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## Government Policy and Art Museums in the United Kingdom

Rosemary Clarke

Government support for museums and art galleries in the United Kingdom, while not generous by European standards, nevertheless provides the major funding source for the many national and local museums. Support is predominantly in the form of direct subsidies as, in contrast to the way it is in the United States, tax concessions in the United Kingdom are few so that museums receive little income from private donations. This pattern of subsidy has existed for many years but the Conservative government, since it came to power in 1979, has introduced a series of measures by which it hopes to reduce museum dependence on the state and to encourage greater contributions from individuals and companies through donations and sponsorship.

This paper aims to provide a picture of past and current government policy toward art museums and the art market. However, it should be noted that much of the published material and statistics cover all types of museums. Most museums are all-purpose, containing mixed scientific, technological, and art collections and it is only a small number that are devoted purely to fine and decorative art. Much of the following discussion, therefore, refers to museums of all types and does not always refer specifically to art museums.

The first section provides a brief history of government involvement up to 1945. The next describes the form and extent of direct subsidies at central and regional levels, while the third section reviews various tax concessions which provide indirect subsidies to museums. The fourth section covers the changes introduced by the Conservative government and examines the problems that face museums as they endeavour to come to grips with the "enterprise cul-

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ture.” The fifth section looks at opportunities for raising income through admission charges, while the sixth section discusses the current system of regulating the export of works of art from the United Kingdom. The final section draws together some of the strands and concludes the paper.

### 10.1 Historical Background

The British government has only reluctantly taken on the task of financing museums and art galleries.<sup>1</sup> Royal patronage of the arts came to an abrupt end with the execution of Charles I in 1649, his art collection was auctioned by the Puritans, and for the next hundred years what patronage there was rested in private hands. A few private collections survived the Civil War, new collections started to be formed toward the end of the seventeenth century, and it was the bequest of one of these private collections to the state and offers of other collections at advantageous prices that eventually led to the founding of the British Museum in 1753. The £300,000 needed to fund and house the purchases, however, did not come from state funds but was raised by public lottery. State commitment did not stretch beyond an agreement to cover running costs, and the government’s reluctance to finance additions to the collection meant that even the chance to acquire the Elgin marbles was not quickly seized on. When, in 1816, the government eventually bowed to pressure, it bought them for £35,000, a figure which left Lord Elgin considerably out-of-pocket.

The doctrine of *laissez faire* meant that the arts were not seen as an area for state intervention but, at the same time, the government was conscious of the growth of state collections across the Channel and elsewhere in Europe. Its ambivalent attitude is well summarized by Minihan who comments that while “reluctant to spend public money on ancient statues, it was somehow held to be a national disgrace if other countries managed to acquire them” (1977, 14). This reluctance was not restricted to statues: the state was equally unwilling to provide money for paintings. Private collections were growing and often opened to the public on request (the Stafford collection was open at regular hours) but the government resisted all pressure to establish a state gallery. It was not until nearly three-quarters of a century after the founding of the British Museum that the National Gallery was set up, in 1824, though it was not properly housed until 1838. Britain could now boast of a fine collection of art from various countries, but it still lacked a showplace for British artists. When, toward the end of the century, Henry Tate offered the country his collection, which included works by many British artists, the then government was, as ever, unwilling to provide state funds to build a gallery to house it and continued to prevaricate even when Tate offered to pay for this himself. A

1. In writing this section the author has relied heavily on Janet Minihan’s book, *The Nationalization of Culture* (1977).

change of government resolved the matter, and the National Gallery of British Art (later to be renamed the Tate) opened in 1897, at Millbank, on the site of Jeremy Bentham's model penitentiary.

Several other national museums were also built largely from private funds, including the National Portrait Gallery (founded 1856), the Scottish National Gallery (1850) and the Scottish Museum of Antiquities (1780). Well might the Royal Commission on National Museums and Galleries comment in 1929 that "in general it is true to say that the State has not initiated. The Collections, whether artistic, literary or scientific, once formed by the zeal of individuals, and thereafter bestowed on or acquired by the State, have been maintained out of the public revenues at the lowest possible cost. The attitude of the State to the National Museums and Galleries has for the most part been a passive and mainly receptive attitude. Development has been spasmodic" (*Final Report*, 10).

An exception was the Victoria & Albert Museum: the commercial usefulness of art spurred the government to pay for the initial building, but, even here, it was the concern of the Prince Consort and others over the poor quality of design that had moved the government to create the Department of Practical Art which subsequently became the Department of Education and Science. The Victoria & Albert Museum, together with the Science Museum, formed part of this department, and it was only in 1983 that both museums gained trustee status.<sup>2</sup>

By the late 1920s, state funding of the national museums' operating expenses was well established, as can be seen in table 10.1. There was still a reluctance to fund additions to collections: the only two museums to receive substantial purchase grants were the British Museum and the Victoria & Albert. The National Gallery, which had received an annual purchase grant since 1855, had its allowance of £5000 increased by £2000 in 1927–28 to cover purchases for the Tate, which had no grant of its own. Even though a state role was not in dispute, there was concern over the level of funding, and a Royal Commission was set up to seek ways to reduce expenditure. It, however, reported that the "economy has already been pushed beyond the point of administration" (*Interim Report* 1928).

The national museums were concentrated in London and Edinburgh, but museums were also being established in the regions. This development was fostered by a growing belief in the educative importance of the arts and by the need to provide a wider range of recreational facilities as leisure time expanded for the working classes. The Museums Act of 1845 permitted town councils to found and maintain museums, and by the end of the century the

2. The government took a narrow view as to the commercial educative role of the Victoria & Albert. This is well illustrated by an anecdote reported by Minihan. It seems that Lord Palmerston, on viewing a collection of medieval Italian majolica recently purchased by the museum, asked, "what is the use of such rubbish to our manufacturers?" As a result, the collection had to be sold but was gradually bought back with the annual purchase grant (1977, 115–16).

Table 10.1 Government Grants to National Museums 1903–28 (£)

	Purchase Grants			Net Operating Expenditure		
	1903–4	1913–14	1927–28	1903–4	1913–14	1927–28
England						
British Museum	22,000	25,000	25,000	194,863	240,442	405,125
National Gallery	5,000	5,000	7,000	40,002	37,002	40,395
Tate	0	0	0	—	—	—
National Portrait Gallery	750	750	1,153	6,646	7,181	11,087
Victoria & Albert	11,000	10,400	16,000	n.a.	n.a.	n.a.
Wallace	0	0	0	10,657	18,291	19,042
Scotland						
Royal Museum	2,600	2,600	2,600	16,410	27,699	31,534
National Gallery	0	1,000	1,000	—	—	—
National Portrait Gallery	0	200	200	3,400	19,777	17,116
Museum of Antiquities	0	200	200	—	—	—
Total, museums	41,350	45,150	53,153	271,978	350,392	524,299
Total: all national museums & libraries	48,950	52,800	62,928	485,034	587,576	1,090,903

Source: Royal Commission on National Museums and Galleries, *Interim Report* 1928, Cmd. 3192, app. 3.

Notes: Net operating expenditure includes capital and current expenditure on buildings. British Museum operating expenditure includes expenditure on building repairs and utilities for National History Museum. Operating expenditure for the Victoria & Albert Museum cannot be separated from that of the Science Museum.

number of provincial museums was increasing rapidly. Museums set up under the Museums and Gymnasiums Act of 1891, covering England and Wales, had to be open to the public for not less than three days in every week free of charge, and in 1918 local education authorities were permitted to make grants to museums to encourage them to develop educational facilities for school parties. A limit was placed on the amount of money that might be raised on the rates (a form of local property tax) which was eventually removed in 1919. Nevertheless, private benefactors again played a major role: Miers (1928) noted that nearly half of the provincial public museums started between 1880 and 1920 originated from private collections, and Markham, writing in 1938, mentions that virtually all major building projects undertaken in the previous ten years had been privately funded. Town councils may have been given powers to establish museums, but it seems they were no keener than central government to provide funding. Of the 800 public and private museums surveyed by Markham, about 500 were inadequately financed and possibly 250 had “hopelessly inadequate finances” (p. 165). It is, therefore, hardly surprising he noted that approximately 50 museums had closed in the previous ten years.

Though state funding of the museums and galleries had ceased to be controversial, state subsidy of other forms of art was not provided. World War II provided a turning point. As part of an effort to maintain morale, the Council

for Encouragement of Music and the Arts (CEMA) was launched, once again by private initiative though the government eventually provided funding. This was a great success, and, when the war ended, a natural sequel was the setting up of an arts organization to “encourage knowledge, understanding and practice of the arts in the broad sense of that term” (Chancellor of Exchequer, quoted in Minihan 1977); the Arts Council of Great Britain was established in 1945, so that from this time on, theatre, music and dance, as well as the visual arts, received state funding. In 1948, local authorities were permitted to spend a small proportion of revenue on arts and entertainment, over and above that spent on museums, and by 1972 final restrictions on the amount of spending were removed.

In 1965, a junior minister with special responsibility for cultural policy was appointed, and the arts gained a voice in government, albeit only as a division within the Department of Education and Science. From this has evolved the Office of Arts and Libraries with its own minister and budget.

The combination of private and state funding of museums had meant that today museums of every kind are to be found in all parts of the country. Because they are continuing to open—it has been estimated that on average a new museum has opened every two weeks since 1970 (Cossons 1987)—it is difficult to establish the exact number. There are the 19 government-funded, trustee museums treated as national by the Museums and Galleries Commission (1988), the most recent of which, on Merseyside, Liverpool, was formed from a complex of local authority museums in 1986. With this one exception, the national museums are all located in national capitals, though there are branches elsewhere in the country.<sup>3</sup> When Miers (1928) and Markham (1938) reported on regional museums before World War I, they both emphasized the haphazard distribution. Today, as can be seen in table 10.2, local authority museums are spread remarkably evenly when measured in terms of population—only London and Merseyside having fewer than 11.7 museums per million population. Nearly all these museums contain mixed collections, and the middle column gives some indication of the distribution of museums with art collections. This is somewhat less even, but only the Midlands appear to be noticeably less well provided for than other areas.

In addition to the public museums there are also many independent collections open to the public which are either nonprofit or run on a commercial basis. Other independent collections include those of universities, some of which are very fine indeed. The Museums and Galleries Commission estimated that in 1987 there were at least 150 university collections of which 76 were identified as of “undoubted national distinction.” These, too, have generally been started with the bequest of private collections, one of the earliest

3. Branches of the National Portrait Gallery have been set up at Montacute (Somerset), Beningbrough (York), and Bedelwyddan (Clwyd), while the Tate runs the Barbara Hepworth Museum in St. Ives, Cornwall. The various branches of the Victoria & Albert Museum are all located in the London region.

Table 10.2 Museums and Galleries Open to the Public—by Region

Region	Local Authority Museums, 1983–84		Public and Private Art Museums, 1981		Art Collections in Country Houses, 1982	
	Number	Per Million in Population	Number	Per Million in Population	National Trust Houses	Other Country Houses
England						
Eastern	71	14.5	26	5.5	4	12
East Midlands	51	13.4	12	3.7	2	9
Greater London	28	4.2	51	7.2	2	3
Lincolnshire and Humberside	26	18.6	9	6.5	1	6
Merseyside	11	6.1	8	4.3	—	7
Northern	43	13.9	18	5.8	1	6
North West	55	11.7	30	6.4	2	12
Southern	58	13.2	32	7.5	2	13
South East	50	15.6	12	3.8	5	19
South West	49	13.6	22	6.3	7	9
West Midlands	70	13.5	21	4.1	3	7
Yorkshire	72	17.6	19	4.7	2	3
Total	584	12.4	264	5.7	34	109
Wales	35	12.5	16	5.7	1	4
Scotland	n.a.	—	40	7.7	—	14
Great Britain, Total	619.0	12.5	320	5.9	35	127

Source: For local authority museums—Myerscough (1986), table 7.4; for remainder—Nissel (1983), table 11.6.

being that of Ashmole to the University of Oxford in 1683. Some 35 National Trust houses contain fine art collections as do 127 other country houses (see table 10.2).

It is also worth mentioning that there are many major items of fine and applied art held by cathedrals and churches. Some government aid is provided to churches for building maintenance, thus enabling parishes to release funds for the conservation and, in some circumstances, display of their art property. Similar assistance is not available to cathedrals, many of which require extensive repair and maintenance. Hereford's recent proposal to sell the thirteenth-century Mappa Mundi to raise £7 million for building work (and to preserve its unique chained library) highlights the plight of cathedral chapters and anomalies in government aid which has been concentrated on art contained within museums and art galleries.

A century of private benefaction combined with increasing state funding has provided Great Britain with a large number of public museums and art galleries, many of which are free and, as we shall see, rely almost wholly on

government aid for their running costs. These, together with the many independent collections, numerous historic houses and monuments, mean that most of the population lives within easy distance of a varied range of museums and historical buildings and sites.

## 10.2 Direct Subsidies

In the postwar period, the main changes in policy affected the performing arts following the establishment of the Arts Council of Great Britain. Government policy was limited to the acceptance of its role as main funder for the public museums and to providing a budget for the other arts, through the Arts Council, with policy decisions being directed at deciding how much to spend on the arts rather than how it should be spent.

There has never been a central “Ministry for the Arts”, and currently funding for the visual arts continues through diverse bodies. The Office of Arts and Libraries, separated from the Department of Education and Science in 1979 (only to be merged again in 1981 and separated once more in 1983), handles most of the English national museums. Until 1983, the Department of Education and Science was responsible for the Victoria & Albert and the Science Museums and it was only in 1987 that the Natural History Museum passed from the department to the Office of Arts and Libraries. Scottish, Welsh, and Northern Irish museums are funded under separate votes for these countries. The Department of the Environment is responsible for historic buildings, including those owned by the state—such as Hampton Court, which contains a fine collection of pictures—and may make capital grants to museums through its funding of urban development councils set up in the 1980s to help revitalize specific urban areas. Occasional grants may also be received from tourist boards (funded by the Department of Trade) and from various government job creation schemes. Local taxes fund local authority museums. Finally, tax policy is determined by the Treasury.

### 10.2.1 Central Government Spending on Museums

With such a range of departments, there can be no definitive estimate of total government spending on the arts, but, for recent years, the government’s annual paper on its expenditure plans provides a total figure, though it is only in the last ten years that spending on museums and other arts has been shown separately from that on libraries. Even now, these plans do not give a breakdown of Scottish, Welsh, and Northern Irish expenditure.

Until World War I, virtually the only art institutions to receive central government funding were the national museums but, after the establishment of the Arts Council in 1945, spending on the performing arts rose rapidly. The increase was particularly steep after 1965, and during the ten years from 1969 to 1979, spending on all the arts more than doubled in real terms. Funding of museums and galleries also rose during this period, but because of the in-

creased expenditure on other arts, the proportion of the arts budget devoted to museums fell from 63 percent in 1949 to 39 percent in 1979, rising again to 47 percent in 1988–89.

Table 10.3 shows government direct subsidies to U.K. museums from 1949 to 1988. Up to 1979, the level of subsidy increased steadily, but the advent of the Conservative government in 1979, while not stopping the upward trend, introduced a more uneven pattern when measured in real prices, as can be seen in the bottom panel of the table. The large increase between 1985 and 1986 reflects the establishment of the new national museums on Merseyside and constitutes, in part, a transfer of funding from local to central government.

The Conservative government's declared objective to cut public spending and its emphasis on the merits of the market have changed both the social and economic climate. Museums will in future have to take greater responsibility for the management of their budgets and will be expected to earn a greater proportion of their income. To this end, the government has introduced changes in the method of funding national museums and is promoting measures to encourage donations and sponsorship.

In the past, government grants to national museums covered three main categories of expenditure: operating costs, buildings, and acquisitions. For most museums, a sum covering building maintenance and repairs was passed directly from the funding department to the government Property Services Agency which handled all building work. The remaining grant came as a vote: each museum's grant was calculated by estimating the running costs for the financial year and its expected receipts, and the resulting vote was the difference between these two amounts.<sup>4</sup> If a museum earned more than had been estimated, it could spend the excess, providing it did this before the end of the financial year. In the event that it failed to spend all the excess, the balance was surrendered to the Exchequer. Clearly, under this arrangement there was little incentive for museums to increase their income through trading activities or by seeking out donations and sponsorship. A similar arrangement operated for purchase grants, though, in this case, any surplus might be returned to the museum in the following financial year.

In 1986 the Minister for the Arts announced a change from vote to grant-in-aid funding. Under the new arrangement, the annual grant would be a given percentage of the assessed running costs, the museums having to raise the balance. Where receipts exceeded the target, these could be retained (without any offsetting grant reduction) providing they did not exceed 2 percent of the annual grant and 10 percent of the annual receipts. Under certain circumstances, however, transfer to endowment funds might be possible. Moreover, grants-in-aid are to be set on a three-year basis to enable museums to plan ahead. In order to avoid large transitional adjustments and consequent ineq-

4. A vote is a statement presented to the House of Commons of estimated expenditures during a financial year with a request for the necessary funds to be voted.

Table 10.3

## Government Direct Subsidies to Museums and Galleries

	Central Government					Local Government			
	England	Wales	Scotland	Northern Ireland	Total	England	Wales	Scotland	Northern Ireland
	<i>Spending at Current Prices (£ Million)</i>								
1949-50	1.13	0.04	0.07	—	—	—	—	—	—
1959-60	2.44	0.13	0.21	—	—	—	—	—	—
1969-70	7.81	0.46	0.48	—	—	5.70	—	—	—
1974-75	15.28	1.38	2.09	—	—	18.80	—	—	—
1979-80	47.00	—	—	—	—	38.60	1.60	—	—
1980-81	58.00	—	—	—	—	52.30	1.50	—	—
1981-82	62.00	—	—	—	—	55.30	1.80	—	—
1982-83	82.00	—	—	—	—	62.70	2.30	—	—
1983-84	85.00	6.50	9.90	3.70	105.10	72.00	2.40	—	—
1984-85	92.00	6.90	10.10	3.90	112.90	82.90	2.00	—	—
1985-86	99.00	7.80	16.60	4.20	127.60	89.70	2.80	—	0.50
1986-87	114.00	8.00	12.20	4.60	138.80	81.40	2.90	13.40	0.50
1987-88	121.00	12.70	15.80	5.10	154.60	—	—	—	0.60

(continued)

**Table 10.3** (continued)

	Central Government					Local Government			
	England	Wales	Scotland	Northern Ireland	Total	England	Wales	Scotland	Northern Ireland
<i>Spending in 1985 Prices* (£ Million)</i>									
1949–50	13.29	0.48	0.82	—	—	—	—	—	—
1959–60	19.06	0.99	1.64	—	—	—	—	—	—
1969–70	42.45	2.52	2.61	—	—	30.87	—	—	—
1974–75	50.93	4.61	6.97	—	—	63.67	—	—	—
1979–80	74.96	—	—	—	—	61.56	2.55	—	—
1980–81	78.06	—	—	—	—	70.39	2.02	—	—
1981–82	75.98	—	—	—	—	67.77	2.21	—	—
1982–83	93.93	—	—	—	—	71.82	2.63	—	—
1983–84	93.30	7.14	10.87	4.06	115.37	79.03	2.63	—	—
1984–85	95.83	7.19	10.52	4.06	117.60	86.35	1.98	—	—
1985–86	97.92	7.72	16.42	4.15	126.21	88.72	2.27	—	0.49
1986–87	109.20	7.66	11.69	4.41	132.95	77.97	2.87	12.84	0.48
1987–88	110.10	11.56	14.38	4.64	140.67	—	—	—	0.55

Sources: Central government: England, Wales, and Scotland—1949–75 *Appropriation Accounts*; England—1979–88 *Government Expenditure Plans*; and Wales, Scotland, and Northern Ireland—*Central Trends* (1989, 1). Local government: England—*Local Government Financial Statistics*; Wales—1979–84 as for England, 1984–87 *Welsh Local Government Statistics*; and Scotland and Northern Ireland—*Cultural Trends* (1989, 1).

\*Deflated by GDP deflator.

uities, the amounts of the grants introduced for the 1986–87 year were based on the 1985–86 vote provision.

Table 10.3 shows government spending on museums; what is not immediately evident is that the national museums take the lion's share of the English museum budget, amounting to about 93 percent in 1988–89. Table 10.4 provides figures of the subsidies to the eleven "art" museums from which it can be seen that they have experienced a fairly constant level of funding (the rise from £54 million to £64.3 million in 1986–87 being mainly explained by the new Merseyside museum).<sup>5</sup>

The remainder of the central government budget for England provides grants for one or two smaller London museums and funds for museums in the regions which are channeled through the Museums and Galleries Commission. This is an "arm's length" body and can allocate its budget at its own discretion, as is the case with the Arts Council. It may also receive earmarked grants which it administers on behalf of the government. Similar funds are made available for Scotland and Wales through their respective offices.

The commission was originally established in 1930 as the Standing Commission on Museums and Galleries, but in 1981 it was set up as an independent body. Originally it had an advisory role as well as responsibility for liaising between national and provincial museums. With its change in status, various executive duties have been added. These currently include the monitoring of the nine Area Museums Councils (seven in England, one each in Scotland and in Wales), allocation of grants to the seven English Councils, funding of the Museum Documentation Association, administration of capital (generally for the housing of collections) and conservation grants for non-national museums. It also takes responsibility for the Local Museums' Purchase Funds (administered for the Commission by the Science and Victoria & Albert Museums) and the acceptance of works of art in lieu of taxation, which will be discussed in more detail in a later section. The sums involved are shown in table 10.5.

The commission also has administrative responsibility for the Government Indemnity Scheme, whereby the government effectively acts as insurer for items lent to nonnational museums and galleries, including items from abroad, and in some circumstances from private owners. The advantages of this scheme are that museums avoid having to pay for insurance and, consequently, are more willing to make loans to other museums and exhibitions. Unlike the American scheme (see Clotfelter, chap. 9 in this volume), museums do not have to take out insurance for a proportion of the value, so that 1987–88 total annual value of upwards of £700 million covered by the scheme

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5. These are the British Museum, National Gallery, NGM Merseyside, National Portrait Gallery, Tate Gallery, Victoria & Albert Museum, Wallace Collection, National Galleries Scotland, National Museums Scotland, National Museum of Wales, and Ulster Museum. The last three and NGM Merseyside are "all-purpose" museums with substantial art collections.

**Table 10.4 Government Direct Subsidies to National Art Museums (£ thousand)**

	Grants to Art Museums		Total Grants to National Art Museums		Art Expenditure as % of Government Expenditure on All National Museums	Grants to All National Museums	
	Operating	Purchase	Current Prices	1985 Prices*		Current Prices	1985 Prices*
1949-50	646.0	183.0	829.0	9,752.9	67.6	1,226.0	14,423.5
1959-60	1,401.0	451.0	1,852.0	14,468.8	66.7	2,776.0	21,687.5
1969-70	4,878.0	1,189.0	6,067.0	32,972.8	69.3	8,757.0	47,592.4
1974-75	10,285.0	1,190.0	11,475.0	38,250.0	61.2	18,756.0	62,520.0
1979-80	23,514.0	8,303.0	31,817.0	50,744.8	62.7	50,713.0	80,882.0
1980-81	30,338.0	9,875.0	40,213.0	54,122.5	61.5	65,428.0	88,059.2
1981-82	33,445.0	9,806.0	43,251.0	53,003.7	62.2	69,496.0	85,166.7
1982-83	36,020.0	10,558.0	46,578.0	53,354.0	62.2	74,920.0	85,819.0
1983-84	38,351.0	11,418.0	49,769.0	54,631.2	62.2	80,073.0	87,895.7
1984-85	41,494.0	11,295.0	52,789.0	54,988.5	61.5	85,839.0	89,415.6
1985-86	43,902.0	10,603.0	54,505.0	53,912.0	59.6	91,502.0	90,506.4
1986-87	55,764.0	11,466.0	67,230.0	64,396.6	63.9	105,256.0	100,819.9
1987-88	57,216.0	11,591.0	68,807.0	62,608.7	60.4	113,976.0	103,708.8

Source: *Appropriation Accounts*; Museums and Galleries Commission, *The National Museums* 1988.

Notes: In most cases the operating grant does not include any funds for buildings.

Purchase grant for National Museum of Wales is not shown separately from the operating grant.

\*Deflated by GDP deflator.

**Table 10.5** Central Government Grants Administered by Museums and Galleries Commission (£ thousands)

	Area Museum Councils*	Documentation	Capital	Transition	Local Purchases	Conservation	Research
1979-80	1,266						
1980-81	1,500						
1981-82	1,730		65				
1982-83	1,748	53	102				
1983-84	1,898	62	150				
1984-85	2,005	88	182		1,282	387	5
1985-86	2,194	72	300		1,282	150	8
1986-87	2,288	115	226	1,155	1,282	200	36
1987-88	2,622	113	220	1,019	1,280	238	18

Source: Museums and Galleries Commission, *Annual Reports*

\*Seven English Councils.

represents a saving to museums of some £3.5 million in commercial premiums during that financial year (Museums and Galleries Commission *Annual Report*, 1988).

The Arts Council of Great Britain is the major source of funding for the performing arts but it also provides funds for the visual arts: in 1988-89 this amounted to £3 million, or 2 percent of its budget. The council is the main source of subsidy for exhibitions, and it also funds the Hayward and Serpentine Galleries in London. State patronage to individual artists is limited: the government has a small fund for the purchase of work by British artists, as does the Arts Council, while the British Council promotes and funds exhibitions of British artists abroad.

Compared with European Economic Community (EEC) countries, Britain spends relatively little on the arts as a whole but devotes a greater proportion to "cultural heritage." As can be seen from the top panel of table 10.6, whatever measure one adopts for assessing spending on arts and libraries—be it proportion of all government expenditure, spending per capita, or percentage of GDP—Britain is amongst the lowest spenders. The bottom panel of the table breaks down spending into different categories: cultural heritage (including museums), music and opera, theatre and dance. In all three categories, Britain spends less per capita than do Germany, France, and Italy. The study by the Commission of the European Communities only covers central spending, but it commented that local authority spending in the United Kingdom seemed unlikely greatly to affect the rankings (1989).

### 10.2.2 Local Authority Spending on Museums

As has already been explained, local authorities fund museums and galleries from the rates (a tax on nonagricultural land and buildings). However,

Table 10.6 European Communities—Spending on the Arts, 1985

Spending on All Arts						
Country	Spending on Arts (ECU Millions) (1)	(1) As % National Budget (2)	Per Capita Spending Arts (ECU) (3)	(1) As % of GDP (4)	Spending on Arts (SPP) <sup>a</sup> (5)	Per Capita Arts Spending (SPP) <sup>a</sup> (6)
Germany	1,368.0	0.7	22.3	0.2	1,392.0	22.7
France	1,454.0	1.0	26.5	0.2	1,585.0	28.9
Italy	1,272.0	0.4	22.3	0.3	1,564.0	27.5
Netherlands	497.0	0.7	34.1	0.3	542.0	37.2
Belgium	224.0	0.5	22.8	0.2	270.0	27.4
Luxembourg	8.0	0.5	22.2	0.2	10.0	27.8
Great Britain	447.0	0.2	7.9	0.1	533.0	9.5
Ireland	22.0	0.2	6.3	0.1	28.0	8.0
Denmark	184.0	0.8	36.0	0.2	178.0	34.9
Greece	79.0	0.4	8.2	0.2	105.0	11.0
Spain	564.0	0.6	14.7	0.3	842.0	22.0
Portugal	56.0	0.4	5.4	0.2	78.0	7.6
EEC	—	0.5	19.1	0.2	7,127.0	22.0

  

Spending on Visual and Performing Arts						
Country	Cultural Heritage <sup>b</sup>		Music and Opera		Theatre and Dance	
	% of Arts Budget	Spending per Capita (ECU)	% of Arts Budget	Spending per Capita (ECU)	% of Arts Budget	Spending per Capita (ECU)
Germany	20.10	4.48	5.50	1.23	28.70	6.41
France	28.90	7.65	14.20	3.78	7.50	1.99
Italy	32.80	7.33	24.30	5.44	7.00	1.57
Netherlands	29.10	9.95	11.90	4.07	4.50	1.52
Belgium	26.70	6.08	13.10	2.99	15.20	3.46
Luxembourg	24.00	16.94	2.10	0.56	2.30	0.56
Great Britain	36.70	2.92	13.70	1.09	12.80	1.02
Ireland	32.60	2.06	8.20	0.51	18.40	1.17
Denmark	24.20	8.75	4.30	1.57	28.40	10.25
Greece	—	—	—	—	—	—
Spain	32.60	2.91	10.00	0.89	3.50	0.31
Portugal	41.00	2.24	2.60	0.15	2.00	0.11
EEC	28.50	5.21	13.40	2.45	13.20	2.41
Average	34.30		10.00		11.80	

Source: Commission of the European Communities, *The Public Administration and the Funding of Culture in the European Community* (1989, 179, 180).

<sup>a</sup>SPP = standard purchasing power.

<sup>b</sup>Cultural Heritage includes architectural and archaeological assets, museums, and archives.

**Table 10.7** Local Government Direct Subsidies to Local Authority Museums

	London	Metropolitan	Nonmetropolitan	Total England	Wales	Total England and Wales
<i>Net Revenue Expenditure at 1985 Prices* (£ Million)</i>						
1979-80	4.3	20.3	28.5	53.1	1.8	54.9
1980-81	4.7	22.1	30.7	57.5	1.6	59.1
1981-82	5.4	21.4	30.8	57.7	1.8	59.6
1982-83	6.0	22.7	31.8	60.4	1.8	62.2
1983-84	6.5	23.2	33.2	62.9	1.9	64.8
1984-85	7.8	23.8	33.5	65.2	1.5	66.7
1985-86	7.4	26.3	34.1	67.9	2.2	70.0
1986-87	7.0	20.1	27.9	64.7	2.3	67.0
<i>Spending per Capita (£ at 1985 Prices*)</i>						
1979-80	0.6	1.8	1.0	1.1	0.6	1.1
1980-81	0.7	1.9	1.1	1.2	0.6	1.2
1981-82	0.8	1.9	1.1	1.2	0.7	1.2
1982-83	0.9	2.0	1.1	1.3	0.7	1.3
1983-84	1.0	2.0	1.2	1.3	0.7	1.3
1984-85	1.2	2.2	1.2	1.4	0.5	1.4
1985-86	1.1	2.6	1.2	1.5	0.8	1.4
1986-87	1.0	1.9	1.0	1.4	0.8	1.4

Source: *Local Government Financial Statistics*.

\*Deflated by GDP deflator.

some central subsidy may be included in the block grants which most local authorities receive, in order to adjust for regional differences in resources and needs. The allocation for museums is not earmarked and has moreover been estimated through a somewhat arbitrary choice of measure: square footage of relevant shopping and restaurant space. This central subsidy thus takes no account of the size, importance, or nature of the collections, which vary considerably due to historical circumstances and differences in the types of bequests, interests, and finances in the various regions.

Government figures for local authority spending on museums and galleries are given in table 10.3 and cover expenditure by all local authorities in the United Kingdom. Table 10.7 (top panel), using a different source, gives net revenue expenditure, at 1985 prices, by main category of local authority for England and Wales for the period 1979-87.<sup>6</sup> Over this period, subsidies have risen, until 1986-87 when English figures show a decrease.

In 1986, there was a reorganization of local government: before that time, London and the six major metropolitan areas had two-tier authorities but, in March 1986, the Greater London Council (GLC) and the six metropolitan

6. Figures for counties and districts have been merged to provide one figure for each type of authority.

county councils (the upper-tier authorities) were abolished. The removal of these authorities with relatively few functions but responsible for some of the major provincial museums (and other art bodies) generated considerable anxiety about future funding, and the implications were examined by the Education, Science and Arts Committee of the House of Commons (1984). It became apparent that the government had not thought through some of its proposals, and various compromises had to be made. In one case, various Liverpool museums were merged to form the National Galleries and Museums, Merseyside, thus transferring funding from the local authority to the central budget when it became the latest national museum in 1986. The government expected the smaller districts to fund other affected museums, promising adjustments in their block grants. However, problems in reaching agreement about the level of funding and appropriate shares left some of the arrangements predictably uncertain, such collaboration between districts not having been necessary in the preceding years. In order to aid transition, grants were made by central government to various bodies. In the first year following reorganization, grants paid, through the Museums and Galleries Commission, amounted to 75 percent of the GLC or metropolitan county council funding in the previous financial year. Grants have been reduced to 50 percent and 25 percent in succeeding years and ceased in 1989–90. The total sums involved are shown under the heading "Transition" in table 10.5.

It seems unlikely that reorganization accounts for the reduction in spending in 1986–87. The transition grants should have provided a cushion and, more pertinently, the reorganization did not affect the nonmetropolitan areas in England which also show a fall in spending. Moreover, although the Conservative government has conducted a fierce campaign to contain local authority expenditure, through rate-capping and other means, the local government financial climate after reorganization was not noticeably tighter than before. However, in recent years education costs have escalated, and since these represent a large share of local authority budgets, it could be that economies have had to be made elsewhere, including spending on museums.<sup>7</sup>

Future analysis of local government spending on museums will be further complicated by the forthcoming major revision of local government finance. This reform means that from 1990, local rates will be abolished and replaced by a community charge, or poll tax as it is commonly known. As this name indicates, it is a flat-rate tax on virtually all adults aged eighteen and over. Individuals with low incomes will receive rebates up to a maximum of 80 percent. The level of charge will be set by each local authority, which will raise about 25 percent of its total revenue from this source. The remainder will come from a revised block grant and a share of the business rates, the amount of revenue from these two sources being linked to the adult population in each area. The government's objective is to make authorities more accountable to

7. The author is indebted to John Gibson for suggesting this possibility.

their voters: local authority decisions to increase spending will mean a larger community charge. The reform is controversial. Local authorities will now only be able to determine the tax rate funding 25 percent of expenditure, instead of the previous 50 percent; redistributive effects are likely to be considerable since the previous tax was on property and payable by households, regardless of the number in the family. At this time, the government has not yet announced the size of the block grants to local authorities, so the level of community charge is not yet known and the implications for museum funding cannot be assessed.

Local authority museums benefit from the grants administered by the Museums and Galleries Commission, the most important of which are those made to the Area Museum Councils (AMCs). These grants, to aid conservation, display, traveling exhibitions, and information and training services, have to be matched by subscriptions and contributions from member museums. Scotland and Wales each have their own AMC, but so far none has been set up in Northern Ireland. In real terms, the size of the grant has hardly increased since 1979–80, and the total amount of money is small, individual councils receiving shares in 1987–88 that varied from £155,250 (East Midlands—recently separated from the West Midlands, which received £255,500) to £605,750 (South Eastern England). In line with government policy to national museums, the grant settlement will be made in future on a three-year basis in order to encourage planning; councils are being urged to supplement their income by sponsorship, in which area they have met with some success.

### 10.2.3 Independent Museums

A survey by the Museums Association found that about 42 percent of the income of independent museums came from public grants in 1985 (1987, 153). This seems a surprisingly large proportion, and unfortunately the survey does not provide detailed definitions of the type of museums it included in this classification, nor was the response rate very high. Some independent museums do receive public funds: a very few private museums receive grants from central government (e.g., Soane Museum) and local authorities make occasional grants. These local authority grants totaled an estimated £3.35 million in 1984–85, the last year for which figures are given by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Leisure and Recreation Statistics.

University museums receive a small amount of central government funding as universities receive a general grant from the government via the University Funding Council (formerly the University Grants Committee). This can include a nonearmarked contribution where the museum is recognized by the funding body. In 1986–87, the University Grants Committee only recognized 16 collections in 11 universities. Their selection contained fewer than one in four of the 75 collections the Museums and Galleries Commission identified

as of national distinction. Local authorities may also contribute, but patterns vary from area to area.

### 10.3 Indirect Subsidies

#### 10.3.1 Tax Concessions on Donations

The Charities Aid Foundation has estimated that, on average, British households donate only about 0.7 percent of their income to charity. This is a small proportion when compared with American households, but the British tax system provides few concessions to encourage charitable giving. In 1986 the government introduced a payroll scheme whereby individuals may offset charitable donations against tax up to a ceiling which is currently £480 per annum. Other donations by individuals and companies can be made by deed of covenant, by which the recipient can recover the tax at the basic rate, but a minimum time period of four years is imposed, which tends to discourage donors, especially companies. The tax advantages of this form of giving accrue to mainly to the recipient rather than to the donor, but giving has risen over recent years, particularly since the removal of the ceiling of £10,000 in 1986.

Another change introduced in 1986 allowed companies to offset single charitable donations against Corporation Tax up to a limit of 3 percent of the annual dividend. The company making the donation deducts income tax at the basic rate from the donation and pays this to the Inland Revenue; the net amount is paid to the charity, which can reclaim the tax from the Inland Revenue. Up to October 1987, total tax relief obtained in this way amounted to £20 million, out of a potential total of £500 million (Museums and Galleries Commission, *The National Museums* 1988, 16). How much the arts have benefitted is not known. The concession benefits larger, rather than smaller, companies because close companies are excluded and because donations are linked to dividends rather than turnover: as small companies are more likely to make donations to local museums, it would seem unfortunate that the concession has been set up in this way.<sup>8</sup>

In recent years there have been some very generous donations to art museums, including the donation from the Clore Foundation to the Tate; the Bernard Sunley funding of a much needed exhibition room for the National Gallery; the Getty endowment for the National Gallery purchase fund; the Sainsbury Centre endowment for Visual Arts at the University of East Anglia; and the Adeane Gallery donation for the Fitzwilliam at Cambridge.

8. A close company is one under the control of five or fewer participants, or of participants who are directors. If 35 percent or more of its shares are held by the public, the company does not fall into this category.

### 10.3.2 Sponsorship

The Association for Business Sponsorship of the Arts (ABSA) was formed in 1976 to encourage business support, and in 1984–85 total sponsorship money amounted to £15 million (Myerscough 1986). For firms, the advantage of sponsorship over donations is that payments can be deducted from profits providing such payments are (1) of a revenue nature (precluding the use of sponsorship funds to finance building work or art purchases) and (2) incurred wholly and exclusively for the purpose of trade. The sponsor relationship is thus one of a commercial nature, whereby the company expects tangible returns, and sponsorship money generally comes from the marketing budget. It is not surprising, therefore, that sponsorship for the visual arts has mostly been funneled into temporary exhibitions both in London and the provinces.

In order to encourage sponsorship by small and medium-sized firms, the government set up the Business Sponsorship Incentive Scheme (BSIS) in 1984. Awards, administered by ABSA, match company sponsorship funds: first-time sponsors are matched pound for pound, while additional money from existing sponsors is matched in the ratio of one to three. In the period from its inception until the end of 1988, the scheme has raised a total of £21 million of which £15 million came from business and £6.5 million from the government (Touche Ross 1988). In 1987–88, out of a total of nearly £3 million sponsorship money, £369,337 went to the visual arts, the government grant amounting to £177,200 (H. M. Treasury, *The Government's Expenditure Plans* 1989, Cmnd. 613). There are signs, however, that companies may be less willing to continue to provide sponsorship money as they believe that government is beginning to regard sponsorship money as a substitute for, rather than supplement to, public funding.<sup>9</sup>

A survey of art organizations' attitudes to fund-raising found that most put more effort into obtaining sponsorship than into obtaining corporate and individual donations (Touche Ross 1988). Certainly, as tax concessions on donations now stand, incentives to donors are not sufficient to encourage widespread giving from all households at all levels of income. Even sponsorship money has to be competed for—art museums and galleries perhaps offer less obvious benefits to marketing managers than the performing arts, not to mention sports events—and the amount of money raised through sponsorship and donation is likely to remain a small proportion of museum income in the immediate future. The average taxpayer in Britain, who has probably never completed a tax return (since income tax is deducted by employers under the pay-as-you-earn tax scheme), is probably unaware of the limited incentive

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9. A spokesman for BP, which spent £1 million on the arts in 1988, is quoted as saying "If the government goes on renegeing on its responsibility, we shall begin to pull in our horns a bit. We believe in a partnership with the government. There is no sign of us pulling the plug, but in the future we may say enough is enough" (*The Sunday Times*, 25 September 1989).

provided by the payroll scheme, so it not surprising that, by October 1988, only 100,000 individuals had enrolled (Touche Ross 1988).

### 10.3.3 Capital Gains Tax and Death Duties

The tax system has also been used to provide incentives for owners of heritage objects to make them available to a wider public, either through sales or through loans to museums. Neither capital gains tax nor inheritance tax (an estate tax) is payable on art objects bequeathed to national, local authority, and university museums.

#### *Conditional Exemption from Tax*

When an individual is given, or inherits, an object assessed by experts as “worthy of display in a public museum,” provided certain conditions are fulfilled, exemption may be obtained from inheritance and capital gains taxes. The conditions are that the object is kept in the United Kingdom, maintained in a proper state of preservation, and accessible to the public (either through loan to a museum or by opening the house to the public). Should the owner decide to sell the object (or violate any of the conditions), tax is payable if it is sold at a public sale.

#### *Private Treaty Sales and the Douceur*

A further tax concession may make it worthwhile to sell the object by private treaty to a public museum rather than at an auction. Anyone selling a national heritage object, whether subject to conditional exemption or not, may gain by an arrangement designed to help retain art objects in this country. A simple numerical example is the easiest way to illustrate how both seller and purchasing museum can benefit.

Assume that the object is valued at £100,000 and has not been subject to conditional exemption from tax. On sale, capital gains tax would have to be paid by the seller. Let us assume that this amounts to £30,000. If the object is sold at auction for £100,000, the seller would therefore receive £70,000. If, however, the seller were to negotiate a private treaty sale with a museum, then he or she would receive £70,000 plus the *douceur*. This is usually 25 percent of the tax that would have been paid, and in this case is equal to 25 percent of £30,000, or £7,500. The seller thus receives £70,000 plus £7,500, a total of £77,500, which is paid by the museum. Both seller and museum benefit: the seller by the amount of the *douceur* and the museum because it has not had to pay the auction price of £100,000. No capital gains tax is paid to the government, so the indirect subsidy amounts to £30,000. In the case of objects subject to conditional exemption, the net price at auction would be the sale price less both the capital gains tax and the amount of inheritance tax that had been exempted. The *douceur* is then calculated as a percentage of the total tax and is added to the net of tax market price. The *douceur* may be 30 percent or even 50 percent, at the Inland Revenue’s discretion, but 25 percent is usual.

Unfortunately, no records of such transactions are kept at the Capital Taxes Office, so it is impossible to estimate the extent to which such private treaty sales occur and the amount of this tax subsidy.

#### *Acceptance in Lieu of Death Duties*

Important works of art may also be accepted in lieu of death duties payable under the inheritance tax which replaced the capital transfer tax in 1986. Both these taxes are estate taxes—that is, they are donor based—and under the National Heritage Act of 1980, objects of special artistic or historical importance may be offered as payment in kind. As in the case of private treaty sales, a *douceur* is offered to induce individuals to take advantage of this arrangement, but unlike private treaty sales, it is fixed at 25 percent and there have been frequent calls for the amount to be increased to 50 percent or more. The administrative side is handled by the Museums and Galleries Commission which, following expert assessment of the object, advises the minister whether it should be accepted, advice which is usually taken. If an art object is accepted, the Inland Revenue is then reimbursed for the amount of tax from a fund set aside by the Office of Arts and Libraries for this purpose. Initially, a ceiling of £2 million was set on this fund, but it was subsequently agreed that in exceptional cases additional funds may be drawn from the Public Expenditure Reserve. As can be seen from table 10.8, it was necessary to call on the reserve fund when, in 1987, Constable's *Stratford Mill* was accepted to satisfy tax amounting to £5.5 million.

In its early years, the scheme was criticized for the extremely slow procedures. Before the Museums and Galleries Commission took over the administration, the Capital Transfer Tax Office might take a full year before deciding whether to accept an object. Another disincentive operated, in that interest charges were payable on any tax outstanding. This, combined with the slow administration in the initial years, meant that many owners and executors preferred to go to auction. Since 1987, such interest charges have been waived, and decisions are made more rapidly. One problem remained: on occasion, the tax offset negotiated may be less than the value of the item offered. This is

**Table 10.8** Works of Art Accepted in Lieu of Capital Transfer/Inheritance Tax

	Tax Satisfied (£ thousand)
1981–82	1,463.5
1982–83	2,171.5
1983–84	815.3
1984–85	1,209.6
1985–86	2,132.3
1986–87	2,359.4
1987–88	8,627.5

Source: Myerscough (1986); Museums and Galleries Commission, *Annual Reports*.

especially likely to occur when collections are involved. The government has been repeatedly urged to allow tax credits which could be set against future liability for tax but has not agreed. However, in 1987, a precedent was set when Picasso's *Weeping Woman* was offered and valued at £1.2 million, a sum exceeding the amount of tax to be satisfied. A solution was found by allowing the Tate Gallery (assisted by a £0.9 million grant from the National Heritage Memorial Fund) to pay the balance of £1.015 million.

#### 10.3.4 Other Taxes

All museums pay value-added tax (VAT) on trading activities, admission charges, and sponsorship monies. The tax is refunded on books. When objects are purchased at auction, VAT is payable on the dealer's margin: a strange anomaly is that this is refunded to local authority museums but not to nationals.

Museums also have to pay rates on their premises, though, if they are registered charities, they receive a rebate of 50 percent.

### 10.4 Current Situation

While the government has repeated on various occasions that state funding of the national collections will be maintained and that other sources of income, such as sponsorship and donations, will be viewed as additions, under the new funding arrangements government grants are no longer sufficient to cover the basic running costs nor are the purchase grants large enough to enable all museums to maintain an active purchase policy. The situation for local authority museums is less clear: they have always been run on less generous funding, and current uncertainty, generated by the forthcoming changes in local government finance, suggest that they too will be expected to augment their income by their own efforts.

In this section, we assess the impact of changes in government policy and examine the problems that museums face in responding to them. Due to the paucity of data on local authority museums, the main focus will be on the finances and problems of the national art museums.

#### 10.4.1 Management of the National Museums

The trustees of the national museums take final responsibility for museum policy, while the director has the executive role. The trustees, who are unpaid and generally serve for a term of five to seven years, are usually appointed by a minister, often the Prime Minister.<sup>10</sup> The Scottish and Welsh Museums' trustees are appointed by their respective secretaries of state.

Relations between museums and the funding department (usually the Office

10. The P. M. appoints all trustees bar one for the National Gallery and the Tate, all of the trustees of the Victoria & Albert, but only about half of the British Museum's board of 25.

of Arts and Libraries) are by tradition conducted on the so-called arm's length principle whereby "prime responsibility for securing economy, efficiency and effectiveness in the use of the substantial public funds granted to the Museum, and the assets in its charge, rests inescapably on the Museum Council and officers" (Public Accounts Committee 1987, para. 24). Monitoring of financial administration and accountability, in respect of public funds, is exercised through periodic examination by the National Audit Office and the Public Accounts Committee.

The idea behind arm's length funding is that a museum can determine its own policy over a wide range of decisions. In the early 1970s, the government was disconcerted to find that it had no legal powers to force museums to introduce admissions charges, but, since museums depend so heavily on government finance, their technical independence may not enable them to persist in their objections for long. Independence, when the purse is held by someone else, can never be complete. Nevertheless there has been a general understanding that the government should leave management decisions to the museums: the state funds but the trustees determine a museum's policy.

Recently, however, there have been suggestions that the current government may be seeking to influence some of the museums' management decisions. It seems that the funding department has insisted on having an assessor present at trustees' meetings and the Museums and Galleries Commission has drawn attention to the "uncertainty and imprecision surrounding the relationship between Government and Trustees, and the degree of control that is appropriate" (Museums and Galleries Commission, *The National Museums* 1988, 20–21). Recent events at the Victoria & Albert Museum, involving both restructuring and the forced retirement of senior curatorial staff, are open to an interpretation that there has been government activity behind the scenes (through the sudden availability of redundancy money) and, no doubt, the change was facilitated by the current board of trustees. When a question to this effect was asked in Parliament, government intervention was, however, denied. Unlike most other national museums, the Victoria & Albert only achieved trustee status under the National Heritage Act of 1983, with the result that all serving trustees have been appointed by Prime Minister Thatcher who tended to appoint more business people than those with museum experience or interest in the collections.

#### 10.4.2 Income Sources and Expenditure Allocation

The measures taken by present government with the intention of reducing the national museums' dependence on state funding present the boards of trustees with new decisions:

1. Since only a proportion of operating costs will in future be met by government subsidy, increasing attention will need to be devoted to income generation. However, the accompanying change to grant-in-aid brings a

- reward, as such income will, in general, no longer be appropriated by the government.
2. The change in funding base also means that museums' responsibilities for their resources have been increased: the most important new responsibility is that in future all national museums will themselves deal with the care and maintenance of their buildings. At present the freehold will continue to be held by the Crown, but it is the government's intention that eventually it will pass to the trustees.
  3. Grant-in-aid will now be announced for a three-year period: this will enable museums to plan ahead but may bring problems when inflation exceeds anticipated levels.

Unfortunately there is little published information on the earned income of national and local authority museums. The bulk of their income comes from government; other sources include admission fees, trading income (from museum shops, snackbars, and publications) and donations. Figures for the seven major English national art museums for 1986–87 indicate that the amounts raised from these other sources may vary considerably by museums, as can be seen in table 10.9. There are no charges for admission to the main museums in London, but there are charges at branch museums; the remaining income raised under this heading comes from admission charges for exhibitions. The British Museum, National Gallery, Tate, and Victoria & Albert have all set up trading companies, and the income from these is not included in the total. The National Portrait Gallery, which earns a considerable amount from publications—likely to approach £1 million in the current financial year—is considering following suit.

Local authority museums also rely heavily on grants from local government. Earned income has risen from £4.6 million in 1979–80 to £12.4 million in 1986–87 for English museums, providing about 16 percent of total income.

All museums have to strike a balance in satisfying two types of customers: the general public, seeking entertainment and instruction, and scholars. Underlying the change in government policy is the feeling that museums have not been sufficiently responsive to the demands of the general public, and they are being urged to make their collections more attractive and more accessible by presenting them in a more inviting way and by using loans and traveling exhibitions. Such changes can only be achieved, given budget constraints, at a cost to other activities. Whilst all museums face the need to decide the balance to be struck, not all will make similar decisions—since collections, and hence their visitors, differ. For example, the Victoria & Albert, though holding a larger collection of paintings than the National Gallery, is predominantly dedicated to design; it has traditionally emphasized its educative role, but its National Art Library remains closed for one day a week due to insufficient funds.

Within a tight budget and faced with increasing commitments, trade-offs have to be decided in terms of the services to be provided. Much of a mu-

**Table 10.9**                      **Income Sources—Major English National Art Museums and English Local Authority Museums**

	British Museum <sup>a</sup>	National Gallery	NMG Merseyside	National Portrait Gallery	Tate	Victoria & Albert Museum	Wallace	Average	Local Authority England
Total Income (£ thousands)	16,470.0	7,336.7	11,020.9	2,727.3	6,327.7	13,102.5	975.4	57,960.5	79,900.0
Government grants	81.7%	93.5%	93.6%	66.5%	91.4%	84.1%	92.9%	86.5%	84.5%
Fees and charges	2.3	0.0	3.0	4.4	0.3	0.3	0.0	1.5	6.3
Admission fees	1.1	0.0	2.7	0.0	2.8	0.0	0.0	1.1	0.0
Trading	0.0	2.5	0.0	15.1	0.0	6.0	7.1	2.5	3.5
Trust	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Sponsorship	0.7	0.0	0.5	1.7	4.3	0.0	0.0	0.8	0.0
Donations <sup>b</sup>	10.9	2.1	0.0	9.4	0.1	5.2	0.0	5.0	0.0
Other	3.4	0.5	0.2	2.9	1.1	4.3	0.0	2.3	5.8

*Source:* Museums and Galleries, *Accounts for Year Ending 31 March 1987* (1988, Cmnd. 522).

<sup>a</sup>Excluding exceptional "other income."

<sup>b</sup>Donations for acquisition funds.

seum's work is less immediately visible; the effects of cuts in resources devoted to scholarship, conservation, documentation and general management of the collections may only become apparent after some time. Museums are having to reassess not only how much time and effort should be spent in such activities but also how much should be devoted to fund-raising where it is not always immediately clear which course of action will achieve maximum returns.

Some limited information on how museums currently allocate their income between alternative functions can be gleaned from a recent survey. It seems that, on average, United Kingdom museums allocate their resources in remarkably similar proportions to American museums, as can be seen from table 10.10. Taken over all museums, curatorial functions receive about one-quarter of the budget. However, there are differences between the main groups of U.K. museums: national and university museums allocate a larger proportion of their budgets to curatorial, library, and security functions than do local authority and independent museums, while the proportion devoted to maintenance is relatively low (perhaps reflecting the fact that for many national museums this is handled by another government agency) as is that for administration. All three categories of museums devote only a small proportion to conservation (Lord, Lord and Nicks 1989).

As collections grow, so do the operating costs of maintaining them. Over and above the purchase cost, it has been estimated that the curatorial costs of acquisition, documentation conservation, restoration, and display or storage amount to 24 percent of a museum's operating costs. If the costs of general maintenance, administration, and security are also added, this rises to about 67 percent (Lord, Lord, and Nicks, xxiii).

#### 10.4.3 Costs

As, in future, operating grants are likely to remain constant and may even decline, the national museums will have to contain costs and put increasing

**Table 10.10** Allocation of Expenditure by Function, United Kingdom and United States (in percentages)

	U.K.	U.S.
Curatorial (including conservation)	24	27
Library	2	5
Security	14	15
Maintenance	18	18
Administration	19	18
Education	4	6
Display and other public activities	10	
Development		11
Other	9	

Source: Lord, Lord, and Nicks (1989), table 3.1.

efforts into generating income. Table 10.11 shows the operating grants received by national art museums for the period from 1979 to 1989. Bearing in mind that the figures for 1988–89 include additional funding for some of the responsibilities passed from the central funding departments to the museums under the new grant-in-aid system, we can see that in 1988, prior to the changes, most museums were at a higher level of real funding than in 1979.

National museums will be under pressure in almost all areas of expenditure: rising labor costs, heavy capital expenditure to maintain and modernize buildings, and rapidly increasing art market prices. We will now consider each of these categories in more detail.

### *Labor Costs*

All museums face rising labor costs: as Baumol and Bowen have argued, this is inevitable when labor is the major component of operating cost and there are few possibilities for productivity gains (1966). National museums are particularly vulnerable as pay levels for their staff are determined by Civil Service pay settlements, which are negotiated by the government outside of museum control. Where wage increases are determined after the grant assessment of running costs (based on agreed staffing levels), museums may find themselves in financial difficulty. In 1986–87, National Gallery salaries took 81 percent of its operating grant and 77 percent of operating income; figures for the Tate were 86 percent and 76 percent, for the Victoria & Albert 83 percent and 71 percent; the British Museum's salaries bill equaled its entire operating grant.

Local authority museum expenditure on labor takes a smaller proportion of the total budget, averaging slightly over 50 percent, reflecting both lower staffing levels and, in general, lower wages. Little is known about universities: in many cases administrative costs are absorbed into university budgets. Curatorship of smaller collections is often handled by academic staff of the department responsible for the collection. The larger collections, faced with rising costs, have often had insufficient staff to maintain regular opening hours.

Some of the national museums are also foisted with cumbersome departmental structures. This is particularly true of the Victoria & Albert Museum, which separated in 1983 from the Department of Education and Science. The new director wishes to restructure management to separate research from administrative matters, where administration would include curatorial activities. Apart from providing a more rational structure and achieving savings on staff costs, the plan is intended to give those staff interested in scholarly activities more time to devote to them. The proposal made headline news in the major newspapers for several weeks and has been commented on in most art journals. There has been adverse comment on the changes (not only from within Britain) but much of the criticism has been directed at the enforced resignations of senior staff, some of whom were not far from retirement, and the brutality with which the changes were enforced. The loss of expertise is

**Table 10.11 Government Operating Grants to National Art Museums**

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
	<i>£ Thousands at Current Prices</i>									
British Museum	6,802	8,624	9,441	10,012	10,733	11,034	11,593	11,945	12,538	15,665
National Gallery	1,829	2,436	2,727	3,017	3,328	3,661	3,821	4,021	4,267	5,233
NGM Merseyside								9,395	8,664	9,470
National Portrait Gallery	952	1,183	1,279	1,396	1,447	1,556	1,467	1,504	1,589	1,996
Tate Gallery	2,067	2,670	2,887	3,163	3,299	3,553	3,829	3,967	4,682	6,300
Victoria & Albert Museum	4,584	6,040	6,589	7,181	7,865	8,906	9,525	9,878	10,535	12,900
Wallace Collection	414	617	656	759	781	822	876	906	939	1,149
England	16,648	21,570	23,579	25,528	27,453	29,532	31,111	41,616	43,214	52,713
National Galleries of Scotland	829	1,166	1,281	1,403	1,399	1,559	1,603	1,681	1,862	2,306
National Museums of Scotland	1,643	2,164	2,382	2,462	2,577	2,872	3,100	3,940	4,232	5,226
National Museum of Wales	3,244	4,017	4,553	4,882	5,122	5,634	6,061	6,419	5,661	5,803
Ulster Museum	1,150	1,421	1,650	1,745	1,800	1,897	2,027	2,108	2,247	2,291
Total, all art museums	23,514	30,338	33,445	36,020	38,351	41,494	43,902	55,764	57,216	68,339

*£ Thousands at 1985 Prices<sup>a</sup>*

British Museum	10,848	11,607	11,570	11,468	11,782	11,494	11,467	11,442	11,409	13,287
National Gallery	2,917	3,279	3,342	3,456	3,653	3,814	3,779	3,852	3,883	4,439
NGM Merseyside								8,999	7,884	8,032
National Portrait Gallery	1,518	1,592	1,567	1,599	1,588	1,621	1,451	1,441	1,446	1,693
Tate Gallery	3,297	3,594	3,538	3,623	3,621	3,701	3,787	3,800	4,260	5,344
Victoria & Albert Museum	7,311	8,129	8,075	8,226	8,633	9,277	9,421	9,462	9,586	10,941
Wallace Collection	660	830	804	869	857	856	866	868	854	975
England	26,552	29,031	28,896	29,242	30,135	30,763	30,773	39,862	39,321	44,710
National Galleries of Scotland	1,322	1,569	1,570	1,607	1,536	1,624	1,586	1,610	1,694	1,956
National Museums of Scotland	2,620	2,913	2,919	2,820	2,829	2,992	3,066	3,774	3,851	4,433
National Museum of Wales	5,174	5,406	5,580	5,592	5,622	5,869	5,995	6,148	5,151	4,922
Ulster Museum	1,834	1,913	2,022	1,999	1,976	1,976	2,005	2,019	2,045	1,943
Total, all art museums	37,502	40,832	40,987	41,260	42,098	43,223	43,424	53,414	52,062	57,964

*Notes:* With the exception of the Ulster Museum and NGM Merseyside, operating grants exclude funds for buildings.

All figures are for outturn expenditure except 1987–88 figures which are forecast outturn, and 1988–89 figures which are provisional.

With the exception of the National Museum of Wales, the figures for 1988–89 include additional funding for responsibilities previously borne on central departments' votes.

<sup>a</sup>Deflated by GDP deflator.

bound to make it difficult for the museum to provide the government with expert advice in some fields.

Staff in the national art museums have increased by about 33 percent over the period 1974–87 as shown in table 10.12 (top panel), but, as can be seen from the lower panel of the table, not all posts were filled in 1987. There have been occasions when shortage of wardens has meant that for security reasons some galleries and even whole museums have had to be closed to the public for varying periods.<sup>11</sup>

One solution to high labor costs is to take on volunteer workers, and most museums, and particularly local authority or independent museums, make use of volunteers. Surveys suggest that such workers are mainly used to help with documentation of collections and, to a lesser extent, with sales, information, and guiding (Mattingly 1984; Lord, Lord, and Nicks 1989). Many museums have also made use of government temporary employment schemes. Trainees from the Manpower Services Commission have been used to assist with documentation, but this scheme is now being replaced by other training programs which seem less well adapted to museum needs, as trainees available under the new schemes lack basic skills.

The growth in numbers of museum staff, many of whom do not have specialist training, and the loss of skills as experienced workers retire, have led to the recognition of the need for a training program to develop key skills. Following the report of a working party on training needs, it has been agreed to set up a training consortium. Initial funding for the first five years will be provided by the Office of Arts and Libraries but, in due course, the museums will absorb an increasing share of the costs so that the consortium will eventually become self-financing.

### *Curatorial Management*

There is little information on curatorial management in general. Recent reports do, however, provide some material on conservation aspects.

A government report has criticized the British Museum, the Tate, and the Victoria & Albert Museum for poor conservation and slow implementation of computerized inventories (National Audit Office 1988; see also Public Accounts Committee 1988). There has been some debate as to whether the picture is as uniformly dismal as this report suggests and whether the cause is poor management or insufficient funding. That there is a large backlog of conservation work in certain departments is not in debate: examples include problems caused by acid to nineteenth-century books and manuscripts, and ethnological collections, many of which are in a poor state. Whether, in all types of collections, there is a serious risk that objects will deteriorate beyond recall is

11. The director of the Victoria & Albert Museum reported that in the early 1980s the national and branch museums had to close one day a week, that up to 20 galleries were closed on any given day, and that, after 130 years, it had terminated its service to the regions (Education, Science and Arts Committee 1982, Strong, evidence to the committee).

**Table 10.12 National Art Museums—Staffing**

	Staff in Post*			
	1/4/74	1/4/77	1/4/84	1/4/87
British Museum	931	696	1,008	1,005
National Gallery	215	254	275	264
NGM Merseyside				551
National Portrait Gallery	89	96	105	105
Tate Gallery	224	240	304	326
Victoria & Albert Museum	646	670	667	665
Wallace Collection	68	74	77	76
England	2,173	2,302	2,346	2,992
National Galleries of Scotland	108	122	127	127
National Museums of				
Scotland	237	247	233	247
National Museum of Wales	293	387	407	416
Ulster Museum	132	147	155	157
Total, all art museums	2,943	3,205	3,358	3,939

(continued)

**Table 10.12** (continued)

Staffing Complements, 1987									
	Curatorial		Warders		Others		Total		Short-fall
	Complement	In Post							
British Museum	297	268	397	377	400	360	1,094	1,005	89
National Gallery	23	23	202	181	70	60	295	264	31
NGM Merseyside	43	41	243	235	285	275	571	551	20
National Portrait Gallery	25	25	62	62	18	18	105	105	0
Tate Gallery	85	73	187	187	87	87	359	326	33
Victoria & Albert Museum	158	152	188	188	347	331	693	665	28
Wallace Collection	13	13	56	56	7	7	76	76	0
England	644	595	1,335	1,259	1,214	1,138	3,193	2,992	201
National Galleries of Scotland	24	23	71	71	33	33	128	127	1
National Museums of Scotland	125	113	79	79	55	55	259	247	12
National Museum of Wales	<sup>b</sup>	109	<sup>b</sup>	191	<sup>b</sup>	116	<sup>b</sup>	416	0
Ulster Museum	43	41	69	66	57	50	169	157	12
Totals, all museums		881		1,666		1,342		3,939	226

Source: Museums and Galleries Commission, *The National Museums* (1988)—top panel, table 2; bottom panel, appendices.

<sup>a</sup>Including staff at branch museums.

<sup>b</sup>No complement fixed.

not clear. The reports lay the blame for deficiencies on curators; others accept neither the gloomy picture nor that curators have been neglectful. Evidence given to the investigating bodies by the directors of the British and Victoria & Albert Museums suggests (1) that there is a shortage of appropriately skilled conservators, (2) that even if staff were available, museums are not able to offer salaries to attract them as the demand by private institutions has increased rapidly in recent years, and (3) even if staff could be recruited, it might not be possible to provide adequate working space for them.

This discussion is linked to questions of research: for example, the National Gallery has a strong record of research into conservation techniques and, to the extent that such work is no longer funded under central grants-in-aid, this debate constitutes another strand in the argument about both the level of central government funding and its purpose. The Victoria & Albert Museum runs a course to train conservators, and it has been suggested that other national museums should provide similar programs.

A detailed survey of conservation in Scottish museums provides some indication of the nature of the problems experienced by nonnational museums. The 209 museums surveyed held a wide variety of collections, including fine and decorative art. About two-thirds had inventoried 50 percent or more of their permanent collections but one-fifth had no inventory at all. Just under half had catalogued over 50 percent of collections but only 12 percent had used a recognized system. Assessments of the state of collections varied: 75 percent of easel paintings had been assessed in the last five years, as had 78 percent of textiles. However only 45 percent of watercolors, drawings, and prints had been similarly assessed. The survey also reported a serious shortage of skilled conservators (Ramer 1989). While no similar survey had been done of English and Welsh regional museums, it seems likely that the picture would not be dissimilar to that in Scotland.

Help for conservation activities at regional level is provided through conservation grants which are available to English museums through the Museums and Galleries Commission which divides some half a million pounds a year between the Area Museum Councils (to supplement their basic grants), capital projects for conservation-related projects, and equipment grants made by the commission's conservation unit. In Wales and Scotland, similar help is provided by their respective museum councils.

Documentation backlogs appear to be a fairly widespread problem, though their size varies by institution and type of collection (Lord, Lord, and Nicks 1989). The introduction of computers has raised expectations about documentation levels but, as has already been mentioned, many museums lack the staff to undertake this work and rely on voluntary or trainee workers.

In general, the evidence suggests that, with duties expanding and becoming more varied, skilled staff are carrying heavier loads. In the smaller museums this means that staff may have to carry out a variety of duties, many of which

may be administrative, so that they have little time to work with the collections.

### *Buildings*

All museums, national and provincial, have serious and, in some cases, acute problems with buildings, both as regards space and maintenance. Many museums occupy adapted buildings though perhaps not so many are still to be found in "disused castles, gaols, chapels, crypts, mansions, cottages and lean-to sheds" as was the case when Miers surveyed provincial museums in the 1920s (1928). A good many occupy buildings which are reaching the end of their normal life and can be preserved only at increasingly heavy expense: a recent survey found that, of the museums in its sample, over half the buildings were more than 100 years old and that 57 percent of museums occupied listed buildings that would require special care (Lord, Lord, and Nicks 1989).

*Building Maintenance and Repair.* Up to 1987, the building work for most of the national museums was handled by the government Property Services Agency (PSA). This unsatisfactory arrangement has now been terminated, and in 1988 responsibility for the care of their buildings was passed to all national museums. Most of the national museums need substantial renovation in addition to the most basic repairs: it is reported in the press that the Tate and the National Gallery have had to place buckets to collect rainwater from leaking roofs in order to prevent damage to pictures. The British Museum has seven acres of roof to maintain, which may well make a dent in its building grant of £7.6 million. Quite apart from problems with basic fabric, many art museums, including the National Gallery, lack air conditioning in all galleries. These problems arise from years of neglect. Spending on building maintenance, at current prices, has risen from £17.2 million in 1978–79 to £27.6 million in 1987–88. Measured at constant prices, this represents a decrease of approximately £7 million. With the transfer of responsibility, a total of £39.1 million was allocated in 1988–89 which, at constant prices, represents only £1 million more than the sum spent by the PSA ten years ago. The Victoria & Albert alone claims that it needs £100 million to repair its buildings. Certainly the sums allocated by the government are insufficient, and huge sums of money will be needed if the Minister for the Arts is to realize his ambition of getting museum buildings into good shape by the year 2000.<sup>12</sup>

Quite apart from normal maintenance and repair, museums also have heavy costs in bringing their buildings up to national safety standards. With their change in status, museums are no longer protected by Crown Immunity and local authority fire inspectors adopt stricter fire and safety standards than the Property Services Agency. This work has to be put in hand immediately with the result that other urgent building work has been postponed. The combined

12. See the report of the minister's speech in *The Independent*, 20 September 1989.

bill for the British Museum, the National Gallery and the Victoria & Albert has been estimated at £14 million of which £4 million will be needed to strengthen the upper floor structure of the nineteenth century building which houses the British Museum.<sup>13</sup>

*Display and Storage Space.* In addition to basic repair and maintenance, many museums are in need of extra display, conservation, and storage space to accommodate expanding collections. Many national and provincial museums also lack temporary exhibition space. The government has indicated that it expects private money to fund such building costs, and some sponsorship and large donations have been received, notably by the National Gallery and the Tate.

With only about one-third of art collections being on display at any time (Lord, Lord, and Nicks 1989), satisfactory storage space is essential. A survey of Scottish local museums found that, in most cases, stores were cramped and generally lacked the necessary environmental recording and monitoring equipment. In some cases, the buildings required repair, and in many cases, objects were left uncovered on shelves. Of the collections of paintings that were inspected, five out of six had insufficient funds to install the necessary environmental controls, and the collections exhibited deterioration in varying degrees, due also to poorly trained staff and shortage of staff time (Ramer 1989).

One solution to both display and storage problems would be to start branch museums. The National Portrait Gallery has set up three such museums, and the NGM Merseyside includes a branch of the Tate. It has been hoped that private funding would permit the Victoria & Albert to show some of its wide collection of Asian objects in Bradford, a city with a large immigrant population, but so far nothing has been finalized. In Scotland there is currently debate about whether the large collections of paintings by Scottish artists would be better displayed in two branch museums or, as the director hopes, in a brand new building. Branch museums, while bringing the national collections to a wider public, are not without cost to run, and so far it has been difficult to attract donations for operating costs. Similarly, while donations may cover the building costs of new wings, as they have at the National Gallery and the Tate, they do not cover the running and maintenance costs.

### *Acquisitions*

Centrally funded purchase grants to English museums have not been increased since 1985–86. This means that in real terms, where current values have been deflated by the gross domestic product (GDP) deflator, all English museums have experienced severe cuts, with the National Gallery most ad-

13. See the report in *The Observer*, 6 August 1989, which estimates that the total bill for all museums is likely to be £20 million.

versely affected as its grant is now just over half of what it was in 1979.<sup>14</sup> The Scottish and Welsh museums have not suffered in this way, coming as they do under a separate vote, and their grants have increased. Details are given in table 10.13.

The use of the GDP deflator to measure the real value of purchase grants can only give a rough indication of the real loss in purchasing power. Over this period, British art market prices have increased much more rapidly than prices in general: particularly steep have been increases in Impressionist and modern paintings, Chinese ceramics, and English furniture. Some idea of the impact on museums' purchasing power for paintings can be gained by looking at Sotheby's (£ sterling) Index, shown in table 10.14, though these figures should be used with caution. This index is compiled by Sotheby's on the basis of "estimated prices" in relation to a constant portfolio of sample items in different sectors of the auction market but variations in quality, irregular appearance of items at auctions, and uniqueness of the paintings mean that any such index is essentially an artificial construct.<sup>15</sup> Perhaps a more graphic illustration of the reduced value of purchase grants is the sale of Van Gogh's *Sunflowers* and Manet's *La Rue Mosnier aux Pavieurs* for a total of £32,892,500, which is more than the annual purchase grants for all United Kingdom museums over the last two years (Museums and Galleries Commission, *The National Museums*, 1988).

In addition to the national museum purchase grants, there is a centrally funded local purchase grant which was £1.3 million in 1979–80 and has been frozen at £1,114,000 since 1985 so that, in real terms, its value has halved over this period. Local museums, public and independent, may apply for grants which may not exceed 50 percent of the purchase price, and the museums must find at least 25 percent of the price from their own resources. For many local museums this is impossible.<sup>16</sup>

The National Heritage Memorial Fund, established in 1980, provides a source of emergency help when objects of outstanding historic interest come on to the market and museums do not have sufficient funds to acquire them. Any museum or art gallery is eligible for a grant to supplement its own contribution, and during the first three years of operation, the fund distributed over £11 million; about £5.5 million went to museums and galleries in general, including nearly £3 million to national art museums (Museums and Galleries Commission 1988). In 1986–87, the British Museum received grants amounting to £1.006 million, about two-thirds of its annual purchase grant. Help from this source represents a form of last resort assistance, through which valuable items can be retained for the nation, but the fund cannot substitute for a viable annual purchase grant. Moreover, the fund's terms of reference

14. The National Gallery has benefitted from a large donation by J. Paul Getty.

15. See Myerscough (1986, 52). It should also be noted that Sotheby's produce two separate series, one denominated in United States dollars and the other, shown in table 10.14, in sterling.

16. Bristol Art Gallery had no purchase grant for 1988–89.

Table 10.13

## Government Purchase Grants to National Art Museums

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
<i>£' Thousands at Current Prices</i>										
British Museum	1,217	1,422	1,450	1,617	1,617	1,400	1,400	1,400	1,400	1,400
National Gallery	2,612	3,109	2,930	2,988	3,331	3,331	2,750	2,750	2,750	2,750
NGM Merseyside								750	750	750
National Portrait Gallery	244	291	272	278	310	310	310	310	310	310
Tate Gallery	1,570	1,888	1,794	1,830	2,041	2,041	1,815	1,815	1,815	1,815
Victoria & Albert Museum	<u>950</u>	<u>1,130</u>	<u>1,160</u>	<u>1,184</u>	<u>1,320</u>	<u>1,320</u>	<u>1,145</u>	<u>1,145</u>	<u>1,145</u>	<u>1,145</u>
England	6,593	7,840	7,606	7,897	8,619	8,402	7,420	8,170	8,170	8,170
National Galleries of Scotland	685	897	941	1,211	1,265	1,274	1,439	1,517	1,555	1,578
National Museums of Scotland	277	360	382	495	520	524	591	503	560	642
National Museum of Wales	598	778	877	955	1,014	1,065	1,108	1,141	1,170	1,199
Ulster Museum	<u>150</u>					<u>30</u>	<u>45</u>	<u>135</u>	<u>136</u>	<u>167</u>
Total, all art museums	8,303	9,875	9,806	10,558	11,418	11,295	10,603	11,466	11,591	11,758
<i>£' Thousands at 1985 Prices<sup>a</sup></i>										
British Museum	1,941	1,914	1,777	1,852	1,775	1,458	1,385	1,341	1,274	1,184
National Gallery	4,166	4,184	3,591	3,423	3,656	3,470	2,720	2,634	2,502	2,332
NGM Merseyside								718	682	636
National Portrait Gallery	389	392	333	318	340	323	307	297	282	263
Tate Gallery	2,504	2,541	2,199	2,096	2,240	2,126	1,795	1,739	1,652	1,539
Victoria & Albert Museum	<u>1,515</u>	<u>1,521</u>	<u>1,422</u>	<u>1,356</u>	<u>1,449</u>	<u>1,375</u>	<u>1,133</u>	<u>1,097</u>	<u>1,042</u>	<u>971</u>
England	10,515	10,552	9,321	9,046	9,461	8,752	7,339	7,826	7,434	6,930
National Galleries of Scotland	1,093	1,207	1,153	1,387	1,389	1,327	1,423	1,453	1,415	1,338
National Museums of Scotland	442	485	468	567	571	546	585	482	510	545
National Museum of Wales	954	1,047	1,075	1,094	1,113	1,109	1,096	1,093	1,065	1,017
Ulster Museum	<u>239</u>					<u>31</u>	<u>45</u>	<u>129</u>	<u>124</u>	<u>142</u>
Total, all art museums	13,242	13,291	12,017	12,094	12,533	11,766	10,488	10,983	10,547	9,971

Source: Museum and Galleries Commission *The National Museums* (1988), table 4.

Notes: All figures are for outturn expenditure (excluding revotes) except 1987-88 figures which are forecast outturn and 1988-89 figures which are provisional. Victoria & Albert figures exclude local museum purchase grants. The Wallace Collection has no purchase grant.

<sup>a</sup>Deflated by GDP deflator.

**Table 10.14**      **Sotheby's Art Index (£ Basis)**

Category	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Old Master paintings	100	111	142	192	233	248	195	207	252	349	375	384	447	516
Nineteenth-century														
European paintings	100	104	128	178	224	218	173	191	229	306	323	316	388	463
Impressionist art	100	113	124	148	182	200	234	266	347	440	482	547	847	1,399
Modern paintings	<u>100</u>	<u>111</u>	<u>117</u>	<u>147</u>	<u>185</u>	<u>198</u>	<u>227</u>	<u>255</u>	<u>320</u>	<u>418</u>	<u>444</u>	<u>543</u>	<u>854</u>	<u>1,397</u>
Aggregate index	100	117	138	180	226	246	236	257	314	411	426	457	601	838

*Source:* Sotheby's.

*Notes:* Figures are shown in absolute terms without making any allowance for inflation. The basis for the series is September 1975. The Aggregate Index is a weighted figure, achieved by applying the following weights to the individual constituent sectors: Old Master paintings 18, nineteenth-century European paintings 13, Impressionist art 19, modern paintings 11, continental ceramics 3, Chinese ceramics 11, English silver 5, continental silver 5, French and continental furniture 7, English furniture 8.

mean that it is more likely to benefit some museums than others: the Tate, with its emphasis on modern art and sculpture, cannot approach the fund for assistance.

The government freeze on purchase grants has been justified on the grounds that money must be switched into building grants, the rationale for this switch being that until museums have more and better accommodations, no further objects be acquired. The sum involved, approximately an extra £4 million for English national museums, is very small in terms of total museum expenditure. Moreover, in the period from 1985 to 1988 (when the freeze was first instituted), expenditure on buildings, through the Property Services Agency, actually declined from £30.1 million to £27.6 million. Nevertheless, the view that the state should not fund purchases is one held by many: the Bow Group, a Tory fringe group, has argued that no grant should be made from central funds and that all purchases should be privately financed.

Few figures are available on donations: we have seen that museums may receive works under the scheme in which they are accepted in lieu of tax and they may receive direct donations, though as table 10.9 illustrated, these may not amount to significant sums, even for national museums. The National Art Collections Fund (NACF), a charity founded in 1903, receives donations both in cash and kind which enables it to assist museums, whether state funded or independent. While it does admirable work, the funds at its disposal are small, as table 10.15 shows. Nevertheless, it provides an extremely useful supplementary source for regional museums which apply to the centrally funded Local Purchases Fund but are unable to find the whole 50 percent required to match any grants received from this source.

The purchase of modern art constitutes a particular problem. Prewar purchases were few, partly because of prevailing tastes and partly because purchase grants were small. Following a survey of 56 British public galleries, Alley noted that, apart from the Tate, no gallery had purchased an oil painting by Picasso, Matisse, Braque, or Rouault, and he doubted whether there was "a single painting or sculpture which can be said to occupy a key position in the development of twentieth century art" outside of the Tate (1961, 24). The Contemporary Art Society, founded in 1910, managed by astute purchases to make many magnificent donations to the Tate and other museums, but the museums themselves missed their chance to buy works by major artists when prices were low. Now that there is a large public demand for modern art, museums are unable to enter the market effectively. Early this year, the NACF launched an appeal for donations to set up a modern art fund but, even if successful, it will be some time before its effect will be noticeable. If museums have to rely increasingly on private donations collections will suffer, as it is unlikely that donations will be sufficient to enable them to acquire new work by the new generations of artists unless significant tax concessions are made. And it is not only museums' collections of modern art that would suffer: collections of decorative art and design, such as that of the Victoria &

Table 10.15 National Art Collection Fund—Grants and Income (£)

	Grants Authorized	Income	Legacies	Subscriptions	Donations	Investment Income
1979	180,685	558,796	188,866	73,911	48,444	247,575
1980	289,608	1,178,303	192,617	84,519	52,534	289,837
1981	288,561	863,663	435,591	96,709	76,615	254,748
1982	274,267	841,139	380,087	89,818	58,054	313,180
1983	511,516	1,199,329	635,593	103,996	96,329	363,411
1984	1,669,436	833,345	116,154	110,495	211,881	394,815
1985	958,200	1,287,243	448,866	146,122	148,675	543,580
1986	960,184	2,363,488	1,326,558	157,878	217,909	508,742
1987	1,261,953	2,397,600	1,039,847	198,070	333,641	539,901
1988	1,432,467	3,132,604	930,778	223,052	539,589	1,121,996

Source: National Art Collection Fund accounts.

Albert, would be diminished and their value reduced if they were to become frozen at their current levels.

It has been said that “a museum which ceases to collect is a dead museum.”<sup>17</sup> Many of the smaller museums already cannot afford purchases; with frozen purchase grants and rising art market prices, national museums might find themselves in a similar state.

### *Disposals*

As a large proportion of art collections is not on display, as storage space is often cramped, and as museums are short of purchase funds, disposal might seem a logical solution. Up until now disposal has only been hinted at through guarded suggestions that the government would favor sales both as a means of “rationalizing” collections and in order to raise funds. Some trustees do not have the power to sell and have consistently declared that they do not want it; new trustees might be appointed who would be less reluctant. Others have the necessary powers and have formulated disposal policies though, in most cases, they have not implemented them, exceptions being one or two universities. It is not clear whether these include art museums.

Certainly most museums have acquired items, often through donations and bequests, which they relegate to store as they do not match the standard of objects on display. These might nevertheless be valued by other museums or, through sale, could help augment limited purchase funds. The Victoria & Albert holds many duplicates, acquired to fulfill an early educational obligation to provide loans and traveling exhibitions to the regions. This service has now been discontinued due to shortage of funds and, if there were any question of disposing of such duplicates, it seems likely that the regional museums would

17. The director of the British Museum made this reply to the question whether he would agree with the view that “further acquisitions are today the least important thing” (Education, Science and Arts Committee 1982).

expect to have the right to receive them as donations before sale is considered.<sup>18</sup>

Arguments against sales include the view that suitable items for sale are not numerous, that they are unlikely to raise much money, that tastes change and pictures and art objects currently out of favour may well experience a revival in future times, that collections are meant to be representative rather than selective, and that sales will tend to discourage potential beneficiaries. All would agree that disposal should be undertaken only after careful consideration of the object's merits and under expert advice.<sup>19</sup>

## 10.5 Admission Charges

Faced with the need for additional income, most art museums have increased their trading activities. Many already had shops and have now refurbished these and their snackbars. Publications also provide a useful source of income.

At present, none of the national art museums charges for admission to the main collection. Some local authority museums have been charging for some time. It seems likely that the introduction of charges depends not only on the type of museums but also on size, charges seldom being a feasible option for the small collection.<sup>20</sup> The introduction of charges at national museums would not be without precedent: both the National Gallery and the Victoria & Albert charged for admission on a few days in the week until 1939, and in 1974 charges were imposed at all national museums for three months until the charges were abolished following a change in government.

A summary of the main arguments for and against charges would fall under the following headings:

In favor of admission charge

1. Equity within the arts sector. The visual arts should not be treated more favourably than the performing arts; the large direct subsidy which enables museums to provide free entry is obtained at the expense of other arts.<sup>21</sup>
2. Distribution. Subsidies are paid for by all taxpayers, but the benefits are enjoyed by visitors who form a small proportion of the population and many of whom could afford to pay entry charges.

18. The Victoria & Albert trustees have the power to dispose of duplicates but so far have not indicated that they intend to sell any items from the collection.

19. For the case in favor of disposals, see Montias (1976). He also suggests that all donations involving tax concessions should be put up for auction, leaving the benefiting museum either to bid for the object or to accept the sale proceeds (less auction fees). Where purchase grants are small, this would probably result in many of the more desirable objects leaving Britain.

20. See evidence by the director of Norwich Museum to the Education, Science and Arts Committee (1982); also *National Art Collections Fund Magazine* (Christmas 1987):24.

21. See Blaug (1976b). He assumes that if museums were to charge, the money released would be transferred to the performing arts, an assumption unlikely to hold at the present time.

3. Expediency. Faced with rising costs and the government's determination to cut public spending, museums have no option but to raise income through charges, in addition to other means. With rising real incomes and greater leisure time, visitors are unlikely to be deterred by charges, providing special arrangements are made for those who cannot pay (Cossons 1987).

#### Counter-arguments

1. Economic. Once the government has decided to provide a museum, charges are only necessary as a rationing device if there is overcrowding. Where there is no congestion, the marginal costs of admitting an additional visitor are zero (Robbins 1971).
2. Betrayal of benefactors. Many bequests were received on the understanding that access would be free of charge.<sup>22</sup>
3. Equality of opportunity. Charging will deter low-income individuals, especially the young and the old. This argument is often merged with that stressing externalities arising from the educational role of museums.
4. Pragmatic. Recognizing the expediency argument above, it is nevertheless probable that the net revenue to be gained from charges will be relatively small. Charges will reduce attendance, thus depressing trading receipts, and will impose additional costs through the need to install manned ticket machines and turnstiles, possibly generating queues at the entrance. Concessionary rates for students, the young, and the old will tend to increase these costs. Moreover value added tax would have to be paid on any revenue raised through charges.<sup>23</sup>

It is this pragmatic argument that seems to have carried the day with national art museums. The main questions that arise are whether the museums' fears about the effect of charges on attendance are justified, which visitors would be deterred, and how such charges would affect the pattern of visits. Surveys of museum visitors can provide us with some information on these matters.

As can be seen from table 10.16, attendance at the major art museums has traced a somewhat uneven pattern over recent years. Figures for attendance at local authority museum are more difficult to obtain, but estimates for 1984–85 and 1986–87 are given in table 10.17. A recent survey, which combined a national poll with surveys of visitors to 12 museums in various parts of the United Kingdom, suggests that museum visiting is a popular activity.<sup>24</sup> It found that 44 percent of the adult population had visited a museum in the last

22. For example, the bequest by Sir Hans Sloane, on which the British Museum was founded (Rankine 1987).

23. See article by Rankine (1987).

24. Five of the museums were art museums or museums with substantial art collections; they included two national museums.

**Table 10.16**      **Attendances—National Art Museums (in thousands)**

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
England										
British Museum	4,034	4,100	3,880	2,869	2,966	3,079	3,467	4,142	3,897	4,008
National Gallery	2,300	2,738	2,618	2,738	2,633	2,897	2,937	3,157	3,182	3,567
NGM Merseyside									1,163	1,329
National Portrait Gallery	400	400	400	500	524	468	581	516	625	591
Tate Gallery	1,081	1,141	1,331	895	1,230	1,283	1,278	996	1,153	1,742
Victoria & Albert Museum	1,937	1,992	1,724	1,711	2,058	2,221	2,079	2,067	1,431	1,399
Wallace Collection	145	128	160	139	142	177	178	179	171	168
Scotland, Wales and Northern Ireland										
National Galleries of Scotland	388	442	421	437	426	442	469	538	530	524
National Museums of Scotland	700	744	768	721	730	765	724	751	701	817
National Museum of Wales	700	700	700	700	700	700	800	800	800	1,039
Ulster Museum	214	195	227	209	201	271	255	291	318	277
Total art galleries and museums	11,899	12,580	12,229	10,919	11,610	12,303	12,768	13,437	13,971	15,461

Source: Museums and Galleries Commission, *The National Museums* (1988), table 1.

Notes: National figures include branch museum attendance (Tate Gallery from 1981 onwards). National Museums of Scotland figures include attendance for Scottish United Services Museum from 1987.

**Table 10.17** Estimated Attendance—Local Authority Museums and Art Galleries, England and Wales (in thousands)

	1984–85	1986–87
London	302	331
Metropolitan	3,744	4,680
Nonmetropolitan	8,046	8,521
Wales	383	447
Total	12,475	13,979

Source: Chartered Institute of Public Finance and Accountancy, *Leisure and Recreation Statistics*.

Note: Local authority figures are estimated from surveys.

two years; this compares with 35 percent who had visited historic houses and 25 percent visiting art exhibitions (other than those in museums). Of those who visited museums, about one-half had paid three or more visits to museums in the previous year. The survey found that museum visitors tended to be young, single, and from the higher socioeconomic groups, and very few came for reasons connected with study or work (Touche Ross 1989).

Surveys of various national museums suggest that there are differences in the characteristics of visitors to different types of museum.<sup>25</sup> As can be seen from table 10.18 (top panel), these surveys confirm that a high proportion of museum visitors are young; this is particularly so in the case of the Science Museum where over half the visitors were under the age of 21. The peak age group for the National Portrait Gallery and the Victoria & Albert falls in the 21–30 group. The two art museums have a higher proportion of foreign visitors than do the Science and Railway Museums, and these visitors, as one would expect, tend to be somewhat older than British visitors. Other differences between the art and nonart museums are that visits in family groups are less likely at art museums—only about one-third visiting in this way—and a higher proportion of art museum visitors come alone. The Science and Railway Museums appear to be a more popular destination for school visits than is the Victoria & Albert: 19 percent of visitors to the Science Museum came with school parties compared with only 9 percent for the Victoria & Albert. It would seem that visitors to the Victoria & Albert are more likely to have visited other museums during the previous year; only 9 percent had not visited another museums during this period (compared with 16 percent of visitors to the Science Museum) while 55 percent had visited five museums or more in that time (33 percent for Science Museum visitors). In general, more of the visitors to the art museums have finished their full-time education at a later age—see Table 10.18 (lower panel). In this table, the first column for each

25. Material in this section is drawn from Harvey (1987), Heady (1984), and Smyth and Ayton (1985).

**Table 10.18**      **Museum Visitor Characteristics**

<i>Age Distribution of Visitors to Various National Museums</i>							
Age Group	National Portrait Gallery (1985)	Victoria & Albert (1980)	National Maritime Museum (1984)	Science Museum (1980)	National Railway (1980)	United Kingdom Population (1984)	
0-10	2%	6%	5%	19%	11%	13%	
11-20	16	23	17	36	21	16	
21-30	31	28	20	15	15	15	
31-40	13	16	17	15	27	14	
41-50	15	12	12	8	11	11	
51-70	20	13	13 <sup>a</sup>	6	15	21	
70+	5	4	13 <sup>a</sup>	1	1	10	

  

<i>Age at Which Full-time Education Was Completed</i>							
Finished Education at Age	General Population	Victoria & Albert		Science Museum		National Railway	
		Actual Visitors	Expected Visitors	Actual Visitors	Expected Visitors	Actual Visitors	Expected Visitors
16 or younger	79%	30%	75%	40%	75%	66%	76%
17-20	13	25	15	26	15	19	13
21 or older	8	45	10	34	10	15	11

*Source: top panel—Harvey (1987) and Smyth and Ayton (1985); bottom panel—Heady (1984), table 2.8.*

*Note: bottom panel—figures for the general population are derived from the 1980 General Household Survey. Figures for expected visitors show what the distribution would be if the museum's visitors were typical of other British people of the same sex and age.*

<sup>a</sup>Age groups 51-50 and 60 or over.

museum shows the distribution of ages at which its visitors finished their full-time education. The second column for each museum gives what that distribution would be if the museum's visitors were typical in this respect of other British people of the same sex and age (Heady 1984, 14–15). Table 10.19 shows that all the national museums draw the majority of their British visitors from the surrounding regions: for the four national museums in London, about 70 percent come from Greater London or the South East region. The National Railway Museum, a branch of the Science Museum which is located in York, has only about 10 percent of visitors from London and the South East, drawing people instead from the surrounding Northern and Midland areas.

Two surveys have attempted to analyze how visitors might respond to admission charges. The national survey, conducted by Touche Ross, found that about three-quarters of those surveyed would be prepared to pay for entrance, the average amount being £1.32. In their separate survey of museum visitors, Touche Ross found that while the average price for all visitors was somewhat higher (£1.78), there was considerable variation within this sample, depending on whether the person questioned had been visiting a museum where charges were paid or not. Those who had visited museums which were free (as were the majority of art museums in the sample) would on average have been willing to pay £1, while the figure for those questioned after visits to charging museums was £2 or more.<sup>26</sup> The survey also found that both the national and the museum polls suggested that respondents considered the government should be the principle source of finance for museums with local authorities as runners up (Touche Ross 1989).

A survey of visitors to the National Portrait Gallery, conducted in 1985, is of particular interest as, unlike the Touche Ross survey which covered a variety of types of museums, it provides an insight into the views of visitors to art museums. It suggests that if a charge of £1 were introduced, attendance would fall by about one-third, the decrease being uniform over all age groups. However, the fall would be greater for British visitors than it would for foreign: 45 percent of British visitors (who make up two-thirds of all visitors) would not have been willing to pay the suggested charge, as against 22 percent of foreign visitors. As might be expected, visitors from higher socioeconomic groups were more willing to pay a fee than were those from lower ones. People making a single visit were the least deterred, but 64 percent of frequent visitors and 43 percent of returning visitors would not have paid. Rather surprisingly, family visitors were most willing to pay the fee, but the survey noted that the family composition rarely included small children (Harvey 1987).

Surveys are, of course, unreliable guides as to what people would do if faced with a charge. It is instructive, therefore, to examine what happened

26. Possibly reflecting the fee that they had paid as of the museums surveyed, half charged with the average amount being £2.65.

**Table 10.19 Regional Distribution of National Museum Visitors**

Region	National Portrait Gallery	Victoria & Albert Museum	National Maritime Museum	Science Museum	National Railway Museum	United Kingdom Population, 1981
Greater London	44%	59%	51%	37%	4%	12%
Rest of Southeast	29	20	24	30	7	18
Yorkshire and Humberside	3	2	2	5	30	9
North and Northwest	5	4	5	6	25	17
Midlands and East Anglia	8	8	10	12	23	19
Wales and Southwest	7	5	7	10	4	13
Scotland	4	2	2	2	7	9
Northern Ireland	1	0	0	0	0	3

Sources: Harvey (1987); Heady (1984).

when two nonart national museums introduced charges. The National Maritime Museum, which brought in admission fees in 1986, experienced a fall in attendance of about one-third in the first year. In the following year, the latest year for which figures are available, visits have started to rise and were only about 25 percent down compared with the last year when admission was free. The Natural History Museum introduced charges in 1987 and attendance fell by 50 percent in that year. Both museums have sought to draw in visitors through mounting special exhibitions, but expenditure on building work has meant that the Natural History Museum has recently had to postpone proposed exhibition plans. The Victoria & Albert does not charge for entrance but, since 1985, has operated an aggressive donation policy, suggesting an amount of £2; this has resulted in a 30 percent fall in attendance which has continued and shows no signs of being reversed. Such figures suggest that the 33 percent fall indicated by the survey of National Portrait Gallery visitors may well be accurate, at least in the initial years following the introduction of charges.

The survey evidence thus suggests that a significant proportion of visitors to national art museums would not be willing to pay for visits, or if willing to pay, would be willing to pay a figure of slightly less than £2 at most. Entrance charges would change the composition of visitors: a higher proportion would come from abroad, and there would be fewer regular or returning visits. This latter effect might be mitigated by season tickets, but it has to be recognized that many visitors do not live within easy reach of the national museums.

If entrance fees are not introduced, it might nevertheless be worthwhile putting efforts into collecting donations from visitors. The Victoria & Albert's experience is probably not representative of the likely outcome: survey evidence indicates that the suggested donation of £2 per person is too high. Moreover, it would seem sensible that, where an amount is suggested, an upper limit for family contributions should be mentioned. One advantage of a visitor donation policy is that it rarely requires much expenditure to implement and, moreover, donations do not attract VAT. Elkan (1986) has suggested that museums might do well to study how some cathedrals operate visitor donation schemes, making use of friends and volunteers. Museums are beginning to promote friend groups, offering inducements such as friends' evenings, private views, lectures, members rooms, and so on. Other arts associations, such as those for the performing arts, are doing the same, and clearly they are often appealing to overlapping groups of people.

The failure of art museums to attract as large a proportion of young people as do other museums suggests that there is a need to develop displays which place a stronger emphasis on the entertainment aspect of any visit, while still maintaining the education element. Surveys suggest that people want both education and entertainment, but to attract the young and the less educated, a greater stress on the entertainment side might be needed. It seems also that museums need to take more care over publicity (Touche Ross 1989).

## 10.6 Export Rules

Concern over the export of many works of art was the main reason for establishing the Reviewing Committee on the Export of Works of Art in 1952. The United Kingdom was one of the first countries to operate a system of export licensing, the main purpose of which is to allow time for a public museum or gallery to raise the necessary purchase money. If an application for an export license is opposed by the expert advisers from the national collections, the matter is referred to the reviewing committee, which assesses the application, endeavoring to strike a balance between maintaining the national interest and ensuring that private individuals and firms obtain a fair market price. In agreeing upon a fair market price the committee takes expert advice, including that offered by the applicant's valuer; this price has included commission but generally no other charges. However, following representations, the practice is currently being reviewed.

Export licenses are needed for: (1) photographic positives and negatives produced more than 60 years before date of exportation and valued at £200 or more per item; and (2) any other good manufactured or produced more than 50 years before the date of exportation. Most categories of antiques and collector's items, produced 50 years or more ago can be exported if the value per article is less than £20,000 (£30,000 in the case of paintings), except for certain textiles, arms and armor, representations of British historical personages valued at £16,000, documents, manuscripts and archives, and articles recovered from the soil. In its most recent report, the committee has recommended that these values be raised and reviewed annually. While it is clearly sensible to have a lower limit on the value, even at the current level of £16,000, many small items possibly of interest to regional museums are exported without such museums' having a chance to bid for them.

Relatively few applications for export licenses are referred to the reviewing committee in any one year. The number of cases, the number of licenses suspended, and the total value licensed are shown in table 10.20. Both numbers and value can vary widely from year to year, which is hardly surprising given the unique nature of most art objects, and it is interesting to compare the total value of objects licensed with art exports. Figures for imports and exports are shown in table 10.21, and it will be noted that the value of licensed exports is only a small proportion of the total. Both export and import values have risen over the ten-year period covered, and, in the last few years, exports have exceeded imports.

The committee can impose a "temporary stop" to allow time (generally six months) for raising the purchase money by public appeal and other means, or it can impose an "indefinite stop." This latter course is relatively infrequent and is only done when the applicant refuses a valid offer by a public institution which has raised the necessary money. When an indefinite stop is imposed,

Table 10.20

**Export of Works of Art from the United Kingdom—Applications for Licenses Referred to the Reviewing Committee on the Export of Works of Art**

Year	Total No. of Cases Considered (1)	No. Where Export License Suspended (2)	No. of Works Retained (3)	No. of Works Licensed (5)	Total Value Licensed (6)	% Licenses Granted (7)
1977-78	28	20	12	8	£ 1,008,484	40
1978-79	33	23	21	2	108,900	9
1979-80	16	11	7	4	512,817	36
1980-81	15	12	8	4	5,215,588	33
1981-82	10	9	7	2	418,500	22
1982-83	16	14	9	5	4,033,312	36
1983-84	47	29	19	10	2,821,010	34
1984-85	43	30	12	18	23,591,786	60
1985-86	51	44	25	19	10,672,378	43
1986-87	26	15	8	7	34,434,922	47
1987-88	32	24	12	12	8,308,570	50

Source: Reviewing Committee on the Export of Works of Art, *Annual Reports*.

**Table 10.21 United Kingdom Exports and Imports of Works of Art**

Year	Paintings, Drawings, etc.		Other Items	Total Value (£ thousand)
	No. of Items	Value (£ thousand)	Value (£ thousand)	
<b>Exports</b>				
1978-79	97,024	144,105	166,707	310,812
1979-80	74,550	131,017	205,164	336,181
1980-81	60,989	113,173	141,783	254,956
1981-82	101,241	150,780	192,811	343,591
1982-83	81,820	219,823	239,381	459,204
1983-84	76,831	225,883	320,001	545,884
1984-85	101,560	363,023	372,714	735,737
1985-86	111,889	399,016	398,990	798,006
1986-87	161,863	587,795	424,290	1,012,085
1987-88	211,923	771,939	514,737	1,286,676
<b>Imports</b>				
1978-79	140,752	134,087	105,634	239,721
1979-80	192,460	189,659	153,148	342,807
1980-81	116,247	162,994	98,851	261,845
1981-82	161,650	186,153	188,627	374,780
1982-83	198,147	301,224	157,135	458,359
1983-84	298,629	226,448	189,334	415,782
1984-85	332,465	383,969	254,499	638,468
1985-86	579,587	354,867	273,257	628,124
1986-87	623,436	636,908	285,760	922,668
1987-88	705,707	692,076	365,562	1,057,638

Source: Reviewing Committee on the Export of Works of Art, *Annual Reports*.

Note: The figures for 1980-82 are incomplete, due to industrial action at the government computer center. The figures for 1980-81 cover 8 months ending February 1981, while those for 1981-82 cover 10 months from September 1981.

the committee has stated that no further appeal would be heard until ten years after the original hearing. However, it appears that the Secretary of State for Trade and Industry (who has the statutory responsibility for export licensing) cannot refuse to consider an application, and the reviewing committee has called for legislation to give it this right, so far without effect, in order to prevent abuse of the system.<sup>27</sup>

In reaching a decision to grant a temporary stop, the committee applies what are termed the "Waverley criteria." These are: (1) Is the object so closely connected with our history and national life that its departure would be a misfortune? (2) Is it of outstanding aesthetic importance? and (3) Is it of outstanding significance for the study of some particular branch of art, learning, or history?

27. As of 30 June 1986, there were 19 indefinite stops still in force, the earliest dating from 1957 and the latest two having been imposed in 1986.

When the committee was set up, it was assumed that the imposition of a temporary stop would result in every effort being made to raise purchase funds. Reduced purchase grants and today's high prices mean that often no such attempt is made. The committee therefore has announced that if, after a month or two, no appeal is forthcoming the license will be granted.

In recent years the need for additional operating funds has led to the breakup of privately held collections. This has suggested to the committee that a further criterion be added to cover collections such as these.<sup>28</sup> The matter has been referred to a working party and its report has not yet been published. It was recommended, however, that any new controls should be used sparingly and would cover relatively few collections. The committee explicitly stated that a new criterion was not intended to cover "country house collections built up over many generations or collections formed within the last fifty years" (Reviewing Committee on Export of Works of Art, *Annual Report 1986*, Cmnd. 44).

Until fairly recently, the age limit was 100 years, and reducing this to 50 years brings a wider range of objects within the remit of the system. However, even this limit raises problems where modern art is concerned as, for example, work by Henry Moore would not come under the licensing requirement. This can create difficulties for the Tate and other institutions interested in acquiring modern work.

## 10.7 Conclusion

Subsidies from government provide the main income for British public museums at national and regional levels, and it is clear that direct subsidies will have to continue. As long as tax concessions remain small, relatively little income is likely to be generated from donations, leaving museums to raise income in other ways to cover any residual gap between subsidies and rising expenditure. The recent change from votes to grant-in-aid represents an improvement, as the new system provides incentives to museums to respond to their consumers. However, the advantages of the new system will be jeopardized if, at the outset, museum initiatives are stifled because all energies have to be devoted to keeping buildings from crumbling about the collections. The amount of money that will be needed to put the buildings in good order and to satisfy safety requirements is so great that museums are not likely to be able to raise sufficient funds by their own efforts. If funds were made available to resolve these problems, museums could transfer their attention to efforts to raise income to supplement subsidies.

28. Collections that have broken up include two university collections (the George Brown Ethnological Collection, Newcastle University; and the John Rylands Library Sale, Manchester University) as well as the private Spencer collection of paintings. Although the George Brown collection comprised over 300 items, only 19 fell under the export rules, and the bulk of the collection was sold before the reviewing committee could express any view.

A thriving art market may benefit the economy, but for museums it constitutes a problem. With dwindling purchase grants and, as a consequence, increasingly frequent appeals to the National Heritage Memorial Fund and the public, it is impossible for museums to implement rational acquisition plans. One consequence of this is to diminish the relevance of the regulations covering the export of items of art: suspensions granted have to be rapidly withdrawn as it becomes apparent that there is no chance of funds being raised to retain the object in the United Kingdom.

If it is accepted that museums should continue to be subsidized, the size and choice of subsidy will continue to be matters for debate. The advantage of relying extensively on indirect subsidies through tax concessions, as is done in the United States, is that the amount of subsidy is determined by consumers. However, if there are significant education externalities, these contributions might require supplementing from government funds. Disadvantages include distortions to taxpayer behavior and fluctuating income experienced by museums as a result of changes in government tax policy. Direct subsidies leave museums more immediately vulnerable to changes in governments and their policies: spending on museums represents only a very small fraction of total public expenditure but for the museums any cuts in subsidy create problems when curatorial costs are increasing. As Don Fullerton has pointed out (see chap. 8 this volume), government can direct these grants to fund those activities it wishes to foster; this may or may not be desirable depending on whether it leads the government to intervene directly in art policy and, if so, what form such intervention may take.

Arguments advanced by economists to justify such subsidy have been examined in Fullerton's paper but provide no comprehensive answer as to the rationale for intervention, or the form it should take, or its size. Educational externalities provided the earliest justification for British government involvement at both central and local levels, and educational arguments continue to be used to counter proposals to introduce admission charges. Other defenses of subsidy have focused on the contribution of the arts to the U.K. economy. A recent study by John Myerscough estimates that museums as a whole have a turnover of some £224 million and are substantial employers while at the same time generating jobs in other industries. Their importance in the tourist trade has been appreciated for some time but Myerscough also shows that the arts provide community benefits by attracting new business to the regions and by revitalizing decaying inner urban areas. The fine arts are also a source of ideas, expertise, and training for areas of applied arts such as fashion, architecture, design, printing, and photography while the art trade, visual arts, and crafts, contribute about £743 million to invisible earnings (Myerscough 1988).

Studies, such as Myerscough's, provide a counter-argument to the view that museums constitute a drain on the economy, but there is a risk in relying too strongly on such arguments to justify state subsidies. The contribution that art

museums make cannot be assessed in purely market terms: their collections are part of our heritage and help form our culture but, if all are to benefit, museums must reach out to the public and take an active part in its continuing education. Scitovsky considers that "the only valid argument for Government aid to the arts is that it is a means of educating the public's taste, and that the public would benefit from a more educated taste" (1976, 64). If he is right, then arts are a merit good and as such cannot be assessed using economic arguments. Where museums play an important role in the formation of tastes, the search for an economic rationale for aid to the arts may be a pointless exercise. John Maynard Keynes (1936), who took a deep interest in both the visual and the performing arts, deplored the "utilitarian and economic" view of the arts, which he thought was widely held at that time. Perhaps we, too, should consider whether everything has to be justified in economic terms.

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