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From the Private Secretary

SIR ROBIN BUTLER

THYSSEN COLLECTION

The Prime Minister discussed on the telephone this morning with Sir Peter Smithers in Switzerland the point reached in the negotiations over the Thyssen Collection.

The Prime Minister said that we had made a major effort to secure the Thyssen Collection for the United Kingdom. But on Friday evening we received a letter from Baron Thyssen saying that he had decided to accept the proposals made by the Spanish Government. That seemed to us to be the end of the matter.

Sir Peter Smithers said this was a complete misunderstanding of the situation. The decision on where the Collection should go would not be taken by Baron Thyssen but by the Trustees of the Collection. The important thing was to get our offer before them. He had reason to believe that the Trustees would strongly favour our offer and accept it. Baron Thyssen's letter did not do anything to alter the situation: all it represented was a last desperate effort by Baroness Thyssen to scare us off from making an offer so that the Spanish arrangement, which she favoured, would go through. Mr Ridley's recent letter to the Baron had provided her with an opening. We should not be taken in by it. The last thing we should do would be to give up at this point.

The Prime Minister said that Sir Peter's account was hard to reconcile with the Baron's letter which was very decisive in tone and with the copy of the agreement reached with the Spanish Government which we had now seen. If that agreement was not to be honoured, it was hard to have confidence in any agreement reached on this subject. Sir Peter said that again this was a mistaken view. The agreement with the Spanish authorities had no validity since only the Trustees had the power to reach an agreement. He urged the Prime Minister to understand that the Baron's letter was simply a bluff to deter us from making an offer and had been written under pressure from the Baroness. The British offer was so much better that he was sure the Trustees would have no alternative but to accept it.

The Prime Minister said that there were wider considerations. Our offer would be politically controversial in the United Kingdom, and much more so if it involved us in a row between Baron Thyssen, the Trustees and the Spanish Government. She was not prepared to make an offer which became public and was then turned down by the Trustees. There was also the matter of the Royal visit to Spain in September to consider. Moreover, our advice hitherto had been to negotiate with Baron Thyssen. Now she was being told that the only people with whom it was worth negotiating were the Trustees.

Sir Peter Smithers said that the reality was in no way changed by the Baron's letter. The Government should simply proceed with its offer which should be copied to the Trustees. He simply could not conceive of any way in which we could now lose the competition for the Collection. The Prime Minister said that, while she could understand that the Baron could not act without the consent of the Trustees, she equally found it difficult to believe that the Trustees would act in defiance of the Baron and without his consent. Sir Peter said - but rather hesitantly - that the Trustees could so act. He again urged the Prime Minister not to give up but to have a further meeting with Mr Hanks Drielsma who was the only person who fully understood all the ins and outs of the matter.

The Prime Minister said that you had seen Mr Hanks Drielsma on Friday. He had then appeared to accept that the Baron's letter more or less ruled out any chance of the British offer being accepted. Sir Peter said that that was not at all Mr Hanks Drielsma's view as he would explain if the Prime Minister were to see him. The Prime Minister said that she did not entirely understand Mr Hanks Drielsma's role in all this. Who did he represent? Should we not deal direct with the Trustees? Sir Peter did not give a direct answer but cautioned against trying to deal with the Trustees since it might place them in an awkward position. The Prime Minister said that she would arrange for you to see Mr Hanks Drielsma again on Monday 9 May. But at that meeting we would need to establish a number of points clearly: that the Trustees had an absolute right to determine where the Collection went; that the Trustees would be prepared to entertain an offer even in the knowledge that the Baron was opposed to it; that the Trustees would not feel morally bound by the agreement reached between the Baron and the Spanish Government. Indeed, she was inclined to think that the best course would be for the Trustees to invite the Government to make an offer. She continued to find it hard to believe that the Trustees would act in defiance of the Baron even if, as Sir Peter Smithers claimed, other members of the family would support them. By agreeing to a further meeting between you and Mr Hanks Drielsma she was not making any commitment to press ahead with the British offer, but simply to try to clarify the situation further.

When we subsequently spoke, you agreed that you would see Mr Hanks Drielsma tomorrow morning.

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I am sending copies of this minute to the Private Secretaries to the Secretary of State for the Environment and to the Minister for the Arts.

C. D. POWELL
8 May 1988

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