report Baron von Thyssen's first reaction to the proposals which you presented to him yesterday in Lugano.

Mr. Hanks-Drielsma had seen the Baron again today and found him very impressed with the substance and presentation of our offer. No one else had produced anything remotely as attractive. His strong preference was for the Canary Wharf site. The Baron had raised two or three points, all of which were negotiable. His only anxiety was how to extricate himself from the agreements which he had already signed. In Sir Peter Smithers' view that should be no problem: the Trustees would sort it out for him. The Baroness' views were still an unknown quantity: her dog had died yesterday (not so far as I can establish as a direct result of your visit) and she was in consequence distraught and had not studied the proposals. Sir Peter Smithers said that he had taken on himself to produce a précis of them for her.

The Baron was keen for his son to have a copy of the proposals when they met in Holland on 24 May and Mr. Hanks-Drielsma was arranging that. The Baron was pleased with the appointment of Robert Alexander QC to handle the negotiations. He knew him well. Sir Peter Smithers concluded that in his view the matter was as good as settled in our favour.

The Prime Minister said that this was excellent news although we could not count our chickens. The opposition would certainly fight back. Our best course was to keep quiet and adopt a low profile. If we secured the Collection it would be a great tribute to Sir Peter's determination.

I am copying this minute to the Private Secretaries to the Secretary of State for the Environment, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Attorney General and the Minister for the Arts.

(C. D. POWELL)  
22 May 1988



23/5/88.

Ref. AO88/1584

PRIME MINISTER

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I agree. You know  
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The Thyssen Collection

I travelled to Lugano on Saturday with Mr Hanks-Drielsma and delivered the Government's proposal to Baron Thyssen. We were genially received and the form of the proposal and your letter gave the Baron pleasure. I judge that this stage of the operation went well and subsequent events described later in this minute point the same way.

2. Mr Hanks-Drielsma and I were invited to lunch with the Baron and Baroness but we had to miss this because our flight was delayed by 1½ hours as a result of industrial action by air traffic controllers in France. We arrived at about 2.20 pm having been driven from Milan by Sir Peter Smithers.

3. We were shown the gallery while the Baron and Baroness finished lunch; and the Baron then joined us. I explained that I came as Secretary of the Cabinet and that the Cabinet had approved the proposal on Thursday. The Baron first read your letter, commenting that a manuscript letter of this type must be a rare document, and was clearly impressed by the presentation of the proposal. He then read quickly through the proposal with us. I explained that the proposal was a detailed one because the Government had wanted to make quite clear the terms of its proposal, to which it had given much thought, and I also explained that we were proposing to ensure the permanence of the arrangements by enshrining them into a Law passed by Parliament: the Baron appeared favourably impressed by this. I finally said that we had so far managed to handle the matter in strict confidence and would try to go on doing so: if we received



enquiries from the press we proposed to say that we had naturally expressed an interest in Britain's providing a permanent home for the Collection in view of its unique quality, but that we were just one of a number of countries which had done so. I further said to the Baron that, having considered what proposal we would be able to make for a long-term solution for the Collection, we were now placing it in the hands of himself and the Trustees and would leave it to them to reach their decision.

4. Baron Thyssen said that he was fully content with the way we were handling it and agreed with the line we should take if there were press inquiries. He explained a little about the nature of the Trust and the distinction between the 'A' pictures and the rest; he said that his son was well disposed to the 10 year loan to Spain, because he thought that the pictures would appreciate further during this time, but he himself thought that this would apply more to the 'A' pictures than to the ones in which the heirs have an interest. He was about to go to Spain for discussions about responsibility for choosing an architect for adapting their gallery: he said that he did not want to be bothered with such things but would stipulate an architect if that were necessary. He said that the timing of our proposal was very helpful since it could be considered at the forthcoming meetings of the Foundation and the Trust. He asked me to make sure that a copy went to Mr Coleridge.

5. Then, at Mr Hanks-Drielsma's suggestion, he took me upstairs to his personal apartments to show me the pictures there. I said that I had picked up a catalogue of the Lugano Exhibition to take back to you, and the Baron then produced a copy of the London catalogue in which he inscribed a message to you. I am sending this through separately.



6. The Baroness did not put in an appearance, although the Baron was clearly expecting her to do so. He spoke to her on the internal telephone and excused her on the grounds that she was upset because her favourite dog was ill. Mr Hanks-Drielsma and I then took our leave and Mr Hanks-Drielsma, who clearly has an easy relationship with the Baron, arranged to see him the next day.

7. Mr Hanks-Drielsma has this morning reported to me on his further conversation with the Baron. He said that our proposal had been received very well indeed and was regarded as far better than anything received from any other Government including the Spanish. The Baron had asked Mr Hanks-Drielsma whether he thought that the pictures could be loaned to the Spanish for a period before the British proposition came into effect and Mr Hanks-Drielsma had told him that frankly he believed that this would not be possible. Once the pictures had gone to Spain the British Government could have no confidence that they would ever be released: it was one or the other.

8. The Baron had some detailed comments on the proposal, which he had obviously gone through with great care. He said that he had long wondered whether it would be better for the pictures to go somewhere like Birmingham where they would be the dominant Collection but that, if it were a choice between Birmingham and the Docklands site, he was bound to choose Docklands; and he liked enormously the site in Docklands overlooking the river (Site 2). He had agreed that the 'A' and the overwhelming majority of the 'B+' pictures should be made over to the new Foundation but had questioned whether the 'B-' and 'C' pictures should be provided. (Our proposition talks of "the best of the 'B' pictures (about 500) together with such other pictures from the Collection as may be mutually agreed"). He wanted the name of the gallery to be 'The Thyssen-Bornemisza Collection Gallery'. He was impressed by the figure of £4 million for HMG's recurrent contribution to the maintenance and running



costs of the gallery, but assumed that this would be dynamised as the value of money changed. On the unencumbered title to the pictures, he commented that one of the heirs was a minor whose mother had not agreed to anything on his behalf; but he had no doubt that this was a problem which the lawyers could sort out. On the Trustees, he preferred an arrangement by which equal numbers were appointed by both sides with himself as Chairman having a casting vote but HMG having a veto over the matters on which they needed protection. On para 5 of Annex A, the Baron had commented that while the 'A' pictures must be kept together in perpetuity, he thought that the Trustees might be given powers to dispose of 'B' pictures if they wished to use the proceeds to acquire other pictures. On paras 8 and 9 of Annex A, he was worried about the controls over the Trustees in appointing the Director of the gallery and in approving his salary.

9. The Baron had asked for a copy of the proposal to be taken to his eldest son whom he is meeting in the Netherlands tomorrow and I have arranged this through Mr Hanks-Drielsma. Two copies have also been given to Mr Coleridge, the Chairman of the Trustees. Both the Baron and Mr Coleridge have warmly welcomed the prospect of handling the legal aspects with Mr Robert Alexander whom they both know very well. Mr Coleridge has confirmed that, while there will be points to discuss, the Trustees do not intend to haggle. Both the Baron and Mr Coleridge appear to think it reasonable that we should have a firm answer by the end of July and, if that answer is given in our favour, there should then be no negotiations with other parties.

10. This adds up to a picture which Mr Hanks-Drielsma interprets as the Baron having accepted that our proposal provides what he wants for the long term future of his Collection and the Baron's main preoccupation now is to extricate himself with honour from the Memorandum of



Understanding he has signed with the Spanish Government. That may be too optimistic. But the initial reception to the proposal has clearly been very favourable indeed and the Baron is commenting on detailed points in a way which suggests that he regards it as a serious prospect.

11. The Minister for the Arts is seeing Mr Alexander tomorrow evening and Mr Alexander will be given a copy of the proposal. Informal discussions between him and Mr Coleridge can then start as soon as convenient for both of them.

12. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Minister for the Arts and the Attorney General.

R.B.

ROBIN BUTLER

23 MAY 1988



CONFIDENTIAL



Handwritten initials "MP" in black ink.

FROM: MISS M P WALLACE

DATE: 25 MAY 1988

PS/CHIEF SECRETARY

cc Sir P Middleton  
Mr Anson  
Mr Phillips  
Mrs Case  
Mr Burr  
Mr S N Wood

**THE THYSSEN COLLECTION**

The Chancellor has seen Sir R Butler's minute to the Prime Minister reporting on his visit to the Baron in Lugano.

2. He has commented that there are a number of worrying aspects to this. First, the Baron is clearly still pursuing his negotiations with the Spanish, at least as far as the choice of an architect for their gallery is concerned (paragraph 4). Secondly, the Baron's preferred 50/50 split of the Trustees, with himself as chairman, is not acceptable. Thirdly, the £4 million "recurrent contribution" mentioned in paragraph 8 should come from the private sector, not the Government.

Handwritten signature of Moira Wallace in black ink.

MOIRA WALLACE





10 DOWNING STREET

CH/EXCHEQUE	
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*From the Principal Private Secretary*

SIR ROBIN BUTLER

I should be grateful if you could provide advice on, and a draft for the Prime Minister to send to, the letter attached from Baron H.H. Thyssen-Bornemisza regarding his collection of pictures. I know that the Prime Minister would like to send a reply quickly.

I am sending a copy of this letter to Tony Galsworthy (Foreign and Commonwealth Office), Alex Allan (H M Treasury), Roger Bright (Department of the Environment) and to Eleanor Goodison (Office of the Minister for the Arts).

N. L. WICKS

2 June 1988

CONFIDENTIAL



H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA - TEL 51 66 21

May 30th, 1988.

The Rt. Hon. Margaret Thatcher  
Prime Minister  
10, Downing Street

GB - London SW1

*Dear Prime Minister,*

*see note at top*

Thank you very much for sending me with the Secretary of the Cabinet the most impressive proposal of the British Government. I realize that a lot of thoughts and very quick work was needed to put together a long-term solution of our collection. I discussed it with my eldest son George Henry and my wife and we came to the conclusion that for the time being we cannot unilaterally break the agreement we signed with the Spanish Government on the 7th of April this year, which the Ministry of Culture reconfirmed and according to which a loan of 600 to 700 pictures will be arranged for ten years to a joint foundation, after the Villa Hermosa in Madrid has been modified into a modern Museum. This will hopefully be completed within two years and will bring the whole question to the year 2000. I will keep everything very confidential and will inform you immediately if there is any development which might change the existing spirit of the Spanish Government.

I am very sorry not to be able to convey to you better news, but I hope to intensify the cultural exchange with the British Government, in which I have a very great confidence, and England, which I like as a country in every respect.

My wife and I are sending you our best regards,

*yours very sincerely*

*Hans Bornemisza*

H.H. Thyssen-Bornemisza



FROM: MRS A F CASE  
DATE: 3 June 1988

CHANCELLOR

cc Chief Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mr Edwards  
Mr Turnbull  
Mr Farthing  
Mr S Kelly

*Notes:*

THE THYSSEN COLLECTION

Baron Thyssen has now responded to the UK proposal which was delivered to him on 21 May. His response is not encouraging. He seems to have been influenced by his wife and son in favour of continuing with the Spanish negotiations.

(who by) 2. However, at a meeting held by Sir Robin Butler last night, the view was taken that the letters, in particular that addressed to Sir Robin himself - copy below - which talks in terms of "no better news for the time being" do not close the door entirely. It was therefore agreed that we should continue to look to the Trustees to consider our proposal at their meeting at the beginning of July and to look for a formal reply by the end of that month. Robert Alexander was not hopeful that the Trustees of the discretionary Trust would take a different view from the settlers of that Trust. Success therefore seems to depend on the Spanish negotiations, which are said to be difficult, coming unstuck and the Baron then moving in our favour.

3. Sir Robin Butler will be reporting this to the Prime Minister and other Ministers advising her to send a sympathetic holding reply to the Baron. Consideration is also being given to the best way of continuing to bring gentle influence to bear on the Baron. Assuming Ministers are content with this course (Mr Luce is said to be so) there is no further action to be taken until the Trustees meet.

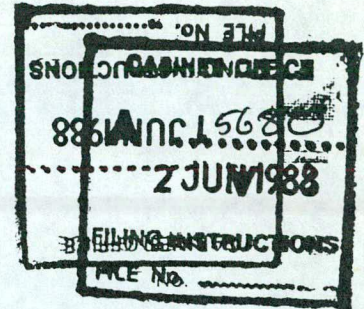
MRS A F CASE



H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA - TEL 51 66 21  
May 30th, 1988.

Sir Robin Butler KCB, CVO  
Secretary of the Cabinet and  
Head of the Home Civil Service  
Secretariat  
70 Whitehall  
GB - London SW1A 2 AS



*Dear Sir,*

thank you so much for your short visit on 21st of May last, when you delivered me the proposal of Her British Majesty's Government.

It was carefully studied by my eldest son George Henry and my wife. We came though to the conclusion that the letter of intent signed between the Spanish Government and myself on the 7th of April this year commits me for the next 12 year (including refurbishment of the Villa Hermosa) to lend about 700 pictures to Spain.

I am sorry not to be able to give you better news for your long-term solution, for the time being. I will keep the proposal strictly confidential. I have written to His Royal Highness Prince Charles, to the Prime Minister and to the Minister for the Arts and the Secretary of State for the Environment accordingly.

Thanking you for the enormous efforts made to put the proposal together in such a short time, I am sending you my best regards,

*Henry Bornemisza*

H.H. Thyssen-Bornemisza

c. Mr Stoane (OAL)  
Mr Jefferson (DOE)  
Mr Anson (Treasury)  
Mrs Care (Treasury)  
Mr Collins (T Sol)



H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA - TEL 51 66 21

May 30th, 1988.

The Rt. Hon. Richard Luce, MP ✓  
Minister for the Arts

The Rt. Hon. Nicholas Ridley, MP  
Secretary of State for the Environment

70 Whitehall  
GB - London SW1A 2 AS

*Dear Sirs,*

First of all I wish to thank you for the speedy and very clear proposal of Her Majesty's Government of the 19th of May of this year. I discussed it with my eldest son George Henry and my wife, who studied the contract very carefully. We came though to the conclusion that we cannot unilaterally break the letter of intent signed with the Spanish Government on April 7th this year. In this contract the Villa Hermosa in Madrid will be modified into a modern Museum within two years and lent 600 to 700 pictures from our collection for ten years, which takes us to the year 2000.

I am sorry that I cannot give you a more positive answer on the long-term solution, but I do hope that we can exchange exhibitions between English institutions with Lugano and/or Madrid.

*with our best regards, Yours sincerely*

*Hans Thyssen-Bornemisza*

H.H. Thyssen-Bornemisza

OFFICE OF ARTS AND HERITAGES
ACTION: <i>Mr Stone</i>
BY:
FOR INFORMATION:
<i>Mr Wilding (OR)</i>
<i>Miss Morrison (OR)</i>
<i>Mrs Stokes</i>

JUN 0 1988
PRIVY COUNCIL OF U.K.
C.4507.....
-2 JUN 1988
FILING INSTRUCTION



*pnp*

Ref. A088/1688

MR WICKS

*To avoid ambiguity, 3/6  
Mr. Douglass  
passed on  
to Mr Gray  
man.*

CH/EXCHEQUER	
REC.	03 JUN 1988
ACTION	CST
CLAS	
NO	

The Thyssen-Bornemisza Collection

*3/6/88*

Thank you for your minute of 2 June attaching Baron Thyssen's letter of 30 May to the Prime Minister. I am attaching to this minute copies of the similar letters received by the Secretary of State for the Environment, the Minister for the Arts and myself.

2. Following receipt of these letters I have had discussions with Sir Peter Smithers on the telephone and with Mr Robert Alexander and Mr Hanks-Drielsma.

3. Sir Peter Smithers attaches significance to the fact that the Baron's letter does not say that he and his family prefer the Spanish solution. The letter to the Prime Minister says that they feel that "for the time being we cannot unilaterally break the agreement we signed with the Spanish Government". Sir Peter Smithers believes that the Trustees will nevertheless consider the British proposal at the meeting in early July, and Mr Hanks-Drielsma has confirmed in a telephone conversation with Mr Coleridge, the Chairman of the Trustees, that this is his intention. Sir Peter Smithers believes that the Baron's letter has been greatly influenced by his son, who is mentioned in the letter, since it reflects what is believed to be the son's views, namely that the Spanish proposal is unsatisfactory but that the family's honour is bound up in not breaking it unilaterally.

4. In the light of this, my advice, with which Mr Alexander, Sir Peter Smithers and Mr Hanks-Drielsma agree, is that our objective should now be that the offer is considered by the



Trustees in July, and that we should maintain the deadline of the end of July for a decision on whether to pursue it. Much will depend on the progress of the discussions with Spain and Mr Coleridge's information on the talks which the Baron attended 10 days ago is that they did not proceed satisfactorily.

5. In the light of this, I recommend that the Prime Minister replies to the Baron's letter in the attached terms.

6. Baron Thyssen has been invited by the Trustees of the National Gallery to attend a dinner on 23 June in London to celebrate Mr Walter Annenberg's 80th Birthday. It could be advantageous to arrange a lunch with him when he is over to see if there are any further points which could be profitably pursued with him before the meeting of the Trust. It is important that such an occasion does not give him the impression that the British Government is seeking to put pressure on him. Mr Alexander is seeking advice from Sir Jacob Rothschild on how might be the best way of using this opportunity, if it arises.

7. I am copying this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B.

ROBIN BUTLER

3 June 1988



CONFIDENTIAL

DRAFT OF 3 JUNE 1988

DRAFT LETTER FROM THE PRIME MINISTER TO BARON  
THYSSEN-BORNEMISZA

Thank you for your letter of 30 May. I am very grateful to you for informing me of the progress of your discussions about the future of the Thyssen-Bornemisza Collection.

I am glad that you found our proposal helpful. My colleagues and I readily understand your position in relation to the memorandum of understanding which you have signed with the Spanish Government. The proposal which the British Government has made to you and the Trustees for the future of the Collection remains available and we look forward to hearing the outcome of the Trustees' discussion in July about whether you and the Trustees wish to ~~pursue~~<sup>accept</sup> our proposal. We will leave the matter in the hands of yourself and the Trustees, but if there is any further information or help which we can give in the meantime, please do not hesitate to let me know.

X

CONFIDENTIAL

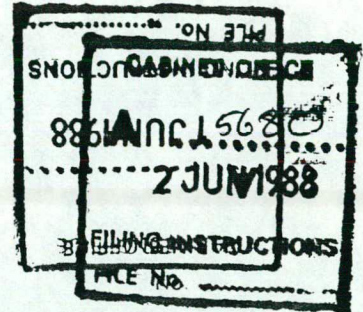
FRBAGQ



H. H. THYSSEN-BORNEMISZA

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VILLA FAVORITA - TEL 51 66 21  
May 30th, 1988.

Sir Robin Butler KCB, CVO  
Secretary of the Cabinet and  
Head of the Home Civil Service  
Secretariat  
70 Whitehall  
GB - London SW1A 2 AS



*Dear Sir,*

thank you so much for your short visit on 21st of May last, when you delivered me the proposal of Her British Majesty's Government.

It was carefully studied by my eldest son George Henry and my wife. We came though to the conclusion that the letter of intent signed between the Spanish Government and myself on the 7th of April this year commits me for the next 12 year (including refurbishment of the Villa Hermosa) to lend about 700 pictures to Spain.

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Thanking you for the enormous efforts made to put the proposal together in such a short time, I am sending you my best regards,

*Henry Bornemisza*

H.H. Thyssen-Bornemisza

c. Mr ~~Stoane~~ (OAL)  
Mr Jefferson (DOE)  
Mr Anson (Treasury)  
Mrs Care (Treasury)  
Mr Collins (T Sol)



H. H. THYSSEN-BORNEMISZA

6976 CASTAGNOLA (SCHWEIZ)  
VILLA FAVORITA - TEL 51 66 21

May 30th, 1988.

The Rt. Hon. Richard Luce, MP ✓  
Minister for the Arts

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Secretary of State for the Environment

70 Whitehall  
GB - London SW1A 2 AS

*Dear Sirs,*

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I am sorry that I cannot give you a more positive answer on the long-term solution, but I do hope that we can exchange exhibitions between English institutions with Lugano and/or Madrid.

*With our best regards, Yours sincerely*

*Hans G. Bornemisza*

H. H. Thyssen-Bornemisza

OFFICE OF ARTS AND HERITAGES
ACTION <i>Mr Stone</i>
BY
FOR INFORMATION:
<i>Mr Wilding (OR)</i>
<i>Miss Morrison (OR)</i>
<i>Mrs Stokes</i>

SECRETARY OF STATE PRIVY COUNCIL OF GREAT BRITAIN
<i>C.4507</i>
-2 JUN 1988
FILING INSTRUCTIONS





Sorry, an reflection  
I want to change the  
minute. Can I have  
a clear  
copy pl.  
[Sorry!]

FROM: MISS M P WALLACE

DATE: 6 June 1988

MRS A F CASE

- cc PS/Chief Secretary
- Sir P Middleton
- Mr Anson
- Mr Phillips
- Mr Edwards
- Mr Turnbull
- Mr Farthing
- Mr S Kelly

M.

THE THYSSEN COLLECTION

The Chancellor has noted and was grateful for your minute of 3 June. ~~He has also seen Sir Robin Butler's minute of 3 June to Mr Wicks and had one small drafting suggestion.~~

MOIRA WALLACE

~~not to send  
yet - but can  
I have back the  
sep (with his scribble)  
of FERB -> Wicks 3/6~~





*MP*

FROM: MISS M P WALLACE

DATE: 6 June 1988

MRS A F CASE

cc PS/Chief Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mr Edwards  
Mr Turnbull  
Mr Farthing  
Mr S Kelly

**THE THYSSEN COLLECTION**

The Chancellor has noted and was grateful for your minute of 3 June.

*Mpw.*

MOIRA WALLACE





*Handwritten signature/initials*

10 DOWNING STREET

THE PRIME MINISTER

CH/EXCHEQUER	
REC.	07 JUN 1988
ACTION	CST
COPIES TO	

6 June 1988

*Dear Baron Thyssen-Bornemisza,*

Thank you for your letter of 30 May. I am very grateful to you for letting me know your thoughts and your discussions about the future of the Thyssen-Bornemisza Collection.

I am glad that you found our proposal helpful. I readily understand your position in relation to the memorandum of understanding which you have signed with the Spanish Government.

The proposal which the British Government has made to you and the Trustees for the future of the Collection is so fundamental that I feel it should remain available for the time we indicated in the documents themselves. I understand that you will be having a meeting with your Trustees in July and we will await the outcome. In the meantime, if there is any further information or help we can give, please do not hesitate to let me know.

*The collection is so beautiful and must mean so much to your family that I realise full well the difficulties of reaching a final decision.*

*Kind regards,*

*Yours sincerely*

*Margaret Thatcher*

Baron H. H. Thyssen-Bornemisza





Ch

N Wickes represented to me that this would not be good occasion to rediscover Toy objections. PM v attached to it; no objections raised @ earlier meetings; etc.

AA



Ref. A088/1796

MR WICKS

CH/EXCHEQUER	
REC.	14 JUN 1988 ✓ 14/16
ACTION	CST
COPIES TO	

MP

13/6/88.

Thyssen: The Times Story

The lead story in The Times about the United Kingdom's proposal for the future of the Thyssen pictures came from the Baron's reception and dinner in Lugano on Saturday evening to mark the opening of an exhibition of Russian art. I have had an account of how it came about from Mr Hanks-Drielsma, who was present.

2. There was a substantial amount of talk about the United Kingdom's offer at the reception and the dinner at which a correspondent of The Times was present. At the dinner the Baron in his speech mentioned the United Kingdom among other countries with whom he had had discussions. The Baron introduced Mr Hanks-Drielsma to the leading member of the local canton, in front of The Times correspondent, saying that Mr Hanks-Drielsma was the protagonist for locating the Collection in London. The Baron's Public Relations Officer told Mr Hanks-Drielsma, again in front of the correspondent of The Times, that she was beginning to receive press inquiries - she in particular mentioned "The Independent" - about the proposal from the British Government. Later in the evening the Baron showed the Prime Minister's personal letter to a number of his guests. Judging that the correspondent from The Times had enough to write a story, Sir Peter Smithers and Mr Hanks-Drielsma decided late on Saturday night that they would brief him on the correct story, and they left a message at his hotel asking him to call on Sir Peter Smithers on Sunday morning. The story in the Times is undoubtedly the result of their briefing.



3. If the story was to break there appears to be some advantages in the way it has happened. It demonstrably came from Lugano rather than from London. The way in which the correspondent of The Times has presented the story, as a result of the briefing from Sir Peter Swithers, is positive and helpful. The details of the British proposal have not been supplied.

4. Given this, it appears that we can follow a press line close to that which we always envisaged, namely to confirm that the British Government, like some other countries, has made proposals for the future of the Collection, given its unique quality and the desire of the Baron and the Trustees to find a long-term location for it; that the details of the proposals should remain confidential while the discussions are in progress; and that the proposals will be subject to Parliamentary approval in due course, if successful. On sites, The Times mentions Docklands and Birmingham, and the press will no doubt be able to confirm this by enquiries in Docklands and Birmingham, but it seems better that the Government should say no more than that we have naturally suggested some sites taking account of earlier discussions with the Baron about his preferences but decline to say anything further for the time being. A brief is being prepared for the Press Officer for the Minister for the Arts, who is answering Parliamentary Questions today, and for the Prime Minister for tomorrow's Prime Minister's Questions. I have also asked Mr Hanks-Drielsma to arrange that either he or Mr Robert Alexander let the Baron know that the story has broken from Lugano and that our Ministers are likely to have to comment on the lines above, which I mentioned to the Baron when I presented the original proposal.



5. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B.

ROBIN BUTLER

13 June 1988



# Britain poised to win battle for



Baron Thyssen: Backing "an enchanting proposal".

From Brian James  
Lugano

A dramatic late campaign by Mrs Thatcher, helped by the direct intervention of the Prince of Wales, may have won for Britain possession of the art collection of Baron Thyssen-Bornemisza, conservatively valued at £780 million.

The Baron's private collection is unique, rated in the world second in importance only to that of the Queen. If the Prime Minister's initiative succeeds, the masterpieces will be given a permanent home in purpose-built galleries either in London's Docklands or an inner-city site in Birmingham.

Until this weekend it had been assumed that the Spanish Government had won the fierce international contest to house the collection. For Britain to succeed at this eleventh-hour will be a

diplomatic coup in art world terms. Twice in recent weeks Britain's cause appeared lost; the decision by the Prince of Wales, when alerted by friends to the difficulties, to see the Baron in Switzerland to demonstrate this country's enthusiasm was certainly a crucial factor in keeping the nation's interest alive.

A part of the Baron's collection has been on show at the Royal Academy in London until yesterday in an exhibition sponsored by *The Times*.

With the evidence of this success in mind, Mrs Thatcher gained total Cabinet support for her initiative. The details are still secret but the cost to Britain of what has been described by the Baron as an "enchanting proposal" — confirmed to him in a two-page, hand-written letter from the Prime Minister — can not be

less than the £100 million offer by the city of Stuttgart.

When the collection is finally housed, visitors will see not only the pick of the 572 Old Masters for which it is famous, but also the 900

**Paintings from the Thyssen-Bornemisza collection continued to attract large crowds at the Royal Academy right up to the exhibition's close last night. Before the weekend, they had attracted record visitors for a show of its size, with 181,600 people attending since March.**

or so more modern paintings with which the Baron adorns his private apartments.

In the next few weeks the Baron and his independent trustees have to decide on Britain's offer without offending the King of Spain — and, crucially, the Baron's fifth wife.

## Thyssen masterpieces

She is Spanish and her skilful arguments were crucial to that first apparent decision to allow the collection to be housed in Madrid.

The remaining negotiations between Britain, Spain and the Baron and the trustees will need to be handled with the greatest deftness if offence is to be avoided.

As the Thyssen exhibition was closing in London the Baron was opening, at his home, the Villa Favorita on Lake Lugano in Switzerland, an exhibition of Russian Revolutionary art. Amid the assembly of diplomats and art experts it was possible to detect a buzz of excitement that "something big was afoot" and to piece together the last few months of intense negotiation.

For some time the Baron, now 67, has been concerned about the disposition of his art collection, the best 400 to 600 paintings of

which will form the bequest. The collection was begun by his father but the present Baron has never forgotten the way in which it was broken up by order of Swiss courts on his father's death. To reassemble his father's work Baron Hans Heinrich was put into the position of having to repurchase many prize paintings from members of his own family.

He was adamant that the collection should remain basically intact, in a country prepared to give it a respectful home. As he is an Anglophile, Britain may have seemed to him an obvious choice. But tentative approaches through, one understands, Lord St John of Fawsley led him to believe this country was not interested.

This was reflected when we discussed the possibility of a London base for the Thyssen collection earlier this year: "You

are not interested — it seems you have enough great works of art."

Other characters now enter the story. The retired diplomat Sir Peter Smithers, one of his close friends and a neighbour on Lake Lugano, grew privately incensed when told of this country's apparent lack of interest. Sir Peter's own friends in London include the Prime Minister and the Environment Minister, Mr Nicholas Ridley. They also include Mr Claude Hanks-Drielsma, a young man of many interests. He is a polo-playing friend of the Prince of Wales and has key connections in the City as chairman of the management committee of Price Waterhouse.

These are the people who began to ask the question: "Can Britain really not compete?" When that question was put to Mrs Thatcher

Continued on page 24, col 1

EXTRACT  
FROM 'THE TIMES'

13.6.88.

## Britain poised to win late battle for Thyssen collection

Continued from page 1  
"she bit at once — and has never let go." Not the smallest factor in the Prime Minister's mind was the uproar when, through tardiness and insensitivity, Britain lost to Portugal in the 1950s a tussle for the paintings owned by Calouste Gulbenkian.

But the Spanish were winning the acquisition battle. The Spanish media had been long been claiming that Madrid was the chosen home of the collection before and after February, when the Baron was persuaded to put it in writing that a British proposal would be welcomed.

On Budget Day the Baron was driven unnoticed to 10 Downing Street, where he was

given confirmation of Cabinet enthusiasm for the broad suggestions put to him by Mr Hanks-Drielsma.

The next day, at a Royal Academy dinner to launch *The Times* sponsored exhibition, the Baron dropped a hint: "I have seen Mrs Thatcher." It passed virtually unnoticed, for almost at once the Spanish Ambassador indicated that the matter was virtually settled, the paintings were to go to Spain.

The Baron's advisers issued a formal denial the next day. This, too, did not claim attention because the Spanish campaign was now marching ahead with a life of its own.

On April 7 the Baron went to Madrid to sign a purely

provisional agreement about the future of the paintings. He found himself at dinner, bathed in the light for TV cameras in front of which he was being warmly congratulated for having handed his collection to Spain. Again no one seemed prepared to listen to the disclaimer that all that had been agreed was that the paintings should go to Madrid "on loan for up to 10 years". The assumption was that they would never leave.

Britain, again with Mrs Thatcher's insistence that the cause could still be rescued, asked for, and got, a letter from the Baron a few days later clarifying that an approach from Britain would still be welcome. On May 4,

the Prince of Wales went to Lugano where the future of the paintings was discussed. It is certain that the Prince's involvement would have been an important consideration for the Baron.

On May 21, according to the Villa Favorita's visitors' book a guest of the Baron's was the Cabinet Secretary, Sir Robin Butler, an envoy from Mrs Thatcher. It was here that the Baron heard the details of the offer. He is said to have been astonished by the imaginative scope of Britain's offer.

That offer was carefully crafted to meet all objections. The use of arts money to help revive the fabric and confidence of decayed areas is now established in Britain.

But the Baron has made no secret in talking to friends at this weekend's festivities that it was the letter from Mrs Thatcher which has influenced him most.

The clue to the possible compromise that may save face and give no offence to either of two royal families and two nations is in the words "up to 10 years" in that letter of intent to the Spanish.

One solution being pro-pounded is that the Spaniards should take the pictures for, say, five years while the Docklands or Birmingham sites are being developed, and then the collection should be housed in its new permanent home.

It is a solution that would certainly delight the directors of the Prado museum, known to be alarmed that their entire art budget will be swallowed up if they are made to take responsibility for the pictures in Spain. It is a solution that would be acceptable to the patriotic Baroness herself, for with the pictures on display in Spain for five years she has delivered all she promised, no national pride would be lost.

And it is a solution that would meet the Baron's own ambitions to see this irreplaceable art collection housed permanently in a country that has, over the months of the *The Times* exhibition, demonstrated its delight and reverence for these master works.



CONFIDENTIAL

FROM: MRS A F CASE  
DATE: 13 June 1988

CHANCELLOR

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir P Middleton
- Mr Anson
- Mr Phillips
- Mr Edwards
- Mr Turnbull
- Mr Gieve
- Mr Farthing
- Mr Kelly
- Mr Cropper
- Mr Tyrie
- Mr Call

*Thanks. Part of the agreement was that we should pay with provision we had for some of the points. I wd need a good deal of convincing to depart this.*

THYSSEN COLLECTION

You may have seen the substantial piece in today's Times on the UK proposal.

2. The source of the piece is a briefing given to the Times in Lugano at the weekend by Sir Peter Smithers and Mr Hanks-Drielsma after a reception by the Baron during which the Baron referred publicly to negotiations with the UK.

3. In response to the piece, there was an off the record lobby briefing by No 10 this morning. The agreed line to take (attached) is an amended version of that earlier approved by the Prime Minister. Briefing is also being prepared for Mr Luce to use at Question Time this afternoon and for the Prime Minister tomorrow. The approach remains that of avoiding being drawn into detail.

4. There has been no further formal response from the Baron, although both he and his son have confirmed that the Trustees will examine the UK proposal at their early July meeting. One possibility which they may want to explore is a short term loan to Spain until a UK Gallery could be ready. Sir Robin Butler's group of officials is giving some thought to whether



this could be achieved and the UK's interest secured ie by the new UK Foundation Trustees first acquiring the pictures and then lending a limited number to Spain.

A handwritten signature in black ink, appearing to be 'AF2' or similar, written in a cursive style.

**MRS A F CASE**



**TYSSEN COLLECTION : RESPONSE TO PRESS AND OTHER ENQUIRIES**

It is known that the trustees of the Thyssen Collection are considering its long term future. I can confirm that Britain is among the countries which have made proposals because of the unique nature of the Collection. Details of the proposals and discussions must remain confidential. But naturally any proposals would be subject to the approval of Parliament.





A handwritten signature in dark ink, appearing to be 'M P'.

FROM: MISS M P WALLACE

DATE: 16 June 1988

MRS CASE

cc Chief Secretary  
Financial Secretary  
Paymaster General  
Economic Secretary  
Sir P Middleton  
Mr Anson  
Mr Phillips  
Mr Edwards  
Mr Turnbull  
Mr Gieve  
Mr Farthing  
Mr Kelly  
Mr Cropper  
Mr Tyrie  
Mr Call

## THYSSEN COLLECTION

The Chancellor was grateful for your minute of 13 June. He has commented that part of the agreement was that we should pay nothing until we had physical possession of the pictures. He would therefore need a good deal of persuading to depart from this.

A handwritten signature in dark ink, appearing to be 'M P W'.

MOIRA WALLACE





Ch

PM may raise this in  
margins of Cabinet. Nigel  
tells re she will say "I shall  
want to know news of Chancellor  
& Foreign Sec" — Nigel thinks  
this must be (on your side) the  
question. Better the public  
expenditure position means we  
should now take a tougher line.

Robin's line seems sensible  
to me.

AA



*my*  
6/7

CH/EXCHEQUER	
REC.	-6 JUL 1988
ACTION	CST
COPIES TO	

Ref. AO88/2074

PRIME MINISTER

*WKS  
Propose to send  
minutes over  
page*

6/7/88.

Thyssen Collection

We have received information that the Trustees of the Thyssen Collection will be meeting in a few days time and will consider the UK proposal. But the Chairman of the Trustees has told Mr Robert Alexander that they are likely to conclude that the UK proposal cannot be considered in depth while the discussions with Spain are proceeding.

2. At the same time, notwithstanding recent newspaper reports, the Chairman of the Trustees has said that negotiations with Spain are not making great progress. They are still exclusively about a loan, and even on that there is a good chance that no agreement at all will be reached. But the Chairman thinks that it may take time for the talks to break down.

3. This raises the issue of what the Government's stance should be if the Trustees defer substantive consideration of the UK proposal. In presenting our proposal, Ministers said "HMG would hope that the Trustees would decide in principle before the end of July whether they wished to pursue this proposal". In your recent letter to Baron Thyssen, you repeated that, in view of the importance of the Collection, our proposal would remain available until the end of July.



4. We clearly cannot leave our detailed proposals open indefinitely. In particular, the developers of Canary Wharf and Centenary Square will want to know whether they should reserve the sites offered for the exhibition or make other plans for developing them. Moreover, Ministers have always been clear that they should not allow the Thyssen interests simply to string HMG along, possibly for the purpose of strengthening their own position in negotiations with the Spanish Government. On the other hand, we should not take an action now which would rule out acquiring the Collection if it remains a possibility in the longer term.

5. In these circumstances, the best response, if the Trustees defer substantive consideration of HMG's proposal, may be to say that, while we continue to be strongly interested in providing a long term home for the pictures, we cannot keep our present proposal open after the end of July. [HMG would be willing to consider the matter afresh if the Baron and the Trustees subsequently indicate that they are ready substantively to entertain a proposal from the United Kingdom.]

6. If this is to be our response, there would be advantage in giving an indication to the Chairman of the Trustees, before the meeting, that this is likely to be what we will say, in the hope that the Baron and the Trustees may yet feel that there is sufficient attraction in the details of our present offer for them to not want to pass it up and may conclude that they must decide now between the British proposal and the negotiations with Spain.

*a clear preference for the pictures to be located in*



7. Would you agree that I should pass a message to the Chairman of the Trustees, either directly or through Mr Alexander, before the Trustees' meeting that if the Trustees decide that they cannot proceed with substantive consideration of our proposal for the time being, our response would probably be on the lines of para 5? Such a message, if it is to influence the Trustees' meeting, will have to be passed to Mr Coleridge on Friday.

8. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for the Environment, the Attorney General and the Minister for the Arts.

R.R.B.

ROBIN BUTLER

6 July 1988