

PO-CH/NL/0160 PT B

Part B

CONFIDENTIAL

(Circulate under cover and notify REGISTRY of movement)

Begins : 7/7/88.

Ends : 25/7/88.



PO -CH /NL/0160



PART B

Chancellor's (Lawson) Papers:

THE BARON THYSSEN ART COLLECTION

Disposal Directions: 25 Years

1/9/95

NL/0160

PO -CH

PART B

CONFIDENTIAL



X.P. prep

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

CH/EXCHEQUER	
REC.	- 8 JUL 1988
ACTION	CST
COPIES TO	

8/17

(Handwritten signature)

SIR ROBIN BUTLER

THYSSEN COLLECTION

X The Prime Minister had a brief discussion after Cabinet with the Chancellor of the Exchequer, the Secretary of State for the Environment and yourself about your minute of 6 July regarding a possible message to the Chairman of the Thyssen Trustees.

In discussion, it was emphasised that the Cabinet itself had taken a firm decision that the offer would lapse at the end of July. Extension of deadlines, without a firm decision for acceptance of the UK offer by the Trustees, would simply provide the opportunity for decisions to be delayed. Moreover, it would be unfair on the private developers of Canary Wharf and Centenary Square to keep them in uncertainty since they would presumably want to make other plans for developing their sites. It was important that the matter was not left hanging over in a way which could cause complications for The Queen's and Prime Minister's visits to Spain. An extension of the deadline might be granted if the Trustees had, for example, taken a firm decision that the pictures should come to this country and wanted a little time to settle outstanding issues with the Spanish authorities.

Summing up the discussion the Prime Minister said that you should pass a message to the Chairman of the Thyssen Trustees, either directly or through Mr. Alexander, that the United Kingdom Government's present offer had to expire at the end of July; and that the Government could only consider the matter further after then on the basis of a firm decision by the Trustees that the pictures should come here.

I am sending a copy of this letter 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.

N.L.W.

N. L. WICKS
7 July 1988

CONFIDENTIAL

From: Paul J.D. Coleridge

Tel: (01) 834 8509
Telex: 913001
Fax: (01) 828 0720

[finally!] pmp

Asphalte House,
Palace Street,
London,
SW1E 5HS

8000 ✓

c. Mr Wicks
ps/ Chancellor of the
Exchequer

ps/ Sof S for the
Environment
ps/ Minister for the
Arts

15th July 1988.

Sir Robin Butler
Cabinet Office,
70, Whitehall,
London SW1A 2AS

CH/EXCHEQUER	
REC.	15 JUL 1988
KCBN CVO	CST
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CABINET OFFICE	
A	7591
15 JUL 1988	
FILING INSTRUCTIONS	
FILE No.

✓
15/7

Dear Sir Robin,

I have been asked by the Trustees and Protectors of the Thyssen-Bornemisza Collections Trust (whom I shall refer to below as 'The Trustees') to write to you in relation to the proposal by Her Majesty's Government of 19th May 1988. I trust that neither the Prime Minister nor other ministers involved in this matter will consider it discourteous if I communicate solely with you; in view of your personal involvement and position it would seem the simplest line of communication.

At their recent meeting the Trustees considered the proposal of 19th May. So far as the merits of the proposal are concerned, whilst there may be aspects upon which considerable further discussion would be required, overall they would wish to endorse wholeheartedly the views expressed by Baron Thyssen-Lornemisza in his letter to the Prime Minister of 30th May. The proposal is indeed both impressive and carefully thought out. As Trustees we were very grateful and honoured to receive it.

As you are aware following upon discussions with and proposals from other governments and institutions over the past eighteen months, Baron Thyssen-Bornemisza signed a preliminary accord with the Government of the Kingdom of Spain on 7th April this year. This accord would, when fully developed into a formal agreement involve a loan of about 600-700 paintings for a period approaching ten years for display in the Villahermosa Palace in Madrid. The Trustees, prior to receipt by them of the 19th May proposal from HMG, indicated to the Spanish Government that they would seek to try and achieve an agreement along the lines of that preliminary accord. The process towards that agreement is now being pursued.

The proposed arrangements with Spain state that during the course of the loan period it is contemplated that discussions will take place to see whether a long term solution for the paintings to remain in Madrid is achievable. Accordingly, at this time the Trustees do not feel that it would be appropriate

2.

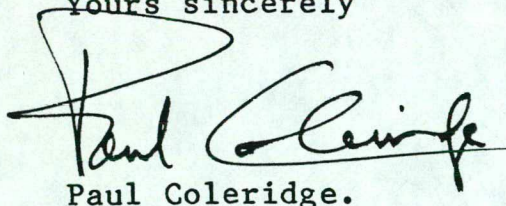
to enter into discussions with other interested governments or institutions in advance of the commencement of the loan period.

The Trustees appreciate that HMG's proposal cannot remain on the table beyond the end of this month and have had to take that into account in their deliberations. However, we hope that perhaps we might be at liberty to contact HMG again in the event that circumstances change at some time in the future.

In the meantime the Trustees would wish to communicate their sincere gratitude to the Prime Minister, other members of the Government and yourself for the great interest shown in respect of the future housing of this outstanding art collection.

Please communicate the contents of this letter to the Prime Minister and other ministers as you think appropriate.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Coleridge". The signature is written in a cursive style with a large, sweeping initial "P".

Paul Coleridge.

1 AUSA
15/7/88
Ref. A088/2166

MR WICKS

CH/EXCHEQUER ✓ 18/7	
REC.	18 JUL 1988
ACTION	CST
COPIES TO	

The Thyssen Collection

You will have seen the letter from the Chairman of the Thyssen Trustees in which he says that the Trustees do not feel it appropriate to enter into discussions with other interested Governments or Institutions while negotiating the loan to Spain. The letter says that while the Trustees appreciate that Her Majesty's Government's offer cannot remain on the table beyond the end of this month, they hope they might be at liberty to contact HMG in the event that circumstances change at some time in the future.

2. I interpret this letter as saying that the Trustees do not feel able to pursue our proposal at present but may wish to approach us if the negotiations with Spain fall through. This is not an altogether unsatisfactory outcome at this stage.

3. I have not been able to reach Mr Coleridge to establish whether the Trustees have said, or propose to say, anything to the press. I suggest that until we know their intentions about that, the Government should not take an initiative, but, in case the story breaks over the weekend, I suggest the following press line which I have discussed with the Office of Arts and Libraries and yourself:

"Her Majesty's Government have been informed by the Trustees of the Thyssen-Bornemisza Collections Trust that they have considered the British Government's proposal to provide a long term location for the Thyssen Bornemisza Collection. They have indicated that, while grateful for the British Government's proposal, discussions with the Spanish Government about a loan of the Collection for display in Madrid are at an advanced stage, and that it would be inappropriate to enter negotiations with another Government while these discussions continue. Her Majesty's Government fully understands and accepts this position."

4. I shall submit after the weekend a draft reply to Mr Coleridge, on the lines previously agreed - ie that HMG would be prepared to consider the matter further if at some time in the future Baron Thyssen-Bornemisza and the Trustees decide that they would wish to pursue the provision of a long term location for the Collection in the United Kingdom.

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

Rob Butler
(Private Secretary)

ROBIN BUTLER

15 July 1988

Approved by the
Cabinet Secretary and
signed in his absence



CH/EXCHEQUER	
REC.	18 JUL 1988
ACTION	CST
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10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

✓✓ mp

THYSSEN COLLECTION

I have shown the Prime Minister your minute of 15 July about the letter of the same date from the Chairman of the Thyssen trustees.

The Prime Minister thinks that we should get a statement - presumably by Written Answer - to Parliament informing them of the latest position. She takes this view because the offer lapses at the end of July and we should therefore not leave matters in the air. She thinks that the draft announcement should be cleared in draft with the trustees and the Baron. The Prince of Wales should also be made aware of the position.

I should be grateful if you could let me have a suitable draft answer which might make the position clear in the way the Prime Minister has suggested. I do not think that it necessarily follows that she should give the reply herself. But that is something on which we can seek her views at the same time as she approves the text.

A good point

Finally, you should know that the Prime Minister believes that the trustees might have told us about the information contained in the third paragraph of the letter concerning their contacts with the Spanish government. She has commented that we did not know that the trustees had indicated to the Spanish government prior to their receipt of HMG's proposal that they would seek to try to achieve an agreement along the lines of the preliminary accord reached with the Spanish government in April.

I am sending a copy of this minute to Alex Allan (HM Treasury), Roger Bright (Department of the Environment), Michael Saunders (Attorney General's Office) and Eleanor Goodison (Office of the Minister for the Arts).

N.L.W.

(N. L. WICKS)
18 July 1988

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CH/EXCHEQUER	
REC.	19 JUL 1988
ACTION	CST
COPIES TO	

19/7

18/7/88.

Ref. A088/2182

MR WICKS

Thyssen Collection

As requested in your minute of 18 July, I attach:-

- - a reply which I would propose to send to Mr Coleridge's letter of 15 July, formally withdrawing the Government's offer;
- - a draft Written Answer, which might be given by the Minister for the Arts;
- - a further letter to Mr Coleridge to cover this draft Answer.

2. I should be grateful for Ministers' clearance of these drafts.

3. I confirm that we had not at any stage been told that the Trustees had indicated to the Spanish Government prior to receipt by them of the 19 May proposal from the British Government, that they would seek to try and achieve an agreement along the lines of the Memorandum of Understanding between Baron Thyssen and the Minister of Culture. I agree that it would have been a material factor if they had told us this.

4. Ministers will no doubt be pressed to reveal the full extent of the Government's proposal. I suggest that the Minister for the Arts should be authorised to reveal in answer to inquiries that the Government offered a substantial sum in the event of successful negotiations in respect of the

paintings, the provision of a suitable gallery and a contribution to its running costs, but should decline to state specific figures. In other words, the detail of the Government's offer should remain confidential.

5. I have copied this minute to the/Foreign 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

18 July 1988

DRAFT

Paul J D Coleridge Esq
Asphalte House
Palace Street
London SW1E 5HS

Thank you for your letter of 15 July conveying the reply made by the Trustees and Protectors of the Thyssen-Bornemisza Collections Trust to the proposal by Her Majesty's Government of 19 May 1988. I have shown the reply to the Prime Minister and the other Ministers concerned.

Her Majesty's Government is glad that the Trustees welcomed its proposal. I have been asked to say in reply that in the circumstances described in your letter the Government fully understands, and accepts, the reasons for the Trustees' decision. Her Majesty's Government now formally withdraws the proposal of 19 May. If at some future date the circumstances change in such a way that the Trustees wish to pursue the idea of a long-term location for the Collection in the United Kingdom, the Government will be ready to look at the matter again.

DRAFT LETTER FROM SIR ROBIN BUTLER TO:

Paul J D Coleridge Esq
Asphalte House
Palace Street
London SW1E 5HS

I now enclose the Government's formal reply to your letter of 15 July.

I suggest that we should agree both the terms and the timing of a suitable announcement. As you know, there has been a good deal of Press speculation on this matter, and it will be helpful if the British Government and the Trustees can keep to a short statement in similar terms. I enclose the draft of a Written Parliamentary Question accordingly. It would help to forestall Press stories if the Minister for the Arts could answer the Question before the end of this week.

By way of a follow-up, the Government is bound to be asked about the terms of its offer. We propose to say that the Government offered a substantial sum subject to negotiation in respect of the paintings, the provision of a suitable gallery and a contribution to its running costs, but not to specify any figures. In other words, the detail of the proposal would remain confidential between us.

DRAFT WRITTEN QUESTION AND ANSWER

Q. To ask the Minister for the Arts: whether the Government has received a reply to its proposal for the future of the Thyssen-Bornemisza Collection.

A. The Chairman of the Trustees and Protectors of the Thyssen-Bornemisza Collections Trust has informed the Government that the Trustees have decided not to pursue the British proposal at the present time. Baron Thyssen-Bornemisza has entered into preliminary agreement with the Spanish Government which is expected to lead to a loan of most of the Collection for display in Madrid for a period of up to 10 years. The Trustees have decided to try to achieve a full agreement with the Spanish Government along those lines. In these circumstances Her Majesty's Government has formally withdrawn its proposal. The Trustees have indicated that, should circumstances change, they would wish to have the opportunity of contacting the Government again about a long-term location in the United Kingdom. The Government has said that in those circumstances we would be ready to look at the matter again.

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mpw



CH/EXCHEQUER	
REC.	19 JUL 1988
ACTION	CST
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OFFICE OF ARTS AND LIBRARIES
 Horse Guards Road
 London SW1P 3AL
 Telephone 01-270 5929

From the Minister for the Arts

C88/3719

The Rt Hon Nicholas Ridley MP
 Secretary of State for the Environment
 2 Marsham Street
 LONDON SW1

[Ch - N. Wicks reports that although there will be no written reaction from No 10, at least not now, the PM is apparently not

18 July 1988

attracted to this.

Dear Nicholas,

mpw]

THE THYSSEN COLLECTION AND CANARY WHARF

Now that the Thyssen negotiations have been brought to an end, I believe that Canary Wharf could still offer a major opportunity for enhancing the attractions of London Docklands which it would be a great pity to miss.

As you know, Mr Reichman, the developer, was enthusiastic about making a site available for the prospective Thyssen Gallery and indicated that he would probably be ready to make a substantial contribution to its construction. This would be in keeping with his experience of making a large financial contribution to community projects in his New York development. I suggest therefore that we should explore whether the possibility of providing for an art gallery in Docklands at an advantageous cost is still open, rather than simply let it go by default.

The National Portrait Gallery has outgrown its building in Trafalgar Square and has for some years been seeking a new home. No suitable existing building has been available and the cost of providing a new one has seemed prohibitive. The Gallery has therefore fallen back on a much less than optimal plan for spilling over into some buildings in Orange Street, and hopes shortly to launch an appeal to raise funds for that purpose.

In fact a new purpose-built Gallery in Docklands (which the trustees would welcome) would provide a much better setting for this major national asset and tourist attraction. In addition the present building in Trafalgar Square could then be used to relieve the considerable pressures of space that confine our other national museums and prevent them from showing their collections to full advantage.

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Work would clearly have to be done to establish what such an initiative would cost, and how we could maximise the private sector contribution. I suggest that we should now agree to explore this without any commitment at this stage, to see whether it is worth pursuing. The key point here would be to establish whether this is an opportunity not to be missed.

Copies of this letter go to the Prime Minister, Nigel Lawson, John Major and Sir Robin Butler.

RICHARD LUCE

u
Ruh

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19/7/88. *[Handwritten signature]*

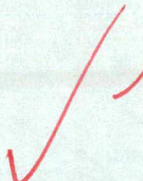
10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

CH/EXCHEQUER	
REC.	19 JUL 1988
ACTION	CST
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SIR ROBIN BUTLER



THYSSEN COLLECTION

I have shown the Prime Minister your minute of 18 July which covered draft letters to Mr. Coleridge and a draft Written Answer about the withdrawal of the Government's offer for the Thyssen Collection.

The Prime Minister is content with the draft Answer subject to the two following changes:

- (i) The word "formally" in the fourth sentence should be omitted. The inclusion of the word "formally" might be interpreted as suggesting that while the proposal has been withdrawn "formally" it is still in some way on the table. The Prime Minister does not wish to give this impression.
- (ii) The last word in the draft Answer "again" should be replaced with "afresh".

As for the draft of your letter to Mr. Coleridge replying to his letter of 15 July, the Prime Minister is generally content with the draft attached to your minute, though the omission of the word "formally" from the draft Answer will require a corresponding omission in line 10 of the draft letter. Similarly the word "again" at the end of the draft will need to be replaced by the word "afresh".

The Prime Minister agrees with the suggested line regarding details of the Government's offer, which you suggest in paragraph 4 of your minute. As you know from your short discussion with the Prime Minister this morning, she was herself inclined to give the Answer to Parliament, but agreed that it should be given by the Minister for the Arts as you recommended. She thinks it important that Baron Thyssen should be made aware of the Government's position and you undertook to see that this was done. You will wish to consider whether to advise the Prime Minister that she should write to him. The Prime Minister would also like Sir Peter Smithers to be told.

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behind

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

N.L.W.

N.L. WICKS

19 July 1988

MP



CH/EXCHEQUER	
REC.	21 JUL 1988
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OFFICE OF ARTS AND LIBRARIES
 Horse Guards Road
 London SW1P 3AL
 Telephone 01-270 5929

From the Minister for the Arts

C88/3778

T Woolley Esq
 Private Secretary to Sir Robin Butler
 70 Whitehall
 LONDON SW1

Ch / Not Do we
 want to accept
 X as a public
 line?
 mpw

21 July 1988

Dear Trevor,

THYSSEN COLLECTION

... I enclose defensive notes prepared by OAL for use once the withdrawal of the Government's offer for the Thyssen Collection has been announced. These are designed for Mr Luce to use at Oral Questions on Monday and for Press Offices to have available.

I should be grateful for confirmation that you and copy addressees are content with these.

I am copying this letter to Deborah Lamb (Secretary of State for Environment's office) and Alex Allan (Chancellor of the Exchequer's office).

Yours ever,
 Eleanor

MISS E M GOODISON
 Private Secretary

THYSSEN COLLECTION

NOTES FOR SUPPLEMENTARIES AND PRESS INQUIRIES

Exactly how much money was the Government prepared to spend on Thyssen? £100m? £150m?

The Government offered a substantial sum. It would serve no useful purpose to go into the details of a confidential negotiation which has not in the event led to public expenditure.

Prepared to spend this so why not divert these resources to ...

[the poor? the NHS?]

X | The bid for the Thyssen Collection was in response to a unique and challenging opportunity. Like all my colleagues in the spending departments I could always draw up a list of worthy causes to spend money on. My three-year settlement of last year achieved a 17% increase which will allow arts bodies and museums and galleries to plan their priorities sensibly. If we had spent money on the Thyssen Collection, it would not have affected the 3-year Arts Budget. Now that we are not going to do so, that does not affect it either.

Increase purchase grants

I have made it clear that I place the greatest importance on conservation of our existing collections and the buildings which house them. Our overall heritage policies, both tax concessions and our funding of the NHMF, have combined with existing purchase grants over recent years to save many

outstanding heritage items for the nation. The balance between conservation and purchase must continue to be struck within existing expenditure plans.

Rehouse the National Portrait Gallery?

The recent rumours about moving the NPG to house the Thyssen Collection have been pure speculation.

Take advantage of the availability of Docklands/Birmingham?

Always prepared to listen to proposals.

Will the Government show equal willingness to make large sums available to save important collections (eg Sutherland) in this country?

We have unequalled record in saving essential items of national heritage. Since the establishment of the NHMF in 1980 we have, in addition to its annual grant, made available some £55m which has enabled the Fund to assist in saving Kedleston, Calke Abbey, Nostell Priory and Bolton Abbey, as well as several major works of art. We will continue to ensure, through the Fund and tax concessions, that wherever possible important collections will be saved for the nation should the owner's circumstances place them at risk.

Offer by the Baron of a loan of Holbein's Henry VIII

A matter for the Trustees of the National Gallery.

Did the Governemnt offer sufficiently attractive terms? Why lose out to Spain?

Baron Thyssen-Bornemisza has acknowledged the thorough and generous nature of the Government's proposal. [As I have made clear] the Baron has entered into a preliminary agreement with the Spanish Government and the Trustees wish to continue discussions towards a full agreement. It is their decision; we accept it. We never considered our offer in any light other than one made on its merits, which would complement the magnificent collection of Baron Thyssen-Bornemisza.

A blow to the Prime Minister/UK to be turned down.

Naturally disappointed that the Trustees of the Thyssen-Bornemisza Art Collections Trust decided not to take up our offer. Their decision. Pride does not come into such an offer: it was an opportunity and many would have been ready to criticise if we had failed to grasp it.

UK should have made an offer last year: too late, Spain had advantage.

I understand that over recent years a number of Governments, and institutions such as the Getty Museum, have put forward proposals to house the Thyssen Collection. Our proposal was put when we were assured that a UK proposal would be considered seriously and sympathetically. No point in speculating about a possible outcome if it had been received in 1987. I am satisfied the Trustees considered it carefully and in depth.

pps pl

ppp

CH/EXCHEQUER	
REC.	21 JUL 1988
ACTION	CST
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21/7/88.

Ref. A088/2244

MR WICKS

Thyssen Collection

As you will have seen, I wrote to Mr Coleridge in the terms attached to my minute of 18 July, with the Prime Minister's amendments.

2. Mr Coleridge replied agreeing that a Written Answer should be given tomorrow, Friday. However, he suggested some amendments to the draft Answer, of which most were minor and unexceptionable, but one was major. This was that the Trustees wanted to remove the penultimate sentence which recorded their request that, should circumstances change, they would want to have the opportunity of contacting the Government again about a long term location in the United Kingdom. The Trustees felt that this sentence would cause them difficulties with the Spanish Government: that is understandable.

3. However, I have said to Mr Coleridge that, without making it clear that any further approach would have to come from the Trustees, I did not think that British Ministers would be prepared to say that they would look at the matter afresh. Mr Coleridge recognises this, and, subject to the Prime Minister's approval, we have agreed on a final sentence to the Parliamentary Answer, as follows:

"The Government has said that, should circumstances change and the Trustees approach the Government about a long term location in the United Kingdom, we would be ready to look at the matter afresh".

I believe that this protects the Government's position and makes it clear that the Government is not prepared to run after the Trustees.

4. I should therefore be grateful for the Prime Minister's approval to the attached Question and Answer, which will be given tomorrow. Briefing is being arranged for Press Offices.

5. Before the Answer is given, the Secretary of State for the Environment is arranging for Mr Reichman and the Birmingham City Council to be told how matters lie. I am keeping the Prince of Wales's Office briefed.

6. I have spoken to Sir Peter Smithers and told him what we intend. He has asked me to tell the Prime Minister that he is not despondent about the prospects of the Collection eventually coming here. Indeed, he thinks that the negotiations with the Spanish may be quite close to breaking down and a further approach to us from the Trustees may not be long delayed.

7. You asked for my advice on whether the Prime Minister should write to Baron Thyssen. I recommend that she should not do so at this stage. Baron Thyssen has not replied to her last letter and is not likely to be expecting a further letter from the Prime Minister. The view of both Sir Peter Smithers and Mr Coleridge is that a further letter from the Prime Minister to the Baron is neither necessary nor desirable at this stage.

8. 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.B.

ROBIN BUTLER

21 July 1988

DRAFT WRITTEN QUESTION AND ANSWER

Q. To ask the Minister for the Arts: whether the Government has received a reply to its proposal for the future of the Thyssen-Bornemisza Collection.

A. The Trustees of the Thyssen-Bornemisza Collections Trust have informed the Government that they have decided not to pursue the British proposal at the present time. Baron Thyssen-Bornemisza has entered into preliminary accord with the Spanish Government which is intended to lead to a loan of most of the Collection for display in Madrid for a period of up to 10 years. The Trustees have decided to try to achieve a full agreement with the Spanish Government along those lines. In these circumstances, Her Majesty's Government has withdrawn its proposal. The Government has said that, should circumstances change and the Trustees approach the Government about a long-term location in the United Kingdom, we would be ready to look at the matter afresh.

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10 DOWNING STREET
LONDON SW1A 2AA

purp

CH/EXCHEQUER	
REC.	22 JUL 1988
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22/7

From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

I have shown the Prime Minister your minute of 21 July about your discussions with Mr. Coleridge concerning the draft Parliamentary answer.

The Prime Minister is content with the draft answer attached to your minute.

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, the Attorney General and the Minister for the Arts.

N.L.W.

N. L. WICKS
22 July 1988

CONFIDENTIAL



From the Minister for the Arts

CH/EXCHEQUER	
REC.	22 JUL 1988
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MJ

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

C88/3798

T Woolley Esq
Private Secretary to Sir Robin Butler
70 Whitehall
LONDON SW1

22 July 1988

Dear Trevor,

THYSSEN COLLECTION

I enclose revised notes for use in response to Press enquiries and by Mr Luce on Monday which take into account comments received on those I circulated yesterday. The Question on the Thyssen Collection will have been answered at noon today.

I am copying this letter to Deborah Lamb and **Alex Allan**.

*Yours,
Eleanor*

MISS E M GOODISON
Private Secretary

MINISTER OF STATE
CIVIL COUNCIL OFFICE

*cc Mr Wilding
Mrs Brown
Miss Morrison
Mr Wright
Mr Wallis*

THYSSEN COLLECTION

NOTES FOR SUPPLEMENTARIES AND PRESS INQUIRIES

Exactly how much money was the Government prepared to spend on Thyssen? £100m? £150m?

The Government offered a substantial sum. It would serve no useful purpose to go into the details of a confidential proposal which has not in the event led to public expenditure.

Prepared to spend this so why not divert these resources to...

The bid for the Thyssen Collection was in response to a unique and challenging opportunity. Like all my colleagues in the spending departments I could always draw up a list of worthy causes to spend money on. My three-year settlement of last year achieved a 17% increase which will allow arts bodies and museums and galleries to plan their priorities sensibly. If we had spent money on the Thyssen Collection, it would not have affected the 3-year Arts Budget. Now that we are not going to do so, that does not affect it either.

Increase purchase grants

I have made it clear that I place the greatest importance on conservation of our existing collections and the buildings which house them. Our overall heritage policies, both tax concessions and our funding of the NHMF, have combined with existing purchase grants over recent years to save many outstanding heritage items for the nation. The balance between conservation and purchase must continue to be struck within existing expenditure plans.

Rehouse the National Portrait Gallery?

The recent rumours about moving the NPG to house the Thyssen Collection have been pure speculation.

Take advantage of the availability of Docklands/Birmingham?

The prospect of using the sites was on the basis that the Thyssen Collection came to the UK. Any other uses would be an entirely new matter.

Will the Government show equal willingness to make large sums available to save important collections (eg Sutherland) in this country?

We have unequalled record in saving essential items of national heritage. Since the establishment of the NHMF in 1980 we have, in addition to its annual grant, made available some £55m which has enabled the Fund to assist in saving Kedleston, Calke Abbey, Nostell Priory and Bolton Abbey, as well as several major works of

art. We will continue to ensure, through the Fund and tax concessions, that wherever possible important collections will be saved for the nation should the owner's circumstances place them at risk.

Offer by the Baron of a loan of Holbein's Henry VIII

A matter for the Trustees of the National Gallery.

Did the Government offer sufficiently attractive terms? Why lose out to Spain?

Baron Thyssen-Bornemisza has acknowledged the well-considered and attractive nature of the Government's proposal. [As I have made clear] the Baron has entered into a preliminary agreement with the Spanish Government and the Trustees wish to continue discussions towards a full agreement. It is their decision; we accept it. If the situation changes and the Trustees approach us about a long-term location for the Collection in the UK we will look at the matter afresh.

A blow to the Prime Minister/UK to be turned down.

Not at all. It was an opportunity and many would have been ready to criticise if we had failed to take it.

UK should have made an offer last year: too late, Spain had advantage.

I understand that over recent years a number of Governments, and institutions such as the Getty Museum, have put forward proposals to house the Thyssen Collection. Our proposal was put when we were assured that a UK proposal would be considered seriously and sympathetically. No point in speculating about a possible outcome if it had been received in 1987. I am satisfied that it was right to put it forward and that the Trustees considered it carefully and in depth.

PPS PL

CONFIDENTIAL

FROM: S KELLY
DATE: 22 JULY 1988

- 1. MRS CASE
- 2. CHIEF SECRETARY

APZ 22/7

cc: Chancellor ✓
 Sir Peter Middleton
 Mr Anson
 Mr Phillips
 Mr Edwards
 Mr Turnbull
 Mr Farthing
 Mr Wood
 Mr Call
 Mr Tyrie

THE THYSSEN COLLECTION AND CANARY WHARF

1. My submission of 20 July, covering a revised draft agenda letter to Mr Luce, undertook to provide separate advice on his letter of 18 July. Since then, we have received Sir Robin Butler's further minute of 21 July to the Prime Minister's PPS, and Mr Luce's office has circulated draft briefing for him to use at Oral Questions on Monday. Both are in different ways relevant to the proposal in that letter.

Moving the National Portrait Gallery to Canary Wharf

2. Mr Luce's letter is an attempt to snaffle-up some of the additional provision which would have had to be made available for Thyssen, in order to move the National Portrait Gallery (NPG) to Canary Wharf and use its existing building in Trafalgar Square to allow one of the other national museums - probably the British Museum - to expand. The proposal reflects the jealousy which the offer for Thyssen aroused amongst the national museums and galleries and their feeling that, now that the prospects of acquiring the collection have receded, the Government should be prepared to spend an equivalent amount on an alternative cultural initiative.

3. I recommend you to resist the proposal. Agreement to make additional provision available for Thyssen was explicitly in the light of the unique opportunity it was held to represent. No similar case can be made for this latest proposal. Moreover, it is by no means certain that Thyssen has finally gone away; Mr Luce's search for alternatives is therefore premature. Although there is no longer an immediate prospect of acquiring the collection, Sir Robin Butler's letter to the trustees provides for the possibility that they may open negotiations with us afresh in the light of progress (or lack of it) with the Spanish Government. His minute of 21 July reports Sir Peter Smither's view that there may still be a real prospect of the collection eventually coming here. Sir Peter apparently thinks that negotiations with the Spanish may be quite close to breaking down and that a further approach to us from the trustees may not be long delayed.

4. Mr Luce begins from the premise that Mr Reichman, the Canary Wharf developer, may still be prepared to make available the site he had offered for a Thyssen Gallery and to contribute to the construction costs of an alternative development. It would, Mr Luce argues, be a pity to let that opportunity go by default. One of the main objectives of the three-year programme for the arts is that it should encourage increased private sector involvement. There could be no objection to an entirely privately-funded development. It is clear, however, that the NPG proposal could not be wholly so financed, and Mr Luce does not pretend it could. Although his letter is deliberately vague, he obviously envisages an Exchequer contribution to the development costs of the new gallery, as under the Thyssen proposal; and, since he does not intend to dispose of the NPG's existing building but is proposing an alternative museum use for it, there would be additional running costs for the new gallery. There is, realistically, no scope for him to meet those additional costs from within his existing provision.

5. I recommend you to seek to see off the proposal mainly on the basis of the arguments, as it were of principle, set out in paragraph 3 above. Those arguments stake out the highest ground. A draft reply to Mr Luce along those lines is attached. There must be a risk that, if you become sucked into the details and attack the specific proposal, you will be seen as willing to provide resources for the 'right' scheme. You may, however, wish to be aware of our other concerns about the proposal:

(a) Canary Wharf was very much Cabinet's second choice for the Thyssen Gallery. Ministers preferred Birmingham on regional policy grounds and because it would thereby to some extent blunt criticisms that the money should be spent on other purposes. They only agreed to offer Canary Wharf at all because it was so clearly the Baron's preferred option and because the first priority was acquisition of the collection. Cabinet was nonetheless concerned that the choice of Canary Wharf should be seen to have been the Baron's and not the Government's. It is not an option to move the NPG to Birmingham. There is a danger, however, that Mr Luce's latest proposal would be seen as opportunistic rather than taking advantage of an opportunity;

(b) new premises for the NPG are not, objectively, a high priority. Mr Luce has already agreed to provide up to £3.75 million towards the total (up to £14 million) cost of acquiring and redeveloping an extension to the Gallery in Orange Street. Although his latest letter describes that development as much less than optimal, it would add 30 per cent to the NPG's available space. Last March, he rejected proposals from its trustees to acquire the Royal Dental Hospital site because the £6 million costs could not be justified against competing priorities within his programme. The draft letter deploys this point, to demonstrate his own real view about priorities; and

(c) OAL officials have suggested that the likeliest use of the NPG's existing premises would be to house the British Museum's collection of prints and drawings. That seems a particularly low priority. It is true that the Museum's failure to display more than a minority of that collection attracted particular criticism at a recent PAC hearing. The Museum will, however, gain a significant windfall benefit when the British Library moves to St Pancras and vacates the Round Reading Room and its storage space at Bloomsbury.

Briefing for Oral Questions

6. OAL's revised draft briefing for Mr Luce to use at Oral Questions on Monday is for the most part acceptable, except for the second Q&A ("prepared to spend this so why not divert those resources to ..."). Nothing has so far been said publicly about how the resources for Thyssen would be financed. It seems best, at least for the moment, to keep it that way. I have negotiated the following redraft answer, which OAL will circulate later today:

"The bid for the Thyssen collection was in response to a unique and challenging opportunity.

The arts programme is already generous. My three-year settlement of last year achieved a 17 per cent increase which will allow arts bodies, and museums and galleries, to plan their priorities sensibly."

Stephen Kelly
S KELLY

CONFIDENTIAL

DRAFT LETTER FOR THE CHIEF SECRETARY TO SEND TO THE
RT HON RICHARD LUCE MP, MINISTER FOR THE ARTS

THE THYSEEN COLLECTION AND CANARY WHARF

Thank you for copying to me your letter of 18 July to
Nicholas Ridley.

I understand your disappointment at the latest turn of events on
Thyssen and your reluctance to miss the opportunity of an
alternative gallery development at Canary Wharf. Cabinet,
however, was only prepared to make additional resources available
to acquire the Thyssen collection because of the unique
opportunity it presented both to enrich the range of Old Master
paintings in this country and strengthen the holding of
distinguished modern paintings. Your latest proposal is not even
arguably in that category. You told the National Portrait Gallery
last March that the proposal to acquire the Royal Dental Hospital
in Leicester Square was not a sufficiently high priority to justify
the £6 million costs. Even if there were now no prospect of our
acquiring the Thyssen collection, therefore, I could not agree to
making additional resources available for that, or any other,
proposal, over and above your existing three-year programme.

It is clear, however, from Robin Butler's minute of 21 July, which
I have seen, that there remains a real possibility that we may
still acquire the collection. Robin reports Peter Smither's
understanding that negotiations with the Spanish may be quite

close to breaking down and that a further approach to us from the trustees may not be long delayed. Quite apart from the merits, therefore, on which my view is firmly as set out above, it is obviously premature to conclude that the Thyssen negotiations have been brought to an end.

I am sending copies of this letter to the Prime Minister and Nicholas Ridley, and to Sir Robin Butler.

RESTRICTED

FROM: A G TYRIE
 DATE: 22 JULY 1988

CHIEF SECRETARY

cc . Chancellor
 Financial Secretary
 Paymaster General
 Economic Secretary
 Sir P Middleton
 Mr Anson
 Mr Phillips
 Mr Kelly
 Mrs Case
 Mr Edwards
 Mr Wood
 Mr Cropper
 Mr Call

THE THYSSEN COLLECTION AND CANARY WHARF

I saw Richard Luce's letter to Mr Ridley of 18 July.

When the National Gallery and Portrait Gallery start charging an entry fee and develop more ways of making commercial use of their existing sites we could consider a proposal from them in Docklands (it was taken for granted that a Thyssen gallery would charge).

Until such time I don't think we should even give this suggestion serious consideration. The value of Thyssen might have been that it could have shaken up some of the more stuffy galleries and museums. We must firmly resist any attempts to use Thyssen as a Trojan Horse for hiking up spending to preserve the status quo.

RJ
 A G TYRIE

I have just seen Mr Kelly's note of today. I entirely agree with it.

behind

So do!

RESTRICTED



FROM: J M G TAYLOR
DATE: 25 July 1988

A large, stylized handwritten signature in the top right corner of the page.

PS/CHIEF SECRETARY

cc Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Mr Anson
Mr Phillips
Mr Kelly
Mrs Case
Mr Edwards
Mr Farthing
Mr Wood
Mr Cropper
Mr Tyrie
Mr Call

THE THYSSEN COLLECTION AND CANARY WHARF

The Chancellor has seen Mr Kelly's note of 22 July. He entirely agrees with the line proposed by Mr Kelly.

A handwritten signature, likely of J M G Taylor, located below the main text.

J M G TAYLOR