

PRIME MINISTER

SCRUTINY OF THE ROYAL OPERA HOUSE AND THE ROYAL SHAKESPEARE COMPANY

I have seen Clive Priestley's minute of 22 July about the special financial scrutiny of the Royal Opera House and the Royal Shakespeare Company.

In my view Clive has done an outstanding job. His report is directly concerned with the affairs of these two major Companies. But it cannot avoid fundamental questions about the Government's policy to the arts in general. I will of course want to consider the whole report very carefully when it is submitted to me next month, but I offer my preliminary thoughts.

My starting point - which Clive strongly endorses - is that the ROH and RSC are centres of excellence in our national life which must be safeguarded. We should continue to invest in them for two reasons. First, they have a quality and excitement which help define our sense of ourselves and the way other people view us. Second, they are an integral part of the British artistic estate. Taken as a whole, this estate is clearly very successful in economic terms and has immense potential for further growth. I am thinking of such fields as the export of television, film and musical material, including popular music, and the record, video and publishing industries. There is a connection, for instance, between the success of the Royal Ballet and the success of 'Cats'. I know few people who have looked closely at British culture who do not also make a connection between our thriving pop music economy (25% of all records sold in the US are British) and the emergence since the War of London as a world leader in music. More directly, the attraction of Britain's arts and heritage is the raw material of our tourist trade.

But the scrutiny poses us with stark choices. Do we recognise that the economic and social importance of the arts estate is such that there can and should be some growth in support? If so, I would firmly endorse Clive's recommendations for additional finance for the ROH and RSC (£4m) and additional funding for other arts bodies (£13.5m). I will in any case be making the most strenuous efforts to increase private funding and to improve financial management. But realistically, these efforts will not find us the sums involved - in the short term at least.

Alternatively, do we face a period of zero growth in arts expenditure? If so, we have two options. Either the ROH and RSC must do their best on what we already give them (and Clive spells out some of the consequences of this in paragraph 14 of his minute). Or other arts activities would have to be severely cut for the benefit of those two companies. Without prejudging this year's PESC discussions, the existing plans for

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central Government arts expenditure already imply real cuts overall, and in line with our Manifesto commitment I shall have to make some additional bids to maintain the present level. I agree with Clive that it would be politically very dangerous to give special treatment to the ROH and RSC against a background of diminishing resources for the arts. There would, in short, need to be some overall increase to make the recommendations viable. The Arts Lobby is one of the most vocal in the country - in the regions just as much as in London - and alive to charges of favouritism.

In recent years, it seems to me, your administration and our party have won the arguments about Britain's future intellectually as well as politically. Reversal, as opposed to restraint, of the growth in public support of the arts, would in my judgement lose us friends whose influence is out of all proportion to their number.

We shall need to study the full report before any final conclusions can be reached. I am committed to seeking the views of the Arts Council and the two companies concerned. In addition to questions of funding and organisation I will want particularly to consider the issue of publication. Given that we will be consulting quite widely on the report, it is bound to leak. I am therefore in favour of publishing it as soon as possible and indicating that a statement will be made when Parliament resumes in the autumn.

I am sending a copy of this minute to Clive Priestley.

B.G.

LORD GOWRIE
29 July 1983

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