

PRIME MINISTER

Tomorrow evening at 6.00 Baron Thyssen is coming to see you accompanied by his wife and by Claude Hankes-Drielsma. Mr. Luce will also be present.

You will see from the attached briefing papers that the estimated cost of obtaining the Thyssen collection for the UK is some £200 million including £35 million for a building. The briefing is not particularly optimistic on the amount of private sector funding that might be obtained, although the letter from Hector Laing at Flag A is enthusiastic.

The purpose of this meeting is really a preliminary courtesy call by Baron Thyssen. The proposed line is "that we are delighted to hear that there may be a possibility ... extremely interested ... making careful assessment ... hope to put together proposals soon ...".

Catalogues of the collection are attached.

I suggest you hold the meeting in the White Room, and you may indeed wish to offer the Baron and his party a drink following the Budget.

(P.A. BEARPARK)

14 March 1988



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From the Minister for the Arts

C88/1535

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14 March 1988

Dear Andy,

THYSSEN COLLECTION

The Prime Minister has agreed to meet Baron Thyssen-Bornemisza tomorrow evening at 6.00pm. As briefing for this meeting I ... enclose a note of the key points to bear in mind, including a line to take, together with the preliminary assessment of the working group convened by Mr Luce to consider a proposition for the future of the collection.

As agreed with you, Mr Luce will attend the meeting. The Baron will bring his wife with him and Mr Hanks-Drielsma of Price Waterhouse who has acted as liaison point between us and the Baron so far. The Prime Minister may wish to confirm at the meeting that the Baron is content for Mr Hanks-Drielsma to continue to fulfil this role.

We will submit a draft reply to Sir Peter Smithers in the light of the outcome of this meeting.

I am copying this letter and enclosures to Jill Rutter (Chief Secretary's office) who will I think be sending you a separate note and to Trevor Woolley (Sir Robin Butlers' office).

Yours ever,

Eleanor

MISS E M GOODISON
Private Secretary

PRIME MINISTER

MEETING WITH BARON HANS HEINRICH THYSSEN-BORNEMISZA:

15 MARCH 1988

1 The Baron is in London for the opening of the exhibition of 50 of his pictures at the Royal academy.

2 He had assumed that the UK would not wish to make a bid for housing his picture collection. He has now been advised that we are considering whether an offer could be made.

3 The Collection (see catalogues) would be the greatest art acquisition this century. The possibilities of an offer are under urgent examination by a working party chaired by Peter Palumbo: preliminary report below.

4 The preliminary assessment is that it would cost around £200m to satisfy the Baron's requirements. This would be new money, outside the arts programme. For this the UK would receive a Collection valued by Sotheby's at \$1.2 billion.

5 The cost would have to be met by a combination of public and private funding. The private sector might be prevailed on to contribute a building (£35m) but in Palumbo's view only if pressure were exerted at the Prime Minister's level. The remaining payments for purchasing the (B) pictures in the Collection (£150/£170m) could probably be staged over 5 years or so, if necessary.

6 The Baron would apparently be interested in locating the Collection in an inner city, where it would be a major investment and tourist attraction. The Burrell Collection in Glasgow attracted over 1 million visitors in its first year (though the figure fell to 700,000 in 1986/87).

7 The Baron's statement in today's Times that he has discontinued discussions with other contenders is intended to forestall fresh bids from them. It does not apply to an offer from the UK.

Line to take

8 We are delighted to hear there may be a possibility of this great Collection coming to the UK. We are extremely interested, and making a careful assessment of the costs and options, and hope to put together a proposal in the next few weeks.

9 The Baron should expect no more than this at the present stage.

MINISTER

THYSSEN COLLECTION: PRELIMINARY REPORT

Your working party on the possibility of bringing the Thyssen Collection to the UK met on 11 March. Present were Sir Nicholas Goodison, Sir Mark Weinberg, Professor Brian Morris (Museums and Galleries Commission), Neil MacGregor (National Gallery) and Martin Drury (National Trust). Mr Hanks Drielsma also attended.

Ownership

All the pictures were vested at present in a 1986 Trust, registered in Bermuda. The Baron would ensure that all the 233 (A) pictures at present on loan to the Foundation in Lugano would transfer to a new UK Trust; but the family, as beneficiaries of the (B) and (C) pictures (about 1000) would expect these to be purchased as part of the settlement. Apart from a few that they might wish to retain, the deal would have to contain an offer based on a valuation of all these pictures.

Valuation

The Sotheby's valuation of the total Collection (A, B and C pictures) was at \$1.2 billion; within this sum the (A) pictures were valued at "nearly \$1 billion"; the offer to the beneficiaries for the (B) and (C) pictures would require to be between \$200 and \$300 million.

These were very large sums which would have to be weighed carefully. Unless the UK is prepared to put up figures of this order in a firm proposal the Baron would not be interested; but if we were able to he would be likely to favour the UK. The offer for the (B) and (C) pictures would be expected either as a single payment or over a limited period (I guess not more than 5 years).

Capital Provision

The Baron had no fixed views about whether a new building or a refurbished historic house would be suitable. The Courtauld Gallery was almost certainly too small. The Baron was not against an inner city location provided it was suitable. The Burrell Collection was cited as an example, which had brought large and identifiable benefits to Glasgow.

The Baron envisaged a Gallery which charged members of the public, as a contribution towards running costs, as in Lugano. He would not expect the Collection to be insured: there was no insurance for the Collection in Lugano.

Other proposals

A Palace opposite the Prado had been offered, which would need very substantial renovation; it was not particularly favoured by the Baron although his present wife was Spanish.

An offer of an old Schloss had been made by Stuttgart and was being pressed by Chancellor Kolh (who flew to see the Baron); but Germany was unpopular with several members of the family. The Getty proposals were also not particularly favoured because it was felt the Getty Foundation was not a reliable body.

Size and style of the Museum

60-70,000 sq ft were required. We have discussed the possibility of private backing and will be approaching a number of wealthy individuals informally: among those interested is the Duke of Westminster. The likelihood of substantial private funding for a collection of this magnitude which would remain in a private trust we consider remote.

Baron Thyssen wishes the Collection to be vested in an independent trust which he would chair and to which he would appoint at least 50% of the members. This raises questions of the extent to which the Government could accept such an arrangement if it provided substantial funding.

Timing

The family are likely to reach a decision on location at a meeting at the end of June. It would be desirable to have a UK proposition on the table within the next 6-8 weeks.

Financial options

The working party estimated the financial requirements as follows

- £35m for new or converted building (including VAT and fees)
- £150/170m to acquire the (B) and (C) pictures
- possibly £5m pa running costs (offset by charges for entry)

Figures of this order present a major problem for the Government; but we understand that they are on the table from other countries: the Getty Museum (California) has offered \$300m together with a new museum; Germany (Stuttgard) and the Spanish Government have made similar offers.

Realistically, therefore, the UK has to be able to put on the table an initial offer of £200m plus running costs to be a serious contender. We gave preliminary consideration to three possibilities:

- (a) a Government contribution of £100m matched by an equivalent sum to be raised in the private sector. The Committee felt that such a possibility was totally unrealistic. No private sector contribution for

the arts in this country has exceeded £15m. It has taken four years to raise £5m for the Courtauld Galleries; the National Trust's maximum private contribution has been £1.6m for Kedleston. We therefore do not think a 50.50 apportionment is possible;

- (b) the Government might offer to buy the (B) pictures and to meet running costs, leaving the private sector to provide £35m for buildings. The view of the working group, however, was that even £35m, within the timescale available, was beyond the reach of private sector contributions. It would require five or six major donations of £5m for wings in a new building for the Thyssen Collection, and these were not likely to be forthcoming.
- (c) the Government should accept that this was a unique opportunity to acquire for a fraction of its market value (\$1.2 billion) the most important private collection in the world. This would require an immediate Government commitment of £200m, which would probably secure the deal.

We shall be exploring these options further. At this stage our view is that only a major Government commitment on the lines of (C) is likely to be effective. This would need to be a ring fenced commitment, entirely outside the existing arts programme. But it would bring great benefits to the city where the Collection would be housed, similar to those already being obtained by Glasgow through the Burrell Collection.

We shall report further when we have considered the options more fully.

P PALUMBO
11 March 1988