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cc/BUP

PRIME MINISTER

10 May 1988

THE THYSSEN COLLECTION

This is possibly the finest large collection in private hands. If it can be acquired for the nation, it would be an excellent use of the Exchequer surplus. This is an appropriate time to enhance the capital stock of the nation because purchasing positional goods such as Altdorfers and Memlings does not involve consumptive 'expenditure'. It is true investment in commodities which are bound to increase in value because their supply is totally limited against ever increasing demand. On purely commercial hard-nosed arguments this collection should be acquired if at all possible on the terms indicated.

The state of uncertainty about who owns what and who may speak for the different categories of painting reads like a classic European confusion. Add to that Thyssen's contradictory letters, one indicating that the collection is going to Spain, indicates a complicated obstacle course ahead before we actually acquire any pictures. It is even unclear what exactly is meant by 'acquiring' until the concept of ownership under Bermudan trust law is researched! The key matters are location within the UK and the long term right to exhibit. Who is Chairman of the Trust, what powers the family will retain, who looks after the B- and C pictures are all subsidiary to the key goal of achieving 'possession' of the A and B+ pictures and their permanent residence in the UK.

It is clearly essential to act fast. It may be enough to offer Thyssen an outline proposal indicating HMG's firm commitment to an investment up to £200m provided that all the A and the majority of B paintings are resident here with regular public access. A further commitment would be that the collection would be kept together in one place within reasonable access of the capital.

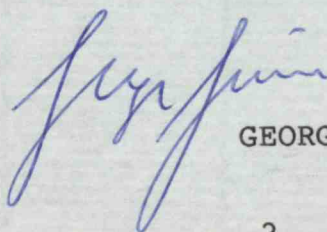
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Details about the composition of the new Trust, the position of the chairmanship after Thyssen, as well as the exact location could be left for later settlement. Internal Government issues, such as whether the arts budget is insulated from this investment and whether private financing would play a major role in future running costs, could certainly be handled later. If all the nitty-gritty has to be ironed out first, we risk real danger that this deal will go away. People like Thyssen are flighty and impatient and both his contradictory letters mention how time-consuming everything is.

Recommendations

1. We are looking straight into the mouth of a gift-horse which may not stay around. Act fast.
2. The approximately £200m costs should not be thought of as expenditure but as excellent investment which the nation can well afford. For this sum we will acquire de facto possession of over £600m of assets which can only appreciate.
3. Thyssen now needs to be shown that Government is enthusiastic and willing to conclude a deal which will ensure the long term British residence of the A and the majority of the B pictures for which it has funding available.
4. All remaining details, including Trust control arrangements, the location of the collection and internal expenditure allocation within Whitehall to be resolved over the coming months. On the former two issues, Thyssen will need regular consultation. On the latter, heads will need to be banged together.



GEORGE GUISE

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