



Ref. A088/1538

PRIME MINISTER

Cabinet: The Thyssen-Bornemisza Collection

C(88) 8

The memorandum circulated by the Secretary of State for the Environment and the Minister for the Arts seeks the Cabinet's agreement that a proposal on the lines of the draft letter and attached annexes should be put to Baron Thyssen and the Thyssen Trustees for negotiations leading to an agreement that the Thyssen Collection should be permanently located in this country. The main purpose of the Cabinet discussion is to obtain the Cabinet's agreement that the proposal should be made, and to establish whether the Cabinet have any comments on its specific terms (eg the choice of site).

BACKGROUND

2. The Baron and the Trustees are looking for a permanent site for this outstanding Collection. A number of offers have been made to them by countries including Germany and Spain, and there has been interest from the Getty Foundation in the United States. None of these offers have so far been found satisfactory and the Baron and the Trustees have said that an offer from the United Kingdom would be carefully considered. We believe that some of the Trustees would welcome it (although there are others, principally the Baroness) who would oppose it. This represents a major opportunity to acquire for this country a priceless Collection at a fraction of its value.

3. There are also difficulties. The United Kingdom will have to offer a substantial sum (£120 million compensation to the beneficiaries of the Trust for their surrendering of their



rights to the pictures, the provision of a building of which the construction costs are estimated at £38 million, and £4 million a year for the running costs of the gallery). The offer is bound to become known and will be criticised by those who would wish to see such substantial sums of money spent in other ways. There is no guarantee of success; the Baron has signed a memorandum of understanding agreeing to negotiate a loan of up to ten years and possibly longer with the Spanish Government and there will be at least bruised feelings if the Trustees do not proceed with this. One possibility is that the Trustees could decide to go ahead with a short-term loan to Spain, while deciding that the long-term home of the pictures should be in Britain; and in that case we would need to protect ourselves against the risk that attempts might subsequently be made to stop the pictures coming here.

THE PROPOSAL

4. The approach envisaged is that, if the Cabinet agree, the letter and the attachments to the Cabinet paper should be sent to the Baron and the Trustees in the next few days. There is a meeting of the Foundation in early June and of the Trustees in July, at which a decision in principle is likely to be taken on the scheme to be pursued. If the decision is in favour of the United Kingdom, detailed negotiations would then be undertaken between a team representing the British Government and the Trustess. At the same time, an embryo foundation would be established in the United Kingdom, and a Director appointed to prepare plans for a gallery on the site agreed by the Baron and the Trustees. Provided the discussions reached a satisfactory conclusion, a short Bill would be presented to Parliament probably some time next year, to establish the foundation and authorise an agreement. The building of the gallery would then proceed (with as large a private contribution as can be secured) and the payment to the Trustees would take place when the pictures are delivered to us.



POINTS TO BE RESOLVED

5. The main point for the Cabinet to resolve is whether it is agreed that a proposal on the lines of the attachments to the Cabinet paper should now be submitted. Other points which you may want to discuss are:

i. whether the Cabinet is content with the form of the financial offer (which envisages that the payment of £120 million to the Trustees should not be made until the pictures come into our possession); and the arrangements for control of the new foundation, (which would provide for a majority of Directors appointed by the British Government, with the Baron as the first Chairman);

ii. whether the British Government should push one site rather than the other - the Docklands site may be more attractive to the Baron, but the Birmingham site would be better from the point of view of inner cities policy;

iii. who should sign the letter (if you do not sign it personally, I suggest that it should be signed jointly by the Minister for the Arts and the Secretary of State for the Environment - not by Mr Ridley on his own); and how the letter should be delivered (Mr Hanks Drielsma and Sir Peter Smithers have suggested a low-key delivery, eg by an official of the Embassy in Switzerland, not the Ambassador himself);

iv. when to make public the fact that the Government has made an offer for the Collection; should the Government pre-empt the story breaking (as inevitably it will) with a low-key announcement or simply prepare a contingent press line for use when necessary?



NEXT STEPS

6. If the Cabinet agrees to the proposal being made, you may want to ask for the Minister of the Arts to set in hand the organisation of a negotiating team to answer any immediate questions from the Baron and the Trustees and subsequently to negotiate an agreement. Such a team might be led by a senior official from the Office of Arts and Libraries and, as well as including representation from other Government Departments, might also include experts with relevant experience from outside Government: OAL are envisaging that Mr Robert Alexander QC might lead the legal negotiations.

HANDLING

7. You will want to ask the Secretary of State for the Environment and then the Minister for the Arts to introduce the paper. The Chancellor of the Exchequer will want to comment on the financial arrangements - the Treasury have in fact agreed (last sentence of paragraph 5 of the Cabinet paper) that any costs within the next three year period should be met from the Reserve, and that subsequent provision should be discussed between the Treasury and the Office of Arts and Libraries in the next PES round. The Foreign and Commonwealth Secretary will want to comment on the international aspects; and the Lord President should be asked to comment on the question of incorporating a short Bill in the next Session. The Attorney General will be attending Cabinet, to advise on legal aspects.

R.B.

ROBIN BUTLER

18 May 1988