October 22, 1974

Mr. W. H. Rommel
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Rommel:

This is in response to your request for our views and recommendations on enrolled bill S.J. Res. 236, to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects in exhibition in the Union of Soviet Socialist Republics. This legislation would authorize the Secretary of State to conclude an agreement with the museum for the protection of objects owned by the Metropolitan in exhibition in the Soviet Union as part of an exchange under the general agreement on contracts, exchanges and cooperation, signed July 19, 1973, by the United States and the Union of Soviet Socialist Republics.

Under the exchange, which is the subject of S.J. Res. 236, the Metropolitan Museum is to send to the Soviet Union some of its collection of sixteenth to nineteenth century American and European paintings. The Soviets have promised in return to send to the Metropolitan Museum and the Los Angeles County Museum of Art a collection of gold and silver from the 5th century civilization of the Scythians.

It is generally acknowledged that international cultural exchanges are one of the best means of preserving and strengthening peaceful relations between nations, and that such exchanges should be encouraged and assisted in every appropriate way. What is not so well known is that
insurance costs on these international exchanges are exorbitantly high. Because of such costs, some major exhibitions in the past have been cancelled. In other instances the high costs of insurance have been borne by the taxpayer through grants made by the National Endowment for the Arts or the National Endowment for the Humanities for the purposes of paying the insurance premiums so that the exhibitions could take place. This was the case last winter regarding the "Masterpieces of Tapestry from the 14th to the 16th Century" exhibition at the Metropolitan, in which a major collection of tapestries from Europe and the United States were put on special exhibition and were viewed by approximately 400,000 persons. Insurance costs for that exhibition alone totaled almost $100,000 and were paid for by a grant from the National Endowment for the Arts.

The Joint Resolution, which would put the United States in the role of an indemnitor, would eliminate the necessity of either the Government or the Metropolitan Museum paying out approximately $250,000 to $350,000 in insurance premium costs. Since the experience of the past two decades shows that losses on international exhibitions are practically nonexistent, there seems to be little justification for these large expenditures for insurance premiums which place a great financial burden on the cultural institution involved, or on the Federal Government if paid through a grant. To avoid such expenditures, we support the Federal indemnity approach contained in S. J. Res. 236.

While the Endowment believes that this special legislation is appropriate at this time in order to provide protection for the upcoming Russian exchange, it wishes to note that this is the second time in recent months that such legislation has been deemed necessary by the Congress. The President on May 21, 1974, signed into law a similar bill (S. 3304), which authorized the "Secretary of State or such officer as he may designate to conclude an agreement with the People's Republic of China for indemnification for any loss or damage to objects in the 'Exhibition of the Archeological Finds of the People's Republic of China' while in the possession of the Government of the United States."
In view of these developments, the need for more comprehensive legislative authority in the form of a United States Government indemnification applicable generally to international cultural and scientific exchanges would seem to have been demonstrated.

The National Endowment for the Arts strongly supports this legislation and wholeheartedly recommends approval of S.J. Res. 236 by the President.

Sincerely,

Nancy Hanks
Chairman