

1. Politically so far, we have had good relations with the Arts world in spite of a 10 per cent real cut in expenditure since the election. I am most anxious to keep these good relations going in election year. The Arts world is vocal, influential and has close contact with the media. Cecil Parkinson agrees that it would be a great pity unnecessarily to lose their goodwill and have a concerted attack on us.
2. There are some activities in the arts scene of particular importance to intelligent floating voters. If throughout the country the Party is criticised month after month for its neglect of the arts, it will be a gift to the Alliance. There are prominent Tory dissenters who will also make use of it! The risk of this happening has been created by the lack of no more than £10 million or so.
3. There are two main problems. I have to keep enough money for the museums to cope with a number of expensive and important items on the heritage front which I know privately will soon be offered for sale. The National Heritage Memorial Fund will be able to help. But we do not want to be accused of letting Britain's major heritage go abroad. So that limits to some extent my money for the performing arts.

4. The National Companies

The Royal Opera House had a projected deficit of £1.9M. This has been reduced to £1M by cutting their productions and by cancelling the visit of the Royal Opera to Manchester.

The Royal Shakespeare Company have an accumulated deficit of £650,000. They simply must have a substantial increase in their grant this year if they are to survive.

The English National Opera has a potential crisis in that their boilers are on the point of collapse and they

may need another £1M simply to keep the theatre open.

5. The Regions

Manchester

In the North West there is an outcry because the Royal Opera House has had to cancel its proposed visit to the Palace Theatre, specially rebuilt with a particular view to receiving the Royal Opera House visits. Politically I judge it essential for this tour to go ahead if extra money is found for the arts.

Plymouth

The English National Opera Company's tour is threatened. Again I judge politically that tours outside London by the national companies are essential. The criticism is always made that all the money for the arts is spent in London and the regions get very little.

Glyndebourne Touring

There is a question mark over the length and possible existence of Glyndebourne Touring.

Bournemouth

There is a question mark over the existence of the Pournemouth Symphony Orchestra. They have a substantial potential deficit.

Scottish Opera

Is in grave financial difficulties, and may well have to close.

Taunton - Theatre seems doomed.

Guildford - Theatre seems doomed.

Birmingham, Exeter, Basingstoke, Oxford and Cambridge Theatres all remain under threat. Liverpool is still in trouble.

Welsh National Opera, in spite of their successful

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Amoco sponsorship, and Opera North in Leeds have serious financial difficulties. Their activities would certainly be severely curtailed.

Newcastle

The Northern Ballet is under great threat of closure.

The Royal Shakespeare Company's tour is under threat.

Cornwall

The Gallery at Newlyn would be under threat, in a politically sensitive area.

I must emphasise that what I have written in this paper is only gleaned from private discussions with William Rees-Mogg. The Arts Council itself has not been consulted and might have different ideas of where to make the necessary cuts. But any alternative package they might propose would be equally painful. Their scope for manoeuvre is severely limited. Other examples could easily be found.

6. Political Consequences

These various crises look like hitting us towards the beginning of the new financial year about the worst possible time during the run up to the election. The Theatre Museum campaign this summer shows how sensitive these arts issues are. I believe we run a substantial risk of a much larger campaign in all sections of the arts world. This could be very embarrassing and would be a gift to the Liberal SDP Alliance.

7. Conclusions

A sum of £10M is required. This would preserve the Government's reputation in the arts and stop most of the attacks. The money would be used for saving the Opera House and the Royal Shakespeare Company and for avoiding the worst problems among the theatre and

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orchestral companies in the regions.

8. Possible Solutions

- (i) The easiest would be to increase the budget for next year by £10M.
- (ii) Alternatively, a special fund at my disposal could be created to be used to meet crises and to help those who had made special efforts to help themselves.

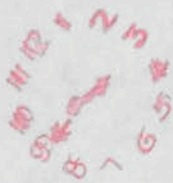
In either case, we ought to have a financial enquiry into the Royal Opera House and probably one other large institution, say the Royal Shakespeare Company, to discover why they have such a deficit and to discourage others from being extravagant.

Technically it would be possible to allocate at least some of the money out of this year's public expenditure totals by my bringing forward other expenditure from next year and re-ordering my budget. If a special fund were to be created it would have to be one which could be carried forward from one year to another. The problem could not be resolved merely by matching what people had raised for themselves. Some of the biggest institutions and, incidentally some of the best run would probably find this impossible, although many have had appeals and have raised a lot of money.

Timing

It is essential to announce the grants before Christmas. We have always done so during the lifetime of this Government and we would be causing even more problems if we failed to do so this year and would face much criticism.

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Michael

He Spoke

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