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# ARTS AND ARTIFACTS INDEMNITY ACT, 1975

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## JOINT HEARING

BEFORE THE

SPECIAL SUBCOMMITTEE ON ARTS  
AND HUMANITIES

OF THE

COMMITTEE ON  
LABOR AND PUBLIC WELFARE  
UNITED STATES SENATE

AND THE

SELECT SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR  
HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

### S. 1800

TO AMEND AND EXTEND THE NATIONAL FOUNDATION  
ON THE ARTS AND HUMANITIES ACT OF 1965, TO PRO-  
VIDE FOR THE IMPROVEMENT OF MUSEUM SERVICES,  
AND TO PROVIDE INDEMNITIES FOR EXHIBITIONS OF  
ARTISTIC AND HUMANISTIC ENDEAVORS, AND FOR OTHER  
PURPOSES

JUNE 4, 1975

Printed for the use of the Committee on Labor and Public Welfare

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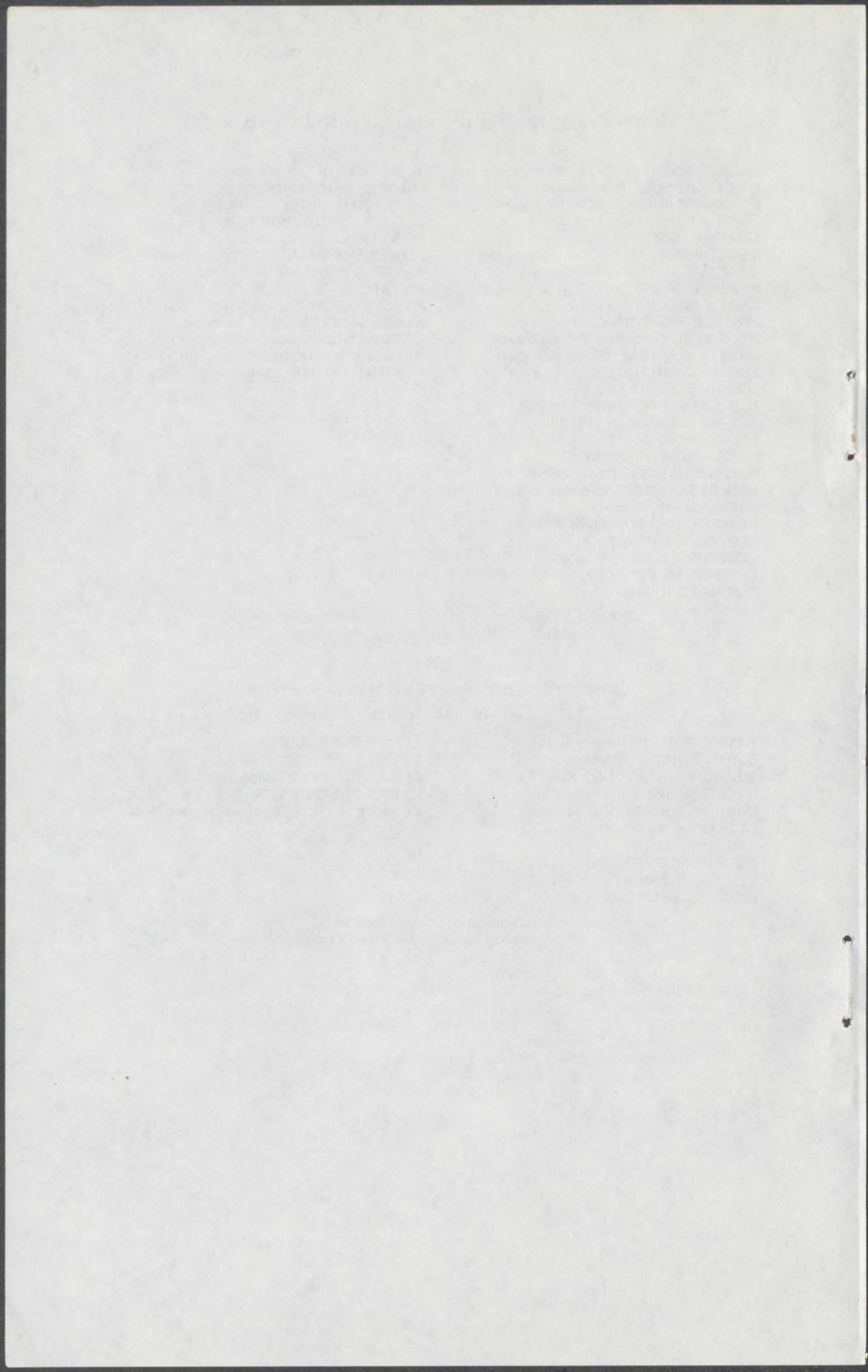
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ARTS AND ARTIFACTS INDEMNITY ACT, 1975  
Joint Hearings

WEDNESDAY, JUNE 4, 1975

U.S. SENATE,  
SPECIAL SUBCOMMITTEE ON ARTS AND HUMANITIES,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
HOUSE OF REPRESENTATIVE,  
SELECT SUBCOMMITTEE ON EDUCATION,  
COMMITTEE ON EDUCATION AND LABOR,  
*Washington, D.C.*

The joint hearings convened, pursuant to notice, at 1:30 a.m., in room 4232, Dirksen Senate Office Building, the Honorable Claiborne Pell presiding.

Present: Senators Pell, Mondale, Javits; Representatives Brademas, Lehman and Pressler.

Senator PELL. The joint hearing of the Special Subcommittee on Arts and Humanities of the Committee on Labor and Public Welfare and the Subcommittee on Select Education of the House Committee on Education and Labor will come to order.

This morning we will hear testimony on that portion of S. 1800 and H.R. 7216 dealing with the Arts and Artifacts Indemnity Act.

This proposed legislation concerns itself with a subject which has been discussed on the Hill, in museums, and at other Federal agencies, for quite some time. It would, in essence, establish a Federal program of indemnity to cover exhibitions which are brought to the United States as part—and this is an important point—of our ongoing international cultural activities.

At this point in the record I ask that the texts of S. 1800 and H.R. 7216 be printed.

[The bills referred to follow:]

(1)

94TH CONGRESS  
1ST SESSION

# S. 1800

---

## IN THE SENATE OF THE UNITED STATES

MAY 21, 1975

Mr. PELL (for himself and Mr. JAVITS) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

---

## A BILL

To amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, and to provide indemnities for exhibitions of artistic and humanistic endeavors, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Arts, Humanities, and  
4       Cultural Affairs Act of 1975".

5                   TITLE I—ARTS AND HUMANITIES

6                   GRANTS TO THE AMERICAN FILM INSTITUTE

7       SEC. 101. (a) Section 5 of the National Foundation on  
8       the Arts and the Humanities Act of 1965 is amended by  
9       adding at the end thereof the following new subsection:

II—O



1 of a State agency (hereafter in this section referred to  
2 as the State agency) as the sole agency for the adminis-  
3 tration of the State plan;

4 “(B) provides that funds paid to the State under  
5 this subsection will be expended solely on programs ap-  
6 proved by the State agency which carry out one or  
7 more of the objectives of subsection (c); and

8 “(C) provides that the State agency will make such  
9 reports, in such form, and containing such information,  
10 as the Chairman may, from time to time, require.

11 “(3) Of the sums available to carry out this subsection  
12 for any fiscal year, each State which has a plan approved  
13 by the Chairman shall be allotted at least \$100,000. If the  
14 sums appropriated are insufficient to make the allotments  
15 under the preceding sentence in full, such sums shall be  
16 allotted among such States in equal amounts. In any case  
17 where the sums available to carry out this subsection for any  
18 fiscal year are in excess of the amount required to make the  
19 allotments under the first sentence of this paragraph—

20 “(A) the amount of such excess which is no greater  
21 than 25 per centum of the sums available to carry out  
22 this subsection for any fiscal year shall be available to  
23 the Chairman for making grants under this subsection to  
24 States and regional groups; and

25 “(B) the amount of such excess, if any, which re-

1       mains after reserving in full for the Chairman the  
2       amount required under clause (A) shall be allotted  
3       among the States which have plans approved by the  
4       Chairman in equal amounts, but in no event shall any  
5       State be allotted less than \$100,000.

6       “(4) (A) That part of any allotment made under  
7       paragraph (3) for any fiscal year—

8               “(i) which exceeds \$62,500, but

9               “(ii) which does not exceed 20 per centum of such  
10       allotment,

11       shall be available, at the discretion of the Chairman, to pay  
12       up to 100 per centum of the cost of programs under this  
13       subsection if such programs would otherwise be unavailable  
14       to the residents of that State.

15       “(B) Any amount allotted to a State under the first  
16       sentence of paragraph (3) for any fiscal year which is not  
17       obligated by the State prior to sixty days prior to the end of  
18       the fiscal year for which such sums are appropriated shall  
19       be available to the Chairman for making grants to regional  
20       groups.

21       “(C) Funds made available under this subsection shall  
22       not be used to supplant non-Federal funds.

23       “(D) For the purposes of paragraph (3) and this  
24       paragraph, the term ‘regional group’ means any multi-State  
25       group, whether or not representative of contiguous States.

1       “(5) All amounts allotted or made available under  
2 paragraph (3) for a fiscal year which are not granted to a  
3 State during such year shall be available to the National En-  
4 dowment for the Humanities for the purpose of carrying  
5 out section 5 (c) .

6       “(6) Whenever the Chairman, after reasonable notice  
7 and opportunity for hearing, finds that—

8           “(A) a group is not complying substantially with  
9 the provisions of this section ;

10          “(B) a State agency is not complying substantially  
11 with terms and conditions of its State plan approved un-  
12 der this section ; or

13          “(C) any funds granted to a group or State agency  
14 under this section have been diverted from the purposes  
15 for which they are allotted or paid,

16 the Chairman shall immediately notify the Secretary of the  
17 Treasury and the group or State agency with respect to  
18 which such finding was made that no further grants will be  
19 made under this section to such group or agency until there  
20 is no longer a default or failure to comply or the diversion  
21 has been corrected, or, if the compliance or correction is im-  
22 possible, until such group or agency repays or arranges the  
23 repayment of the Federal funds which have been improperly  
24 diverted or expended.”.

25       (b) The amendment made by subsection (a) shall be

1 effective with respect to fiscal year 1976 and succeeding  
2 fiscal years.

3                   AUTHORIZATIONS OF APPROPRIATIONS

4       SEC. 103. (a) (1) (A) Section 11 (a) (1) (A) of the  
5 National Foundation on the Arts and the Humanities Act  
6 of 1965 is amended to read as follows:

7       “SEC. 11. (a) (1) (A) For the purpose of carrying out  
8 section 5, there are authorized to be appropriated \$113,-  
9 500,000 each for the fiscal years 1977 and 1978; and there  
10 are so authorized such sums as may be necessary for the  
11 fiscal years 1979, and 1980. Of the sums so appropriated  
12 for any fiscal year—

13           “(i) not less than 20 per centum shall be for car-  
14 rying out section 5 (g) ; and

15           “(ii) 4 per centum shall be for carrying out sec-  
16 tion 5 (l).”.

17       (B) Section 11 (a) (1) (B) of such Act is amended  
18 by striking out all that follows “Humanities” and inserting  
19 in lieu thereof the following: “\$113,500,000 each for fiscal  
20 years 1977 and 1978; and there are so authorized such sums  
21 as may be necessary for the fiscal years 1979 and 1980.  
22 Of the sums so appropriated for any fiscal year, not less than  
23 10 per centum shall be for carrying out section 7 (f).”.

24       (2) Section 11 (a) (2) of such Act is amended (A) by  
25 striking out “July 1, 1976” and inserting in lieu thereof

1 "October 1, 1980" and (B) by striking out all that follows  
2 "not exceed" and inserting in lieu thereof "\$25,000,000".

3 (b) The amendments made by subsection (a) shall be  
4 effective on and after the last day of fiscal year 1976.

5 TITLE II—MUSEUM SERVICES AND EXHIBITIONS

6 PART A—SERVICES

7 SHORT TITLE

8 SEC. 201. This part may be cited as the "Museum Serv-  
9 ices Act".

10 PURPOSE

11 SEC. 202. It is the purpose of this part to encourage and  
12 assist museums in their educational role, in conjunction with  
13 formal systems of elementary, secondary, and postsecondary  
14 education and with programs of nonformal education for all  
15 age groups; to assist museums in modernizing their methods  
16 and facilities so that they may better be able to conserve our  
17 cultural, historic, and scientific heritage; and to ease the  
18 financial burden borne by museums as a result of their in-  
19 creasing use by the public.

20 INSTITUTE FOR THE IMPROVEMENT OF MUSEUM SERVICES

21 SEC. 203. There is hereby established, within the Depart-  
22 ment of Health, Education, and Welfare, an Institute for the  
23 Improvement of Museum Services (hereinafter referred to as  
24 the "Institute"). The Institute shall consist of a National  
25 Museum Services Board (hereinafter referred to as the

1 "Board") and a Director of the Institute (hereinafter re-  
2 ferred to as the "Director").

3 NATIONAL MUSEUM SERVICES BOARD

4 SEC. 204. (a) The Board shall consist of fifteen mem-  
5 bers appointed by the President, by and with the advice and  
6 consent of the Senate, and the following ex officio members:

- 7 (1) the Director;
- 8 (2) the Librarian of Congress;
- 9 (3) the Archivist of the United States;
- 10 (4) the Commissioner of Education;
- 11 (5) the Secretary of the Smithsonian Institution;
- 12 (6) the Director of the National Gallery of Art;
- 13 (7) the Chairman of the National Endowment for  
14 the Arts; and
- 15 (8) the Chairman of the National Endowment for  
16 the Humanities.

17 The appointed members of the Board shall be broadly rep-  
18 resentative of the curatorial, education, and cultural resources  
19 of the United States and of the general public.

20 (b) The term of office of appointed members of the  
21 Board shall be five years, except that—

- 22 (1) any such member appointed to fill a vacancy  
23 shall serve only such portion of a term as shall not have  
24 been expired at the time of such appointment; and
- 25 (2) in the case of initial members, three shall serve

1 for terms of four years, three shall serve terms of three  
2 years, three shall serve terms of two years, and three  
3 shall serve terms of one year.

4 Any appointed member who has been a member of the Board  
5 for more than seven consecutive years shall thereafter be  
6 ineligible for reappointment to the Board during the three-  
7 year period following the expiration of the last such consecu-  
8 tive year.

9 (c) The Chairman of the Board shall be designated by  
10 the President from among the appointed members of the  
11 Board. Eight appointed members of the Board shall consti-  
12 tute a quorum.

13 (d) The Board shall meet at the call of the Chairman,  
14 except that—

15 (1) it shall meet not less than four times each year;

16 (2) in cases where the Director determines that a  
17 meeting of the Board is necessary, it shall meet when-  
18 ever one-third of the total number of members request  
19 a meeting in writing, in which event one-half of the total  
20 number of members shall constitute a quorum; and

21 (3) whenever one-third of the appointed members  
22 request a meeting in writing, it shall meet, in which  
23 event one-third of the appointed members shall consti-  
24 tute a quorum.

1 Ex officio members of the Board shall not have a vote on the  
2 Board.

3 (e) Members of the Board who are not in the regular  
4 full-time employ of the United States shall receive, while en-  
5 gaged in the business of the Board, compensation for service  
6 at a rate to be fixed by the President, except that such rate  
7 shall not exceed the rate specified at the time of such service  
8 for grade GS-18 in section 5332 of title 5, United States  
9 Code, including traveltime, and, while so serving away from  
10 their homes or regular places of business, they may be  
11 allowed travel expenses, including per diem in lieu of sub-  
12 sistence, as authorized by section 5703 of title 5, United  
13 States Code, for persons employed in Government service.

14 (f) The Board shall have the responsibility for the gen-  
15 eral policies with respect to the powers, duties, and authori-  
16 ties vested in the Institute under this title. The Director  
17 shall make available to the Board such information and  
18 assistance as may be necessary to enable the Board to carry  
19 out its functions.

20 DIRECTOR OF THE INSTITUTE

21 SEC. 205. (a) The Director of the Institute shall be  
22 appointed by the President, by and with the advice and con-  
23 sent of the Senate, and shall serve at the pleasure of the  
24 President. The Director shall be compensated at the rate pro-  
25 vided for level V, United States Code, and shall perform

1 such duties and exercise such powers as the Board may  
2 prescribe.

3 (b) There shall be a Deputy Director of the Institute  
4 who shall be appointed by the President and shall serve at  
5 the pleasure of the President. The Deputy Director shall be  
6 compensated at the rate provided for grade 18 of the General  
7 Schedule set forth in section 5332 of title 5, United States  
8 Code. The Deputy Director shall exercise such powers as  
9 the Director may prescribe, and the Deputy Director shall  
10 serve as Director during the absence or disability of the  
11 Director, or in the event of a vacancy in the Office of Direc-  
12 tor. The position created by this paragraph shall be in addi-  
13 tion to the number of positions placed in grade 18 of the  
14 General Schedule under section 5108 of title 5, United  
15 States Code.

16 ACTIVITIES OF THE INSTITUTE

17 SEC. 206. (a) The Director, subject to the manage-  
18 ment of the Board, is authorized to make grants to museums  
19 to increase and improve museum services, through such  
20 activities as—

21 (1) projects to enable museums to construct or  
22 install displays, interpretations, and exhibitions in order  
23 to improve their services to the public;

24 (2) assisting them in developing and maintaining

1 professionally-trained or otherwise experienced staff to  
2 meet their needs;

3 (3) assisting them to meet their administrative  
4 costs in preserving and maintaining their collections,  
5 exhibiting them to the public, and providing educa-  
6 tional programs to the public through the use of their  
7 collections;

8 (4) assisting museums in cooperation with each  
9 other in the development of traveling exhibitions, meet-  
10 ing transportation costs, and identifying and locating  
11 collections available for loan;

12 (5) assisting them in conservation of artifacts and  
13 art objects; and

14 (6) developing and carrying out specialized pro-  
15 grams for specific segments of the public such as pro-  
16 grams for urban neighborhoods, rural areas, Indian res-  
17 ervations, penal and other State institutions.

18 (b) Grants under this section may not exceed 75 per  
19 centum of the cost of the program for which the grant is  
20 made.

#### 21 CONTRIBUTIONS

22 SEC. 207. The Institute shall have authority to accept in  
23 the name of the United States, grants, gifts, or bequests of  
24 money for immediate disbursement in furtherance of the func-  
25 tions of the Institute. Such grants, gifts, or bequests, after

1 acceptance by the Institute, shall be paid by the donor or  
2 his representative to the Treasurer of the United States  
3 whose receipt shall be their acquittance. The Treasurer of  
4 the United States shall enter them in a special account to  
5 the credit of the Institute for the purposes in each case  
6 specified.

7                   AUTHORIZATION OF APPROPRIATIONS

8       SEC. 208. (a) For the purpose of making grants under  
9 section 206 (a), there are hereby authorized to be appro-  
10 priated \$25,000,000 for the fiscal year ending June 30,  
11 1975, and \$30,000,000 for each of the succeeding fiscal  
12 years ending prior to October 1, 1978.

13       (b) For the purpose of enabling the Institute to carry  
14 out its functions under this part, during the period beginning  
15 on the date of enactment of this Act and ending October 1,  
16 1978, there is authorized to be appropriated an amount equal  
17 to the amount contributed during such period to the Institute  
18 under section 207.

19                   DEFINITION

20       SEC. 209. For purposes of this part, the term "museum"  
21 means a public or private nonprofit agency or institution  
22 organized on a permanent basis for essentially educational or  
23 esthetic purposes, which, utilizing a professional staff, owns  
24 and utilizes tangible objects, cares for them, and exhibits  
25 them to the public on a regular basis.

## PART B—EXHIBITIONS

## SHORT TITLE

1

2

3 SEC. 221. This part may be cited as the “Arts and Arti-  
4 facts Indemnity Act”.

5

6 SEC. 222. (a) The Federal Council on the Arts and  
7 Humanities (hereafter in this part referred to as the “Coun-  
8 cil”), established under section 9 of the National Foundation  
9 on the Arts and the Humanities Act of 1965, is authorized  
10 to indemnify against loss or damage such items as may be  
11 eligible therefor under this part (as described in section  
12 223)—

13 (1) in accordance with the provisions of this part;  
14 and

15 (2) on such terms and conditions as the Council  
16 shall prescribe, by regulation, in order to achieve the  
17 purpose of this part and, consistent with such purpose,  
18 to protect the financial interest of the United States.

19 (b) For the purposes of this part, the Council shall be  
20 an “agency” within the meaning of the appropriate defini-  
21 tions of such term in title 5, United States Code.

21

## ELIGIBLE ITEMS

22 SEC. 223. (a) The Council may provide indemnification  
23 under this part with respect to—

24 (1) works of art, including tapestries, paintings,  
25 sculpture, folk art, graphics, and craft arts;

1           (2) manuscripts, rare documents, books, and other  
2           printed or published materials;

3           (3) other artifacts or objects; and

4           (4) motion pictures or audio and video tape;

5           which are (A) of educational, cultural, historical, or scien-  
6           tific value and (B) the exhibition of which is certified by  
7           the Secretary of State or his designee as being in the national  
8           interest.

9           (b) Items eligible for indemnification under this part  
10          shall be covered by an indemnity while on exhibition in the  
11          United States. For the purposes of this subsection, the term  
12          “on exhibition” includes that period of time which begins at  
13          the point when the eligible items leave the premises of the  
14          lender or place designated by the lender and ends when such  
15          items are returned to the premises of the lender or place  
16          designated by the lender.

17          SEC. 224. (a) Any person, nonprofit agency, institu-  
18          tion, or government desiring to obtain an indemnity for  
19          eligible items under this part shall make application there-  
20          for in accordance with such procedures, in such form, and  
21          in such manner as the Council shall, by regulation, prescribe.

22          (b) An application under subsection (a) shall—

23                 (1) described each item to be covered (including  
24                 an estimated value thereof);

25                 (2) show evidence that the items are eligible under  
26                 subsection 223 (a); and

1           (3) set forth policies, procedures, techniques, and  
2           methods with respect to preparation for, and conduct  
3           of, exhibition of the items, and any transportation re-  
4           lated thereto.

5           (c) Upon receipt of an application under this section,  
6           the Council shall, if such application conforms with the re-  
7           quirements of this part, approve the application; and when  
8           so approved, the application shall constitute a contract be-  
9           tween the Council and the applicant pledging the full faith  
10          and credit of the United States to pay any amount for  
11          which the Council becomes liable under such agreement.

12          SEC. 225. (a) Upon receipt of an application meeting  
13          the requirements of subsections (a) and (b) of section 224,  
14          the Council shall review the estimated value of the items for  
15          which the indemnity is sought. If the Council agrees with  
16          such estimated value, for the purposes of this part, the Coun-  
17          cil shall, after approval of the application as provided in  
18          subsection (c) of section 224, issue a certificate evidencing  
19          an indemnity as provided in subsection (b).

20          (b) Coverage under this part shall only extend to loss  
21          or damage in excess of the first \$25,000 of loss or damage  
22          out of a single incident.

23          (c) There shall be no premium rates on any indem-  
24          nity issued under this section.

25          SEC. 226. (a) The Council shall issue regulations pro-  
26          viding for prompt adjustment of valid claims for losses which

1 are eligible for indemnification under this part, including  
2 provision for arbitration of questions of the dollar value of  
3 damages involving less than total loss or destruction of cov-  
4 ered objects for which a certificate of indemnity has been  
5 issued.

6 (b) In the case of a claim of loss with respect to an  
7 item which is the subject of a certificate of indemnity under  
8 section 225, the Council shall certify the validity of the claim  
9 and the amount of the loss to the Speaker of the House of  
10 Representatives and the President of the Senate.

11 SEC. 227. There are hereby authorized to be appro-  
12 priated such sums as may be necessary (a) to enable the  
13 Council to carry out its functions under this part, and (b)  
14 to pay claims certified pursuant to subsection 226 (b).

15 SEC. 228. The Council shall report annually to the  
16 Congress (a) all claims actually paid pursuant to this part  
17 during the preceding fiscal year, (b) pending claims against  
18 the Council under this part as of the close of that fiscal year,  
19 and (c) the aggregate face value of contracts entered into  
20 by the Council which are outstanding at the close of that  
21 fiscal year.

22 EFFECTIVE DATE

23 SEC. 229. This part shall become effective — days  
24 after the enactment of this Act.

94TH CONGRESS  
1ST SESSION

# H. R. 7216

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## IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1975

MR. BRADEMAS (for himself and Mr. BELL) introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To amend and extend the National Foundation on the Arts and Humanities Act of 1965, to provide for the improvement of museum services, and to provide indemnities for exhibitions of artistic and humanistic endeavors, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Arts, Humanities, and  
4       Cultural Affairs Act of 1975".

5                   TITLE I—ARTS AND HUMANITIES

6                   GRANTS TO THE AMERICAN FILM INSTITUTE

7       SEC. 101. (a) Section 5 of the National Foundation on  
8       the Arts and the Humanities Act of 1965 is amended by  
9       adding at the end thereof the following new subsection:

I—O

1       “(1) The Chairman is authorized to make grants to  
2 the American Film Institute, a nonprofit corporation in-  
3 corporated under the laws of the District of Columbia, for  
4 the purposes described in subsection (c).”.

5       (b) The amendment made by subsection (a) shall be  
6 effective with respect to fiscal year 1976 and succeeding  
7 fiscal years.

8                               STATE HUMANITIES COUNCILS

9       SEC. 102. (a) (1) Section 7 of the National Founda-  
10 tion on the Arts and the Humanities Act of 1965 is amended  
11 by adding at the end thereof the following new subsection:

12       “(f) (1) The Chairman, with the advice of the National  
13 Council on the Humanities, is authorized to establish and  
14 carry out a program of grants-in-aid to assist the several  
15 States in supporting not more than 50 per centum of the  
16 cost of existing activities which meet the standards enu-  
17 merated in subsection (c), and in developing programs in  
18 the humanities in such a manner as will furnish adequate  
19 programs in the humanities in each of the several States.

20       “(2) In order to receive assistance under this subsec-  
21 tion in any fiscal year, a State shall submit an application  
22 for such grants at such time as shall be specified by the  
23 Chairman and accompany such applications with a plan  
24 which the Chairman finds—

25       “(A) designates or provides for the establishment

1 of a State agency (hereafter in this section referred to  
2 as the State agency) as the sole agency for the adminis-  
3 tration of the State plan;

4 “(B) provides that funds paid to the State under  
5 this subsection will be expended solely on programs ap-  
6 proved by the State agency which carry out one or  
7 more of the objectives of subsection (a); and

8 “(C) provides that the State agency will make such  
9 reports, in such form, and containing such information,  
10 as the Chairman may, from time to time, require.

11 “(3) Of the sums available to carry out this subsection  
12 for any fiscal year, each State which has a plan approved  
13 by the Chairman shall be allotted at least \$100,000. If the  
14 sums appropriated are insufficient to make the allotments  
15 under the preceding sentence in full, such sums shall be  
16 allotted among such States in equal amounts. In any case  
17 where the sums available to carry out this subsection for any  
18 fiscal year are in excess of the amount required to make the  
19 allotments under the first sentence of this paragraph—

20 “(A) the amount of such excess which is no greater  
21 than 25 per centum of the sums available to carry out  
22 this subsection for any fiscal year shall be available to  
23 the Chairman for making grants under this subsection to  
24 States and regional groups; and

25 “(B) the amount of such excess, if any, which re-

1       mains after reserving in full for the Chairman the  
2       amount required under clause (A) shall be allotted  
3       among the States which have plans approved by the  
4       Chairman in equal amounts, but in no event shall any  
5       State be allotted less than \$100,000.

6       “(4) (A) That part of any allotment made under  
7       paragraph (3) for any fiscal year—

8             “(i) which exceeds \$62,500, but

9             “(ii) which does not exceed 20 per centum of such  
10       allotment,

11       shall be available, at the discretion of the Chairman, to pay  
12       up to 100 per centum of the cost of programs under this  
13       subsection if such programs would otherwise be unavailable  
14       to the residents of that State.

15       “(B) Any amount allotted to a State under the first  
16       sentence of paragraph (3) for any fiscal year which is not  
17       obligated by the State prior to sixty days prior to the end of  
18       the fiscal year for which such sums are appropriated shall  
19       be available to the Chairman for making grants to regional  
20       groups.

21       “(C) Funds made available under this subsection shall  
22       not be used to supplant non-Federal funds.

23       “(D) For the purposes of paragraph (3) and this  
24       paragraph, the term ‘regional group’ means any multi-State  
25       group, whether or not representative of contiguous States.

1       “(5) All amounts allotted or made available under  
2 paragraph (3) for a fiscal year which are not granted to a  
3 State during such year shall be available to the National En-  
4 dowment for the Humanities for the purpose of carrying  
5 out section 5 (c) .

6       “(6) Whenever the Chairman, after reasonable notice  
7 and opportunity for hearing, finds that—

8           “(A) a group is not complying substantially with  
9 the provisions of this section;

10          “(B) a State agency is not complying substantially  
11 with terms and conditions of its State plan approved un-  
12 der this section; or

13          “(C) any funds granted to a group or State agency  
14 under this section have been diverted from the purposes  
15 for which they are allotted or paid,

16 the Chairman shall immediately notify the Secretary of the  
17 Treasury and the group or State agency with respect to  
18 which such finding was made that no further grants will be  
19 made under this section to such group or agency until there  
20 is no longer a default or failure to comply or the diversion  
21 has been corrected, or, if the compliance or correction is im-  
22 possible, until such group or agency repays or arranges the  
23 repayment of the Federal funds which have been improperly  
24 diverted or expended.”.

25       (b) The amendment made by subsection (a) shall be

1 effective with respect to fiscal year 1976 and succeeding  
2 fiscal years.

3                   AUTHORIZATIONS OF APPROPRIATIONS

4       SEC. 103. (a) (1) (A) Section 11 (a) (1) (A) of the  
5 National Foundation on the Arts and the Humanities Act  
6 of 1965 is amended to read as follows:

7       “SEC. 11. (a) (1) (A) For the purpose of carrying out  
8 section 5, there are authorized to be appropriated \$113,-  
9 500,000 each for the fiscal years 1977 and 1978; and there  
10 are so authorized such sums as may be necessary for the  
11 fiscal years 1979, and 1980. Of the sums so appropriated  
12 for any fiscal year—

13           “(i) not less than 20 per centum shall be for car-  
14 rying out section 5 (g) ; and

15           “(ii) 4 per centum shall be for carrying out sec-  
16 tion 5 (l) .”.

17       (B) Section 11 (a) (1) (B) of such Act is amended  
18 by striking out all that follows “Humanities” and inserting  
19 in lieu thereof the following: “\$113,500,000 each for fiscal  
20 years 1977 and 1978; and there are so authorized such sums  
21 as may be necessary for the fiscal years 1979 and 1980.  
22 Of the sums so appropriated for any fiscal year, not less than  
23 10 per centum shall be for carrying out section 7 (f) .”.

24       (2) Section 11 (a) (2) of such Act is amended (A) by  
25 striking out “July 1, 1976” and inserting in lieu thereof

## 7

1 "October 1, 1980" and (B) by striking out all that follows  
2 "not exceed" and inserting in lieu thereof "\$25,000,000".

3 (b) The amendments made by subsection (a) shall be  
4 effective on and after the last day of fiscal year 1976.

## 5 TITLE II—MUSEUM SERVICES AND EXHIBITIONS

## 6 PART A—SERVICES

## 7 SHORT TITLE

8 SEC. 201. This part may be cited as the "Museum Serv-  
9 ices Act".

## 10 PURPOSE

11 SEC. 202. It is the purpose of this part to encourage and  
12 assist museums in their educational role, in conjunction with  
13 formal systems of elementary, secondary, and postsecondary  
14 education and with programs of nonformal education for all  
15 age groups; to assist museums in modernizing their methods  
16 and facilities so that they may better be able to conserve our  
17 cultural, historic, and scientific heritage; and to ease the  
18 financial burden borne by museums as a result of their in-  
19 creasing use by the public.

## 20 INSTITUTE FOR THE IMPROVEMENT OF MUSEUM SERVICES

21 SEC. 203. There is hereby established, within the Depart-  
22 ment of Health, Education, and Welfare, an Institute for the  
23 Improvement of Museum Services (hereinafter referred to as  
24 the "Institute"). The Institute shall consist of a National  
25 Museum Services Board (hereinafter referred to as the

1 "Board") and a Director of the Institute (hereinafter re-  
2 ferred to as the "Director").

3 NATIONAL MUSEUM SERVICES BOARD

4 SEC. 204. (a) The Board shall consist of fifteen mem-  
5 bers appointed by the President, by and with the advice and  
6 consent of the Senate, and the following ex officio members:

- 7 (1) the Director;
- 8 (2) the Librarian of Congress;
- 9 (3) the Archivist of the United States;
- 10 (4) the Commissioner of Education;
- 11 (5) the Secretary of the Smithsonian Institution;
- 12 (6) the Director of the National Gallery of Art;
- 13 (7) the Chairman of the National Endowment for  
14 the Arts; and
- 15 (8) the Chairman of the National Endowment for  
16 the Humanities.

17 The appointed members of the Board shall be broadly rep-  
18 resentative of the curatorial, education, and cultural resources  
19 of the United States and of the general public.

20 (b) The term of office of appointed members of the  
21 Board shall be five years, except that—

- 22 (1) any such member appointed to fill a vacancy  
23 shall serve only such portion of a term as shall not have  
24 been expired at the time of such appointment; and
- 25 (2) in the case of initial members, three shall serve

1 for terms of four years, three shall serve terms of three  
2 years, three shall serve terms of two years, and three  
3 shall serve terms of one year.

4 Any appointed member who has been a member of the Board  
5 for more than seven consecutive years shall thereafter be  
6 ineligible for reappointment to the Board during the three-  
7 year period following the expiration of the last such consecu-  
8 tive year.

9 (c) The Chairman of the Board shall be designated by  
10 the President from among the appointed members of the  
11 Board. Eight appointed members of the Board shall consti-  
12 tute a quorum.

13 (d) The Board shall meet at the call of the Chairman,  
14 except that—

15 (1) it shall meet not less than four times each year;

16 (2) in cases where the Director determines that a  
17 meeting of the Board is necessary, it shall meet when-  
18 ever one-third of the total number of members request  
19 a meeting in writing, in which event one-half of the total  
20 number of members shall constitute a quorum; and

21 (3) whenever one-third of the appointed members  
22 request a meeting in writing, it shall meet, in which  
23 event one-third of the appointed members shall consti-  
24 tute a quorum.

1 Ex officio members of the Board shall not have a vote on the  
2 Board.

3 (e) Members of the Board who are not in the regular  
4 full-time employ of the United States shall receive, while en-  
5 gaged in the business of the Board, compensation for service  
6 at a rate to be fixed by the President, except that such rate  
7 shall not exceed the rate specified at the time of such service  
8 for grade GS-18 in section 5332 of title 5, United States  
9 Code, including traveltime, and, while so serving away from  
10 their homes or regular places of business, they may be  
11 allowed travel expenses, including per diem in lieu of sub-  
12 sistence, as authorized by section 5703 of title 5, United  
13 States Code, for persons employed in Government service.

14 (f) The Board shall have the responsibility for the gen-  
15 eral policies with respect to the powers, duties, and authori-  
16 ties vested in the Institute under this title. The Director  
17 shall make available to the Board such information and  
18 assistance as may be necessary to enable the Board to carry  
19 out its functions.

20 DIRECTOR OF THE INSTITUTE

21 SEC. 205. (a) The Director of the Institute shall be  
22 appointed by the President, by and with the advice and con-  
23 sent of the Senate, and shall serve at the pleasure of the  
24 President. The Director shall be compensated at the rate pro-  
25 vided for level V, United States Code, and shall perform

1 such duties and exercise such powers as the Board may  
2 prescribe.

3 (b) There shall be a Deputy Director of the Institute  
4 who shall be appointed by the President and shall serve at  
5 the pleasure of the President. The Deputy Director shall be  
6 compensated at the rate provided for grade 18 of the General  
7 Schedule set forth in section 5332 of title 5, United States  
8 Code. The Deputy Director shall exercise such powers as  
9 the Director may prescribe, and the Deputy Director shall  
10 serve as Director during the absence or disability of the  
11 Director, or in the event of a vacancy in the Office of Direc-  
12 tor. The position created by this paragraph shall be in addi-  
13 tion to the number of positions placed in grade 18 of the  
14 General Schedule under section 5108 of title 5, United  
15 States Code.

16 ACTIVITIES OF THE INSTITUTE

17 SEC. 206. (a) The Director, subject to the manage-  
18 ment of the Board, is authorized to make grants to museums  
19 to increase and improve museum services, through such  
20 activities as—

21 (1) projects to enable museums to construct or  
22 install displays, interpretations, and exhibitions in order  
23 to improve their services to the public;

24 (2) assisting them in developing and maintaining

1 professionally-trained or otherwise experienced staff to  
2 meet their needs;

3 (3) assisting them to meet their administrative  
4 costs in preserving and maintaining their collections,  
5 exhibiting them to the public, and providing educa-  
6 tional programs to the public through the use of their  
7 collections;

8 (4) assisting museums in cooperation with each  
9 other in the development of traveling exhibitions, meet-  
10 ing transportation costs, and identifying and locating  
11 collections available for loan;

12 (5) assisting them in conservation of artifacts and  
13 art objects; and

14 (6) developing and carrying out specialized pro-  
15 grams for specific segments of the public such as pro-  
16 grams for urban neighborhoods, rural areas, Indian res-  
17 ervations, penal and other State institutions.

18 (b) Grants under this section may not exceed 75 per  
19 centum of the cost of the program for which the grant is  
20 made.

#### 21 CONTRIBUTIONS

22 SEC. 207. The Institute shall have authority to accept in  
23 the name of the United States, grants, gifts, or bequests of  
24 money for immediate disbursement in furtherance of the func-  
25 tions of the Institute. Such grants, gifts, or bequests, after

1 acceptance by the Institute, shall be paid by the donor or  
2 his representative to the Treasurer of the United States  
3 whose receipt shall be their acquittance. The Treasurer of  
4 the United States shall enter them in a special account to  
5 the credit of the Institute for the purposes in each case  
6 specified.

7                   AUTHORIZATION OF APPROPRIATIONS

8           SEC. 208. (a) For the purpose of making grants under  
9 section 206 (a), there are hereby authorized to be appro-  
10 priated \$25,000,000 for the fiscal year ending June 30,  
11 1975, and \$30,000,000 for each of the succeeding fiscal  
12 years ending prior to October 1, 1978.

13           (b) For the purpose of enabling the Institute to carry  
14 out its functions under this part, during the period beginning  
15 on the date of enactment of this Act and ending October 1,  
16 1978, there is authorized to be appropriated an amount equal  
17 to the amount contributed during such period to the Institute  
18 under section 207.

19                   DEFINITION

20           SEC. 209. For purposes of this part, the term "museum"  
21 means a public or private nonprofit agency or institution  
22 organized on a permanent basis for essentially educational or  
23 esthetic purposes, which, utilizing a professional staff, owns  
24 and utilizes tangible objects, cares for them, and exhibits  
25 them to the public on a regular basis.



1           (2) manuscripts, rare documents, books, and other  
2           printed or published materials;

3           (3) other artifacts or objects; and

4           (4) motion pictures or audio and video tape;

5           which are (A) of educational, cultural, historical, or scien-  
6           tific value and (B) the exhibition of which is certified by  
7           the Secretary of State or his designee as being in the national  
8           interest.

9           (b) Items eligible for indemnification under this part  
10          shall be covered by an indemnity while on exhibition in the  
11          United States. For the purposes of this subsection, the term  
12          “on exhibition” includes that period of time which begins at  
13          the point when the eligible items leave the premises of the  
14          lender or place designated by the lender and ends when such  
15          items are returned to the premises of the lender or place  
16          designated by the lender.

17          SEC. 224. (a) Any person, nonprofit agency, institu-  
18          tion, or government desiring to obtain an indemnity for  
19          eligible items under this part shall make application there-  
20          for in accordance with such procedures, in such form, and  
21          in such manner as the Council shall, by regulation, prescribe.

22          (b) An application under subsection (a) shall—

23                 (1) described each item to be covered (including  
24                 an estimated value thereof) ;

25                 (2) show evidence that the items are eligible under  
26                 subsection 223 (a) ; and

1           (3) set forth policies, procedures, techniques, and  
2 methods with respect to preparation for, and conduct  
3 of, exhibition of the items, and any transportation re-  
4 lated thereto.

5           (c) Upon receipt of an application under this section,  
6 the Council shall, if such application conforms with the re-  
7 quirements of this part, approve the application; and when  
8 so approved, the application shall constitute a contract be-  
9 tween the Council and the applicant pledging the full faith  
10 and credit of the United States to pay any amount for  
11 which the Council becomes liable under such agreement.

12           SEC. 225. (a) Upon receipt of an application meeting  
13 the requirements of subsections (a) and (b) of section 224,  
14 the Council shall review the estimated value of the items for  
15 which the indemnity is sought. If the Council agrees with  
16 such estimated value, for the purposes of this part, the Coun-  
17 cil shall, after approval of the application as provided in  
18 subsection (c) of section 224, issue a certificate evidencing  
19 an indemnity as provided in subsection (b).

20           (b) Coverage under this part shall only extend to loss  
21 or damage in excess of the first \$25,000 of loss or damage  
22 out of a single incident.

23           (c) There shall be no premium rates on any indem-  
24 nity issued under this section.

25           SEC. 226. (a) The Council shall issue regulations pro-  
26 viding for prompt adjustment of valid claims for losses which

1 are eligible for indemnification under this part, including  
2 provision for arbitration of questions of the dollar value of  
3 damages involving less than total loss or destruction of cov-  
4 ered objects for which a certificate of indemnity has been  
5 issued.

6 (b) In the case of a claim of loss with respect to an  
7 item which is the subject of a certificate of indemnity under  
8 section 225, the Council shall certify the validity of the claim  
9 and the amount of the loss to the Speaker of the House of  
10 Representatives and the President of the Senate.

11 SEC. 227. There are hereby authorized to be appro-  
12 priated such sums as may be necessary (a) to enable the  
13 Council to carry out its functions under this part, and (b)  
14 to pay claims certified pursuant to subsection 226 (b).

15 SEC. 228. The Council shall report annually to the  
16 Congress (a) all claims actually paid pursuant to this part  
17 during the preceding fiscal year, (b) pending claims against  
18 the Council under this part as of the close of that fiscal year,  
19 and (c) the aggregate face value of contracts entered into  
20 by the Council which are outstanding at the close of that  
21 fiscal year.

22 EFFECTIVE DATE

23 SEC. 229. This part shall become effective — days  
24 after the enactment of this Act.

Senator PELL. I would like to dwell on this point—of our ongoing international cultural activities—for a minute, for we are not here discussing a Federal insurance bill for museums. What we are talking about here is the creation of a mechanism, the utilization of which would allow our country to more fully participate in international cultural activities.

Indemnity programs such as this are available in other countries, the British model perhaps being the most well-known. In studying these various existing programs and the experience of museums in this country, it was recognized that, depending upon the art material to be made available, up to two-thirds of the cost of an exhibition can be taken up by insurance expenses.

It is understandable why those expenses are so high, in that a major loss would be catastrophic in nature. Yet, what is most interesting is that claims under this type of insurance have been minimal, with 90 percent of losses being less than \$1,000, such as chipped glass and broken frames.

With this in mind, and, again, because we are not creating an insurance bill, this Federal program would carry with it a deductible of \$25,000, which would be covered by private insurance or be self-insured.

There is a precedent for this type of legislation. Last year, the Congress enacted legislation to cover both the exhibition of Chinese material at the National Gallery and the exchange exhibit of Scythian gold from the USSR and paintings from the Metropolitan Museum of Art.

As I see this legislation functioning, the Federal Government would, for this purpose, become an agency under the Federal Government, with the authority to hire personnel. I would expect that the staff itself would be a very small one, whose initial function would simply be to issue the regulations necessary for implementation of the program. The legislation has been broadly drafted to give the agency as wide a scope as possible within which to issue those regulations.

This legislation is being introduced by Senator Javits and myself in conjunction with Congressman Brademas because I do believe that there should be a Federal program which would pledge the full faith and credit of the United States so that another nation would be assured that, upon lending its national treasure to our country, it could do so with the understanding that any loss would be reimbursed.

Congressman Brademas.

Representative BRADEMAS. Thank you, Mr. Chairman.

At the outset, let me say how pleased we of the House Subcommittee on Select Education are this morning to join our Senate colleagues in opening these hearings on part B, title II of the Arts, Humanities and Cultural Affairs Act of 1975, H.R. 7216, and its companion Senate bill, S. 1800.

The distinguished chairman of the Special Subcommittee for Arts and Humanities and my good friend Senator Claiborne Pell, has been an outstanding advocate of the arts throughout his Senate career. I want also to pay tribute to the distinguished ranking minority member of the subcommittee, Jacob Javits, another Senator who has long been recognized as a champion of the arts.

Although we do not often hold joint hearings on Capitol Hill, our experience with the joint hearings on arts legislation has proven to be most productive and I trust that the close cooperation between these two subcommittees will continue.

The subject that we meet here today to consider, referred to as the Arts and Artifacts Indemnity Act, is aimed at increasing the opportunities for all Americans to view and enjoy international exhibitions of art and artifacts.

One of the major costs of international exhibitions lies in the insurance that must be provided for these priceless objects. For example, the exhibit of Russian impressionist paintings viewed by almost 600,000 people in Washington, New York, Los Angeles, and Chicago cost \$50,000 to insure in 1973.

Before Congress moved to indemnify the exhibition of Chinese archaeological treasures, the Kansas City Museum discovered that the costs of insurance would have been \$100,000-\$400,000.

The exchange between the Metropolitan Museum of Art in New York and the Soviet Union—the Metropolitan sent 100 paintings to the Soviet Union in exchange for the Scythian gold artifacts now on exhibition—would have been prohibitively expensive to insure privately. Estimates of the costs of insuring the Metropolitan paintings ranged as high as half a million dollars.

Because of the enormous cost of insurance, these two exhibits were indemnified by the Government of the United States through legislation initiated in Congress last year by Senators Pell and Javits and Congressman Wayne Hays of Ohio and me. This action by Congress allowed over two-thirds of a million people to view the Chinese exhibition in Washington, D.C., during the 3½-month period that it was here.

And the Scythian gold exhibition, which opened to the public on April 19 of this year, has, as of June 1, 1975, been viewed by over 200,000 people.

With the legislation we are considering here today, we hope to broaden our program of international exhibitions and thereby to enrich the lives of all our American citizens.

I would like to take a moment to welcome the distinguished witnesses who will appear before us this morning. It is always a pleasure to see and hear Douglas Dillon, George Seybolt, and, of course, our friends, Nancy Hanks and Ronald Berman.

So I hope very much we will be able to move ahead on this legislation. I may, Mr. Chairman, have to depart because of a majority caucus in the House, but I will try to stay as long as possible.

Senator PELL. Senator Javits.

Senator JAVITS. Thank you very much, Mr. Chairman.

I join my colleagues in expressing satisfaction with this joint hearing and the advancement of a needed indemnity authority. I was stimulated in the original legislation by Mr. Dillon and the Metropolitan Museum of Art in my home city, and I am grateful for this rather intelligent approach.

Mr. Chairman, I wish to add only one fact:

Indemnity is a well-known and universal practice among the major nations of the world, including the Soviet Union. Of course, because

they own everything, they guarantee everything. However, in our case, it has to be done through law and through an established agency.

Mr. Dillon, please include in your testimony or comments a response to a question will undoubtedly arise. Should the museums be asked to pay a premium on this indemnity, and if not, why not?

Thank you.

Senator PELL. The leadoff witness will be Mr. Dillon, and it is a great pleasure to welcome him here. His work in the area of the arts is as well known as his very able Government service.

**STATEMENT OF DOUGLAS DILLON, PRESIDENT, BOARD OF TRUSTEES, METROPOLITAN MUSEUM OF ART, NEW YORK, N. Y.; AND GEORGE C. SEYBOLT, PRESIDENT EMERITIS, MUSEUM OF FINE ARTS, BOSTON, MASS.**

Mr. DILLON. Thank you.

Mr. Chairman, Mr. Brademas, Senator Javits, members of the committee, I am grateful for the opportunity to testify before this joint Senate-House Committee as it considers legislation designed to encourage international exchanges of major art exhibitions.

The trustees and staff of The Metropolitan Museum of Art heartily endorse the idea of providing a Governmental indemnity for objects of art contained in such exhibitions, and we are anxious to be helpful in the course of your deliberations.

I would like, if I may, to make some general comments before proceeding to some specific suggestions with reference to the proposed legislation as it is presently drafted.

First of all, it seems to me beyond argument that cultural exchanges between nations promote international understanding and good will. They serve the national interest, not only in providing other peoples with a better understanding of our American values, but also in the way that they contribute to the American citizens' understanding and appreciation of the artistic heritage of other countries.

That being so, it appears only fitting that the U.S. Government should adopt policies and procedures which will facilitate the sharing of the art treasures held in institutions of this country with those of other countries through international exchanges.

The Metropolitan Museum has, over the last few years, acted as something of a pioneer in promoting the exchange of major exhibitions with museums in other nations.

As I am sure the members of this committee are aware, we are currently staging a truly remarkable exhibition of ancient gold and silver objects from the museums of the Soviet Union, in particular, the Hermitage in Leningrad and the Lavra State Museum in Kiev.

This exhibition of Scythian objects will subsequently go to the west coast and be shown at the Los Angeles County Museum. It was, I might add, due in some measure to the urging of the Metropolitan that the Soviet Ministry of Culture agreed to the further exhibition of this priceless and delicate material in Los Angeles.

For the American part of the exchange, the Metropolitan has sent 100 of its best European and American paintings to the U.S.S.R. This exhibition—composed also of masterpieces which are, in truth, priceless—opened on May 22, in Leningrad where it will be seen for 8

weeks. Thereafter it will go to the Pushkin Museum in Moscow for another 8 weeks.

Judging by the enormous popularity of the Scythian exhibition in New York and the wide attention this extraordinary material has received in the national press, it is evident that it had a significant impact on our Nation's cultural life. Scores of thousands of our citizens have come to know something about a fascinating, nomadic culture whose origins were in the third millennium B.C.—insights hitherto available only to a relative handful of scholars and connoisseurs.

I can testify also, on the basis of conversations with officials of the Soviet Ministry of Culture, that they have been highly pleased by the public reception accorded the Scythian exhibition and that their enthusiasm for our paintings exhibition runs very high.

The members of this committee, of course, know that this exchange was singled out for special commendation in the joint communique issued at the summit meeting of former President Nixon and Party Chairman Brezhnev in July of 1974. Thereafter, the U.S.S.R. agreed to be responsible for indemnifying its Scythian treasures sent to the United States.

In the light of this action by the Soviet Government and with the wholehearted support of the Department of State and The National Endowment for the Arts, special indemnity legislation (Public Law 93-476) was passed by the Congress and signed by the President.

Under this bill, our Government agreed to indemnify the Metropolitan for loss or damage (above the amount of \$25,000) to our paintings while absent from the museum for their showing in the U.S.S.R.

In effect, then, both Governments acted as indemnifying agents for the works of art sent abroad from their own countries. I should emphasize that this exchange between the Metropolitan and the Soviet Ministry of Culture could not have taken place without this special act of Congress since, in the absence of such indemnification, the cost to us to insure our paintings would have been at least \$400,000.

Costs of this dimension would, quite frankly, have been so prohibitive as to prevent such an historic exchange.

Attached, as an indication of the Soviet attitude toward the current exchange with the Soviet Union, a letter signed by Chairman Brezhnev and given to us by Ambassador Dobrynin and Deputy Minister of Culture Popov on the occasion of the opening of the Scythian exhibition in New York.

[The letter referred to follows:]

DILLON STATEMENT  
ATTACHMENT ONE

TO VISITORS OF THE SOVIET EXHIBIT IN THE  
METROPOLITAN MUSEUM OF ART

In the modern world, exchanges in the field of culture in general, and exchanges of works of art owned by the best museums of the two countries in particular, play an invaluable role in strengthening mutual understanding between our two nations. Taking this into consideration, we commend the initiative taken by the New York Metropolitan Museum of Art, the Leningrad Hermitage, and a number of other museums of the USSR which are trying to make regular exchanges of art exhibits an inseparable part of the cultural exchange between the U.S.S.R. and the U.S.A.

The Soviet Union, in its desire to acquaint the American people with masterpieces created on the territory of ancient Russia, has sent to the United States unique historical pieces of art. The Metropolitan Museum, in turn, will offer the Soviet people the opportunity this year of seeing a hundred magnificent paintings from its collections of West-European and American art.

We welcome the visitors to the Soviet exhibit in the Metropolitan Museum of Art and sincerely hope that Soviet-American relations will continue to develop in the interests of the people of both nations and to strengthen peace on earth.

Leonid I. Brezhnev

Mr. DILLON. It is very difficult to say how many potential international exchanges have never come to fruition because of insurance costs. Very few institutions keep records of such things.

However, the Metropolitan Museum was forced at the time of its centennial, in 1970, to cancel arrangements for all the loans of objects from abroad for its exhibition, "Masterpieces of Fifty Centuries." The substantial reduction in the scope of this exhibition, and our subsequent total reliance on objects in our own and other American collections, was directly attributable to an insurance burden of over \$500,000 for the objects which we had hoped to bring from abroad. This was a cost the Metropolitan simply could not meet.

I might, in this connection, invite the attention of the committee to two other indemnity arrangements which are currently in effect: one is the U.S. indemnity—Public Law 93-287—written to make possible the exhibition of archeological materials from The Peoples Republic of China which is now in view in Kansas City at The William Rockhill Nelson Gallery of Art, following a highly successful appearance here in Washington at the National Gallery. The other is an exhibition mounted by the Museum of Modern Art, including two important paintings from the Metropolitan Museum, which is now on tour in Australia. In this case, the indemnity guarantee has been provided by the Australian Government.

The indemnification procedures followed in these exchanges are patterned largely on indemnity methods employed for more than 15 years by the British Government. Under this system, the British Government agrees to indemnify owners of works of art lent to museums in Great Britain for loss or damage, with the single exception of losses or damages occurring because of war.

We have obtained detailed figures, which are attached, showing the British record under this system for the past 6 years. Works of art valued at approximately \$275 million were indemnified with only one loss of over \$25,000, which amounted to about \$33,500. This is a loss ratio of only slightly over one one-hundredth of 1 percent—a minute fraction of what the cost of insurance would have been.

[The attachment referred to follows:]

## MR. DILLON'S STATEMENT/Attachment Two

Summary of valuations covered by British Treasury Indemnities for major exhibitions, 1970-75, and the claims which were paid or are pending (as reported to the Metropolitan Museum)

		(in British pounds)	
1970	Victoria and Albert Museum "Drawings from Haarlem"	674,000	
	Victoria and Albert Museum "Treasures from Althorp"	1,334,000	
	Tate Gallery "Leger"	<u>4,305,000</u>	6,313,000
1971	Tate Gallery "Warhol"	1,277,000	
	Tate Gallery "Hogarth"	<u>3,375,000</u>	4,652,000
1972	Tate Gallery "Caspar-David Friedrich"	1,560,000	
	Tate Gallery "Age of Charles I"	7,183,000	
	London Museum "Chaucer's London"	1,680,000	
	British Museum "Tutankhamun"	9,060,000	
	British Arts Council "Age of Neo-Classicism"	<u>25 to 30,000,000</u>	44 to 49,483,000
1973	Victoria and Albert Museum "Fanfare for Europe"	7,852,000	
	National Portrait Gallery "Richard III"	550,000	
	Tate Gallery "Landscape in British Painting"	<u>2,473,000</u>	10,875,000

1974	Tate Gallery "Klein - Manzoni"	1,554,000	
	Tate Gallery "Stubbs and Wedgwood"	1,855,000	
	National Gallery "Painting in Focus"	550,000	
	Tate Gallery "Picasso to Lichtenstein: Masterpieces from the Nordrhein-Westfalen Museum"	20,000,000	
	Tate Gallery "Turner"	<u>9,000,000</u>	32,959,000
1975	British Arts Council "Sporting Painting"	6,000,000	
	British Arts Council "Klee"	3,000,000	
	British Museum "Michaelangelo Drawings"	<u>7,300,000</u>	16,300,000

Summary of claims (as reported to the Metropolitan Museum)

	(In British pounds)	
Age of Neo-Classicism	3 to 4,000	(paid)
3 paintings (Nordrhein- Westfalen exhibition)	14,400	(pending)
Klein - Manzoni	1,300	(paid)
Klee	1,000	(paid)
Salvatore Rosa painting owned by Richmond Museum, shown at the Hayward Gallery	2,157	(damage) (paid)
	17,256	(depreciation) (pending)
A number of claims	under 100	(paid)

Mr. DILLON. They then say here the cost of insurance to us in these various items I have been quoting has varied between one-half of 1 percent, or up to 1 percent of the total value of the works of art.

I understand that the record for earlier years is similar. This is worth emphasizing, that the loss or damage experienced in major international exhibitions involving lending museums, both in the United States and abroad, has been negligible. Museums are, after all, custodians and keepers of works of art, and the care and professionalism with which they must these responsibilities are of the highest level.

We at the Metropolitan Museum have been happy to have loans of our art covered under the British indemnity, as opposed to purchasing our own insurance. I should note, too, that insurance coverage for international exhibitions constitutes a relatively small part of the total coverage needed by the U.S. museums for their permanent collections and for domestic travel.

The proposed bill will in no way reduce or eliminate insurance coverage needed, year-in and year-out, on the immeasurable value of the works of art held in U.S. museums.

On the other hand, indemnity legislation is needed because of the prohibitively high cost of insurance incurred when a large concentration of value is removed from its normally secure surroundings and exposed to the risk of foreign travel, exhibition, and return to its customary location within a brief period of time.

Despite the lack of losses, the insurance industry is simply not comfortable with the large transient values at risk and, therefore, charges compensatory high premiums.

The current exchange with the Soviet Ministry of Culture under the provisions of the special indemnification bill has been a valuable learning experience for us at the Metropolitan and, I dare say, for the Department of State.

It may be helpful to the committee if, in the wake of this experience, I offer a specific suggestion with reference to the draft legislation you are now considering. This proposed legislation presently provides indemnification only for foreign exhibitions which come on loan to institutions in the United States. It does not provide for art which we send for exhibition to institutions abroad, such as the Metropolitan's current exhibition in the Soviet Union.

Since, more often than not, American museums may be obliged to send exhibitions overseas on a reciprocal basis, I suggest that this legislation should include American art sent on foreign loan whenever the Department of State certifies that the contemplated exhibition is in the national interest. This procedure, of course, should not apply to both parts of any single exchange, or to art sent from us to a foreign government whose policy it is to indemnify such exhibitions.

The problems of valuation in international exchanges are quite different in character from domestic exhibitions. For that reason, I endorse this legislation's provision that instead of having a U.S. Government agency estimate the valuation of objects in proposed international exhibitions, the Government should instead review the evaluations made by the lenders.

Objects of art coming from abroad generally are government property—more precisely, the property of government-owned institu-

tions. Realistically, we must accept the value estimated by such governmental lenders or do without the loans.

It is worth noting here, that in our experience with Great Britain, the British Government traditionally permits borrowing museums in England to accept our valuation on objects going to them on loan.

Only if a reasonable overall dollar value of a given exhibition of foreign works of art is accepted by our Government at the outset can we avoid substantial delay, confusion, and disagreement that could easily make the proposed exhibition impossible.

If the valuations set by foreign lenders on their national treasures are thought to be too high, the only practicable solution is to refuse the exhibition. Haggling over individual valuations with foreign countries is simply not a feasible alternative.

Since, as a matter of historical record, catastrophes in these exchanges are extremely unlikely, the bulk of the questions concerning valuation are more often than not entirely academic.

Moreover, you will note that in the present wording of the draft, section 226(a) provides for the arbitration of the value of damaged objects after the damage has occurred.

This seems to us to put the matter of valuation in a proper sequence, and it should be sufficient to protect the interests of the Government.

Recently we have received substantial support from the National Endowment for the Humanities toward the costs of several international exchanges. We are deeply grateful for this support without which we could not have mounted the exhibitions.

While these sums were not specifically allocated to insurance costs, it is obvious that in contributing to the overall costs of the exchanges, the National Endowment was effectively subsidizing an important share of the insurance costs involved.

Should this bill become law, the two National Endowments will be able to help in bringing more and better foreign art exhibitions to our people at less cost to the taxpayers than is presently the case.

I would like to conclude with a more generalized plea for increased Federal interest in and support of the Nation's cultural institutions. Even though Federal moneys appropriated for the arts and humanities have risen steadily in the last few years, they still remain far below the per capita levels made available by Canada and many European countries.

While historically private sources have provided the bulk of support to leading cultural institutions like the Metropolitan Museum in the United States, rising costs, inflation, and reduced endowment incomes have made it clear that Federal help to the institutions which serve our artistic needs must be substantially increased.

This proposed legislation to make the U.S. Government a supporting partner in important international exchanges involves no significant outlay of funds. However, it constitutes a very significant step in the right direction.

Thank you for allowing me to appear before you.

Senator PELL. Thank you very much.

Senator MONDALE. Mr. Chairman, would the committee permit me to introduce the witness for the next panel? Unfortunately, I have to leave for another meeting.

Senator PELL. Absolutely, please proceed.

Senator MONDALE. I am pleased to introduce to the joint hearing today Mrs. Barbara Schissler, representing the University of Minnesota Art Gallery, who will be testifying in the next panel. She has had extensive experience in the art museums.

Today she is representing not only the university, but the Committee on Institutional Cooperation of the "Big Ten." Through this organization she is currently negotiating with Russian officials to bring to the United States a special exhibit of 19th century Russian art which has never been seen in the United States.

The hope is that this exhibit would travel the Big Ten galleries during 1977. It would be a major cultural event for the communities and institutions involved.

An exhibit of this value must, of course, be insured against possible loss or damage. So, Mrs. Schissler is here today to explain how that proposed legislation would affect the Russian exhibit.

I am pleased that she is able to be with us today, and I think her testimony will help with the legislation that is pending before our committees, and which I support.

I might also add, since I have you all here, in exchange for my support for that proposal I hope I will have your support for the Bicentennial film and photography project I have proposed.

Senator JAVITS. Mr. Chairman, may I have the floor for an instant?

I must apologize to both witnesses as I must leave in order to introduce Mr. Moynihan, a nominee for Ambassador to the United Nations. He is attributable to New York.

I simply want to say that I support this legislation. My earlier question concerning premium payments is answered, in my judgment, by the provision which excludes amounts up to \$25,000. But I think the witnesses should confirm that because the receiving museums must pay the first \$25,000, they would still undergo a very considerable danger. In conclusion, I thoroughly support this section of the bill and so will do my utmost to bring it into law.

Thank you.

Senator PELL. Chairman Brademas.

Mr. BRADEMAS. Thank you very much, Mr. Chairman.

I hope Senator Javits shall communicate my warm regards to Ambassador Moynihan.

Thank you for your statement.

I have just a couple of questions, Mr. Dillon.

The context within which your statement is—perhaps understandably in view of your own identification with the Metropolitan Museum—largely focused on the question of exhibitions of art, and I would simply put out to you the rhetorical question that I am sure you are aware, Mr. Dillon. Under the proposed bill indemnification is made possible, not only with respect to works of art, but with respect to manuscripts, documents, motion pictures, other artifacts or objects.

I take it that you are sympathetic to that kind of comprehensive coverage.

Mr. DILLON. Most certainly. My statement was directed toward the works of art because that is where my experience lies.

Representative BRADEMAS. I note also that you propose, in your prepared statement, that the legislation should include American art sent

on foreign loan whenever the Department of State certifies that the contemplated exhibition is in the national interest.

Do I judge from your response to my first question that you would have in mind that the legislation should include not only American art, but the other artifacts that are covered?

Mr. DILLON. Most certainly. Most certainly.

Representative BRADEMAs. And from your testimony, Mr. Dillon, I judge that that is really the only amendment that you propose to the bill?

Mr. DILLON. That is correct, and it is because of our specific experience with exchanges.

The big exchange with the Soviet Union where we did have such a bill specifically passed by the Congress was made possible under this legislation. I do not think that that exchange would have been possible otherwise.

Representative BRADEMAs. I note, finally, that in your statement you state that the proposed legislation to make the U.S. Government a supporting partner in important national exchanges involves no significant outlay of funds. I think that is rather important, indeed, Mr. Chairman.

I would ask unanimous consent to insert following my colloquy with Mr. Dillon a letter I have just received from Dr. Franklin D. Murphy, chairman of the board of the Times Mirror Co. of California, in which he endorses this bill strongly, and states:

I hope it will be emphasized and reemphasized that this is one of those happy bills that solves a major problem in the public interest, and probably will not cost anybody anything.

[The letter referred to follows:]

TIMES MIRROR SQUARE  
LOS ANGELES, CALIFORNIA 90053  
(213) 486-3838

## TIMES MIRROR

DR. FRANKLIN D. MURPHY  
*Chairman of the Board*

May 29, 1975

The Honorable John Brademas  
House of Representatives  
2134 Rayburn House Office Building  
Washington, D. C. 20515

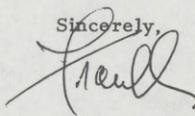
Dear John:

I got a call last week from your Administrative Assistant, asking if I could come to testify before the Select Education Subcommittee concerning the Arts and Artifacts Indemnity Act which you and your colleagues have introduced. I deeply regret that I had to say no as I will be on my way to Europe. However, on my return I would be very glad to get in touch directly either by phone or letter with any individual member of Congress if you think such would be helpful.

Those of us in the art museum world are deeply in your debt for your willingness to sponsor this bill. I hope it will be emphasized and re-emphasized that this is one of those happy bills that solves a major problem in the public interest and probably will not cost anybody anything!

With kind personal regards.

Sincerely,



FDM:ib

Representative BRADEMAs. I make this observation only by way of in advance commending another witness this morning, Nancy Hanks, for her eloquent statement in support of the principle embodied in support of this legislation while at the same time noting that Miss Hanks, who will have an opportunity to defend herself shortly, though she need not be troubled by that observation, is also constrained to point out that the Office of Management and Budget is opposed to the legislation. I have almost come to the conclusion, Mr. Chairman, that even when you can achieve a positive purpose without costing much, or indeed perhaps anything, the Office of Management and Budget instinctively says, "No."

Thank you, Mr. Dillon for a very thoughtful statement.

Senator PELL. Now I would like to hear from my very old friend, George Seybolt, who is president emeritus of the Museum of Fine Arts in Boston. I read about his activities in the New York Times a few weeks ago.

I look forward to hearing from him.

Mr. SEYBOLT. Mr. Chairman, Representative Brademas, Representative Lehman, members of the subcommittees, I am speaking as president emeritus of the Museum of Fine Arts, and as chairman of the trustees committee of the American Association of Museums. I also am a member of the National Council, of the National Endowment of the Arts, and director executive of the Business Committee of the Arts.

I am not speaking for the last two organizations but I merely mention it in connection with Representative Brademas' comment, to indicate that there comes to my attention in more ways than one the problems which are covered by this proposed bill in addition to those which apply particularly to art museums.

It is a pleasure to be here and to have the opportunity to speak on this subject, which is so important.

The program proposed, the Brademas-Pell-Javits bill would improve and enlarge the longstanding and effective cultural exchange programs with the other nations of the globe.

It will enlarge and extend our opportunities to present history and culture, of which we have every reason to be proud, to nations and their peoples whose ears may have been tuned to propaganda antagonistic to this country.

As a nation, we have through our financial success gathered world-famous treasures for the first time in history by arm's length negotiations between the willing seller and buyer.

We have pioneered, again through the private enterprise system and more recently with helpful federal tax policy in developing a system of public museums to make such words as Picasso, Rodin or Goddard household names with forms, shapes and colors generally recognized by our populace. No small part of this first in history success of mass culture is due to the enterprise of our collectors and museum directors acting as educators.

Further, a large part of the credit must go to extremely enlightened legislators in their creation of tax policy and in creation of programs such as the Endowments.

In far-seeing legislation

In broad-minded and intelligent administration

Now we consider ways of aiding and enhancing—on a global scale—this pioneering and historic cultural program.

In typical American partnership and collaboration for an idealistic purpose the possessors—or managers if you will—of these treasures of man's creation are saying we will make them available—

put them at reasonable risk in advancing the knowledge of our own culture—and we must recognize that the surrogates managing these century-old—as well as new—creations of the earth's leading artists have clear fiduciary responsibilities.

United States museums will continue to undertake in partnership with governments other than our own to organize exhibitions and ship these fragile treasures to other nations and receive theirs here, to be displayed in a manner which is educational and reflects our society.

As Mr. Dillon has so ably said, the cost of doing this is not related to the value of the art—nor of the human skills required to be developed and maintained in order to present the art in exhibitions, catalogue, lecture or other media, but to establish a base separate from the usual, more routine handling of commercial objects.

A base which recognizes the differentiation in value of the handling methods of the professional museum manager as compared to the somewhat more casual commercial and private owner without the continuous call on experts in packing, shipping and protection services.

But finally, these services are best understood when we learn that considering the tens of millions of dollars in art that moves to and from foreign nations, losses are totally negligible.

With the fantastic increase in art values and our demand for extremely fine examples for loan purposes, we can understand the effect that insurance rates have on the cost of a loan or an exhibition.

It is quite clear that the government operated museums in many countries have, while carrying out their government policies of emphasis on their cultural values, by exchange with us, also encountered the stiff cost, to themselves of accomplishing these policies.

As a consequence, other governments have seen it as being in their national interest to make the whole process more efficient by undertaking insurance guarantees. The net of all this is more opportunity, more occasion to carry the message to us and we to them, as the large part of these exhibitions have been arranged as "trades".

Our ability to meet, take advantage of, and to independently arrange for the broadening of our educational process to relate to our history, to our development from racial, religious and ethnic programs is enhanced immeasurably by the freedom to move with limited expense these works of art from country to country as arranged by the professional institutions who are engaged in this as a full-time activity.

I fully subscribe to the statement of Mr. Dillon and support it in general as well as in detail.

Thank you.

Senator PELL. Thank you very much indeed.

I wonder if my other colleagues have any questions?

Representative LEHMAN. No. I just want to let them know I will give this legislation my full support.

Representative PRESSLER. I have just a comment, if I may.

I certainly give the legislation my support. I have difficulty in my district sometimes supporting things like this, because a lot of these programs sometimes do not reach the people of South Dakota.

I wonder if you would make a comment on that?

Mr. SEYBOLT. This is probably true in some specific instances.

However, there is an infrastructure here that is being developed, and has been developed in the United States in the last century which indirectly aids museums throughout the country. Although the money goes to one city, it in effect goes to other cities and States.

It is available to South Dakota, to a museum director, to public authorities, the art which has been collected, conserved, and it is available for borrowing and for exhibition in South Dakota.

I believe out there you have formed a central State agency to make this process easier, more organized, and more reasonable by having shows which move from place to place, and thus reduce the cost of the whole thing, making it more readily available.

But, by and large, they are drawing on resources of institutions who have been maintaining these collections for this purpose, domestically as well as internationally.

Representative LEHMAN. Will the gentleman yield?

Maybe Miss Hanks can get the art out to South Dakota next time.

Mr. DILLON. I can add one thing.

The Metropolitan is currently in the process of negotiating for a very important foreign loan, which if all goes as we expect, will travel to at least 12 cities in the United States beginning in about 18 months.

So that is a new thing, but it is part of it. We quite agree with you that it should go to other places so that all regions of the country can have a chance at it.

If we do not have legislation such as this, it would be very difficult, because the regional museums would obviously have to pay their share of insurance when the loan is in their area, and I think they might find that very difficult to do.

Representative PRESSLER. Yes.

I guess it has been probably said by many before me, and I guess everybody realizes it, but support for a program such as this, which appeals so much in a metropolitan area, continuing support for it depends on administrators finding ways to translate a relationship with people in small towns, and indeed, even towns such as Sioux Falls, which is not exactly a small town, but which does not have the metropolitan type of interest, let us say, in art. It takes a special effort there.

I would just like to record my views in that direction.

Representative LEHMAN. Mr. Chairman, could I just mention one thing?

I did see the Scythian exhibit in the Metropolitan Museum, and I would like to compliment Mr. Dillon on not what was only an exciting exhibit, but for me an educational one.

Senator PELL. Do either of you gentlemen have any information with regard to the disposition of the insurance industry with regard to this bill, or this problem?

Mr. DILLON. Not directly, but it is my understanding that if this is limited, as the bill limits it, strictly to major international exchanges, and if it leaves a deductible as large as \$25,000, which would either have to be insured by the insurance industry, or self-insured by those who feel they can do that, I do think that there would be any great objection to it by the industry, for the simple reason that we do not find any great enthusiasm by the industry to come around and ask to

carry the insurance when we have these types of loans. They find that such very large concentrations of risk do not occur very often, so they cannot spread the risk around like they usually do in other types of insurance.

Senator PELL. I recognize that the \$25,000 deductible would be more of a problem for a small museum than for a large one, but I think that we are working on an attempt to initially deal with this very real problem. At least if we get the nose of the camel under the tent it could be improved, added to, or changed as the years go by. But I think if we make it too ambitious, the possibility of the passage is jeopardized.

I am interested in the suggestion that we insure things that go abroad. Do you really believe this should be included in this bill at this time? Should we not let a bill like this hopefully be enacted and then see where we can go from there, covering the two-way exchange at a future time?

Mr. DILLON. Well, this is a great advance, this bill. My suggestion applies, I would imagine, only in a few cases. It particularly does apply to exchanges with the Soviet Union, which I think are highly important to us, and for that reason I made that suggestion.

However, if it is the Congress' view that it would be easier and better just to limit it to loans coming here, that would be a great advance. It would handle 80 percent or 90 percent of the problem.

Senator PELL. One aspect of this situation pertains to some restrictions placed on the museums by the deeds or in other ways. I remember about 20 years ago there was to be an exhibition of American art in the Hermitage Museum, but under our laws at that time certain Government connected collections could not be sent abroad.

I contributed a painting, as did others.

Now, as I understand it, there are no inhibitions on paintings owned by the Government being sent out of the country for exhibition. If the private museums do not send them, we still have a large reservoir of paintings, both on the walls and in the cellars of the various Federal connected galleries.

Mr. DILLON. If you could persuade the National Gallery to substitute their art for ours in the Soviet Union, I think that would be fine.

Senator PELL. I remember asking it verbally of someone. My recollection is that as of now the National Gallery has the legal authority to send its paintings, which it did not have 20 years ago.

Whether they are willing to do so is a different matter. But if it is in the national interest I would hope that they would be so guided.

The legislation that we have drafted is really designed for nonprofit organizations. Do you think we should ever give thought in the future to enlarging it to include for-profit organizations?

For instance, if the Chase National Bank wanted to lend one of their paintings, should they be insured?

Mr. DILLON. I think this is really a question for nonprofit institutions. I really never thought it through, but my first feeling is certainly not initially, and I would like to reserve judgment on that, but I do not quite see why that would be necessary.

Senator PELL. One of the political problems we face, and I am sure one of the reasons for the objections, if there are any objections, on the part of the administration, is the open end nature of the bill.

If some provision was put in there for having a top level, such as we have a bottom limit of \$25,000, what do you think should be the top limit of liability the Government should bear?

Mr. DILLON. Well, somewhere between the minimum of \$50 million, and up to \$100 million. Our show presently is in the Soviet Union, and is valued at about \$80 million.

I give that as an example. Shows coming here might be of similar value.

Senator PELL. I would like to correct one point I just made.

I was informed that under the charter of the National Gallery they cannot have more than six of their paintings outside of the Gallery. It does not matter if those paintings are in Geneva or New York, but this does not apply to the federally-connected agencies.

Representative BRADEMAS. Mr. Chairman, I must run over to the caucus, but I do want to take a moment to express again my thanks to Mr. Dillon and Mr. Seybolt for a splendid statement.

I also want to say once again what a fine statement Miss Hanks has given with respect to the principle embodied in this legislation.

I have also read the statements of Sherman Lee and Barbara Schissler and commend them on those statements.

I have not had a chance to see the statement of Mr. Wilder, but I would put him on warning that we may want to come down to his part of the country and take a look at that extraordinary new institution that he has down in Texas.

I thank the chairman very much.

Senator PELL. I thank you, Chairman Brademas, very much for consenting to this joint hearing.

We have held them before. It certainly seems like a more efficient mode of operation from the viewpoint of the Government and legislation, and I hope our example will be copied in other committees.

Do you have any other questions?

Representative PRESSLER. This question may not be totally germane. I do have one further question.

In the evaluation of American Indian art, the little that is in the exhibit, it is unusually valued at a very low level. I guess that is because that is the marketable value. What trends are there here, and what efforts are there to include more Indian art?

I have three Indian reservations in my district, of which Oscar Howell, one of our leading Indian artists is one of my constituents.

It seems that this art takes a back seat, more or less.

Would you care to comment on that?

Mr. DILLON. Well, the Metropolitan, a year ago, put on a very substantial exhibition of Indian art, of not only the American Indian, but the American art from the whole Hemisphere, from the Heye foundation museum, which is the greatest collection of Indian art there is, and then the American Association of Museums sent this around the country.

I do not know, but I think it was sent to six or eight different places. All I can say is that we thoroughly agree with the view that this is a subject that is worthy of attention, and showing.

Of course, the modern Indian art that is being created now would fall into the category of modern art, and I think it should be so treated by the institutions that deal with modern art.

Mr. SEYBOLT. Mr. Pressler, may I supplement that. The Museum of Fine Arts in Boston has had two exhibitions in the last 2½ years, one of art of the Northwestern Indians along the coast. It was a real eye opener to the people in the East who had not seen what had been done out there.

There were some lovely things. This moved to three other museums.

This spring we had an exhibition of art of the West, and very naturally included in that exhibition Indian art, because you are talking about not only white man's art, but native art of the West, and that also was a very great success.

I can see many more of these being organized and mounted, and much more being done with them. It probably will end by enhancing the value of anybody's collection, but that follows generally in this situation.

Senator PELL. Thank you both very much indeed for being with us, for your testimony, and your help in working up this legislation. I should also mention your help in stimulating at least one member of this subcommittee to decide to go ahead with a hearing on this subject.

So I thank you both very much indeed.

[The prepared statement of Mr. Dillon follows:]

STATEMENT OF THE HONORABLE DOUGLAS DILLON,  
PRESIDENT OF THE METROPOLITAN MUSEUM OF ART,  
BEFORE THE JOINT HEARING OF THE HOUSE SELECT SUBCOMMITTEE  
ON EDUCATION AND LABOR AND THE SENATE SPECIAL SUBCOMMITTEE  
ON THE ARTS AND HUMANITIES

JUNE 4, 1975: ROOM 4232, NEW SENATE OFFICE BUILDING

Mr. Chairman, I am grateful for the opportunity to testify before this joint Senate-House committee as it considers legislation designed to encourage international exchanges of major art exhibitions. The Trustees and staff of The Metropolitan Museum of Art heartily endorse the idea of providing a governmental indemnity for objects of art contained in such exhibitions, and we are anxious to be helpful in the course of your deliberations.

I would like, if I may, to make some general comments before proceeding to some specific suggestions with reference to the proposed legislation as it is presently drafted.

First of all, it seems to me beyond argument that cultural exchanges between nations promote international understanding and good will. They serve the national interest, not only in providing other peoples with a better understanding of our American values, but also in the way that they contribute to the American citizens' understanding and appreciation of the artistic heritage of other countries. That being so, it appears only fitting that the United States government should adopt policies and procedures which will facilitate the sharing of the art treasures held in institutions of this country with those of other countries through international exchanges.

The Metropolitan Museum has, over the last few years, acted as something of a pioneer in promoting the exchange of major exhibitions with museums in other nations. As I am sure the members of this committee are aware, we are currently staging a truly remarkable exhibition of

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ancient gold and silver objects from the museums of the Soviet Union, in particular, The Hermitage in Leningrad and the Lavra State Museum in Kiev. This exhibition of Scythian objects will subsequently go to the West Coast and be shown at the Los Angeles County Museum. It was, I might add, due in some measure to the urging of the Metropolitan that the Soviet Ministry of Culture agreed to the further exhibition of this priceless and delicate material in Los Angeles.

For the American part of the exchange, the Metropolitan has sent one hundred of its best European and American paintings to the U.S.S.R. This exhibition -- composed also of masterpieces which are, in truth, priceless -- opened, on May 22, in Leningrad where it will be seen for eight weeks. Thereafter it will go to the Pushkin Museum in Moscow for another eight weeks.

Judging by the enormous popularity of the Scythian exhibition in New York and the wide attention this extraordinary material has received in the national press, it is evident that it had a significant impact on our nation's cultural life. Scores of thousands of our citizens have come to know something about a fascinating, nomadic culture whose origins were in the third millennium B.C. -- insights hitherto available only to a relative handful of scholars and connoisseurs. I can testify also, on the basis of conversations with officials of the Soviet Ministry of Culture, that they have been highly pleased by the public reception accorded the Scythian exhibition and that their enthusiasm for our paintings exhibition runs very high.

The members of this committee, of course, know that this exchange was singled out for special commendation in the joint communique issued at the summit meeting of former President Nixon and Party Chairman Brezhnev

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in July of 1974. Thereafter, the U.S.S.R. agreed to be responsible for indemnifying its Scythian treasures sent to the United States. In the light of this action by the Soviet government and with the wholehearted support of the Department of State and The National Endowment for the Arts, special indemnity legislation (P.L. 93-476) was passed by the Congress and signed by the President. Under this bill, our government agreed to indemnify the Metropolitan for loss or damage (above the amount of \$25,000) to our paintings while absent from the Museum for their showing in the U.S.S.R. In effect then, both governments acted as indemnifying agents for the works of art sent abroad from their own countries. I should emphasize that this exchange between the Metropolitan and the Soviet Ministry of Culture could not have taken place without this special act of Congress since, in the absence of such indemnification, the cost to us to insure our paintings would have been at least \$400,000. Costs of this dimension would, quite frankly, have been so prohibitive as to prevent such an historic exchange. I attach, as an indication of the Soviet attitude toward the current exchange with the Soviet Union, a letter signed by Chairman Brezhnev and given to us by Ambassador Dobrynin and Deputy Minister of Culture Popov on the occasion of the opening of the Scythian exhibition in New York. (Attachment One)

It is very difficult to say how many potential international exchanges have never come to fruition because of insurance costs. Very few institutions keep records of such things. However, the Metropolitan Museum was forced at the time of its Centennial, in 1970, to cancel arrangements for all the loans of objects from abroad for its exhibition, "Masterpieces of Fifty Centuries." The substantial reduction in the scope of this exhibition, and our subsequent total reliance on objects in our own and other American collections, was directly attributable to an insurance burden of over

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five hundred thousand dollars for the objects which we had hoped to bring from abroad. This was a cost the Metropolitan simply could not meet.

I might, in this connection, invite the attention of the committee to two other indemnity arrangements which are currently in effect: One is the United States indemnity (P.L. 93-287) written to make possible the exhibition of archeological materials from The Peoples Republic of China which is now on view in Kansas City at The William Rockhill Nelson Gallery of Art, following a highly successful appearance here in Washington at The National Gallery. The other is an exhibition mounted by the Museum of Modern Art, including two important paintings from the Metropolitan Museum, which is now on tour in Australia. In this case, the indemnity guaranty has been provided by the Australian government.

The indemnification procedures followed in these exchanges are patterned largely on indemnity methods, employed for more than 15 years by the British government. Under this system, the British government agrees to indemnify owners of works of art lent to museums in Great Britain for loss or damage, with the single exception of losses or damages occurring because of war.

We have obtained detailed figures (Attachment Two) showing the British record under this system for the past six years. Works of art valued at approximately \$275,000,000 were indemnified with only one loss of over \$25,000, which amounted to about \$33,500. This is a loss ratio of only slightly over 1/100 of one percent -- a minute fraction of what the cost of insurance would have been. I understand that the record for earlier years is similar. Indeed, it is worth emphasizing that the loss or damage experienced in major international exhibitions involving lending museums, both in the United States and abroad, has been negligible. Museums are, after all, custodians and keepers of works of art, and the care and professionalism with which they meet these responsibilities are of the highest level.

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We at the Metropolitan Museum have been happy to have loans of our art covered under the British indemnity, as opposed to purchasing our own insurance. I should note, too, that insurance coverage for international exhibitions constitutes a relatively small part of the total coverage needed by the United States museums for their permanent collections and for domestic travel. The proposed bill will in no way reduce or eliminate insurance coverage needed, year-in and year-out, on the immeasurable value of the works of art held in United States museums. On the other hand, indemnity legislation is needed because of the prohibitively high cost of insurance incurred when a large concentration of value is removed from its normally secure surroundings and exposed to the risk of foreign travel, exhibition, and return to its customary location within a brief period of time. Despite the lack of losses, the insurance industry is simply not comfortable with the large transient values at risk and, therefore, charges compensatory high premiums.

The current exchange with the Soviet Ministry of Culture under the provisions of the special indemnification bill has been a valuable learning experience for us at the Metropolitan and, I dare say, for the Department of State. It may be helpful to the committee if, in the wake of this experience, I offer a specific suggestion with reference to the draft legislation you are now considering. This proposed legislation presently provides indemnification only for foreign exhibitions which come on loan to institutions in the United States. It does not provide for art which we send for exhibition to institutions abroad, such as the Metropolitan's current exhibition in the Soviet Union. Since, more often than not, American museums may be obliged to send exhibitions overseas on a reciprocal basis, I suggest that this legislation should include American art sent on foreign loan whenever the Department of State certifies that the contemplated exhibition is in the national interest. This procedure

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of course, should not apply to both parts of any single exchange, or to art sent from us to a foreign government whose policy it is to indemnify such exhibitions.

The problems of valuation in international exchanges are quite different in character from domestic exhibitions. For that reason, I endorse this legislation's provision that instead of having a U. S. government agency estimate the valuation of objects in proposed international exhibitions, the government should instead review the evaluations made by the lenders. Objects of art coming from abroad generally are government property -- more precisely, the property of government-owned institutions. Realistically, we must accept the value estimated by such governmental lenders or do without the loans. It is worth noting here that, in our experience with Great Britain, the British government traditionally permits borrowing museums in England to accept our valuation of objects going to them on loan.

Only if a reasonable overall dollar value of a given exhibition of foreign works of art is accepted by our government at the outset, can we avoid substantial delay, confusion and disagreement that could easily make the proposed exhibition impossible. If the valuations set by foreign lenders on their national treasures are thought to be too high, the only practicable solution is to refuse the exhibition. Haggling over individual valuations with foreign countries is simply not a feasible alternative. Since, as a matter of historical record, catastrophes in these exchanges are extremely unlikely, the bulk of the questions concerning valuation are more often than not entirely academic. Moreover, you will note that in the present wording of the draft, Section 226-A provides for the arbitration of the value of damaged objects after the damage has occurred. This seems to us to put the matter of valuation in a proper sequence, and it should be sufficient to protect the interests of the government.

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Recently we have received substantial support from The National Endowment for the Humanities towards the costs of several international exchanges. We are deeply grateful for this support without which we could not have mounted the exhibitions. While these sums were not specifically allocated to insurance costs, it is obvious that in contributing to the overall costs of the exchanges, the National Endowment was effectively subsidizing an important share of the insurance costs involved. Should this bill become law, the two National Endowments will be able to help in bringing more and better foreign art exhibitions to our people at less cost to the taxpayers than is presently the case.

I would like to conclude with a more generalized plea for increased Federal interest in and support of the nation's cultural institutions. Even though Federal monies appropriated for the arts and humanities have risen steadily in the last few years, they still remain far below the per capita levels made available by Canada and many European countries. While historically, private sources have provided the bulk of support to leading cultural institutions like the Metropolitan Museum in the United States, rising costs, inflation and reduced endowment incomes have made it clear that Federal help to the institutions which serve our artistic needs must be substantially increased.

This proposed legislation to make the United States government a supporting partner in important international exchanges involves no significant outlay of funds. However, it constitutes a very significant step in the right direction. Thank you for allowing me to appear before you.

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DILLON STATEMENT  
ATTACHMENT ONE

TO VISITORS OF THE SOVIET EXHIBIT IN THE  
METROPOLITAN MUSEUM OF ART

In the modern world, exchanges in the field of culture in general, and exchanges of works of art owned by the best museums of the two countries in particular, play an invaluable role in strengthening mutual understanding between our two nations. Taking this into consideration, we commend the initiative taken by the New York Metropolitan Museum of Art, the Leningrad Hermitage, and a number of other museums of the USSR which are trying to make regular exchanges of art exhibits an inseparable part of the cultural exchange between the U.S.S.R. and the U.S.A.

The Soviet Union, in its desire to acquaint the American people with masterpieces created on the territory of ancient Russia, has sent to the United States unique historical pieces of art. The Metropolitan Museum, in turn, will offer the Soviet people the opportunity this year of seeing a hundred magnificent paintings from its collections of West-European and American art.

We welcome the visitors to the Soviet exhibit in the Metropolitan Museum of Art and sincerely hope that Soviet-American relations will continue to develop in the interests of the people of both nations and to strengthen peace on earth.

Leonid I. Brezhnev

## MR. DILLON'S STATEMENT/Attachment Two

Summary of valuations covered by British Treasury Indemnities for major exhibitions, 1970-75, and the claims which were paid or are pending (as reported to the Metropolitan Museum)

		(in British pounds)	
1970	Victoria and Albert Museum "Drawings from Haarlem"	675,000	
	Victoria and Albert Museum "Treasures from Althorp"	1,344,000	
	Tate Gallery "Leger"	<u>4,305,000</u>	6,324,000
1971	Tate Gallery "Warhol"	1,277,000	
	Tate Gallery "Hogarth"	<u>3,375,000</u>	4,652,000
1972	Tate Gallery "Caspar-David Friedrich"	1,560,000	
	Tate Gallery "Age of Charles I"	7,183,000	
	London Museum "Chaucer's London"	1,680,000	
	British Museum "Tutankhamun"	9,060,000	
	British Arts Council "Age of Neo-Classicism"	<u>25 to 30,000,000</u>	44 to 49,483,000
1973	Victoria and Albert Museum "Fanfare for Europe"	7,852,000	
	National Portrait Gallery "Richard III"	550,000	
	Tate Gallery "Landscape in British Painting"	<u>2,473,000</u>	10,875,000

1974	Tate Gallery "Klein - Manzoni"	1,554,000	
	Tate Gallery "Stubbs and Wedgewood"	1,855,000	
	National Gallery "Painting in Focus"	550,000	
	Tate Gallery "Picasso to Lichtenstein: Masterpieces from the Nordrhein-Westfalen Museum"	20,000,000	
	Tate Gallery "Turner"	9,000,000	
	British Arts Council "Sporting Painting"	6,000,000	
	British Arts Council "Klee"	<u>3,000,000</u>	41,959,000
1975	British Museum "Michaelangelo Drawings"	<u>7,300,000</u>	7,300,000

Summary of claims (as reported to the Metropolitan Museum)

		(in British pounds)	
	Age of Neo-Classicism	3 to 4,000	(paid)
	3 paintings (Nordrhein- Westfalen exhibition)	14,000	(paid)
	Klein - Manzoni	1,300	(paid)
	Klee	1,000	(paid)
(Pending)	Salvatore Rosa painting owned by Richmond Museum, shown at the Hayward Gallery	2,157 17,256	(damage) (depreciation)
	A number of claims	under 1,000	(paid)

Senator PELL. Our next panel will consist of Mr. Wilder, Mr. Lee and Miss Schissler.

Mr. Lee, very good to see you again. The last time we met was at the museum. I enjoyed your book very much, too.

Which one of you will be taking the lead role?

Please proceed.

**STATEMENT OF SHERMAN E. LEE, DIRECTOR, THE CLEVELAND MUSEUM OF ART, CLEVELAND, OHIO; BARBARA SHISSLER, DIRECTOR, UNIVERSITY ART GALLERY, UNIVERSITY OF MINNESOTA, MINNEAPOLIS, MINN.; AND MITCHELL WILDER, DIRECTOR, AMON CARTER MUSEUM OF WESTERN ART, FORT WORTH, TEX., A PANEL**

Mr. LEE. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, before continuing may I express my thanks for the opportunity to speak before you on behalf of my own museum, the Cleveland Museum of Art, and the Association of Art Museum Directors, as well as my intention to be brief and not to repeat the affirmative support just expressed for legislation of S. 1880, sections 221 through 229, which support we acknowledge and affirm.

I take the intent of this proposed legislation to be the partial support of special loan exhibitions by the Federal Government through the means of a guaranteed indemnification program where this is deemed in the national interest, and where such action encourages educational, cultural, historical or scientific values. To this intention I would subscribe unqualified, full support.

The loan exhibition of works of art has a long and noble history. It is a product of the same age of enlightenment that produced the American Revolution. But at its inception we must admit that Napoleon confused loans and expropriation in his first Imperial collection at the Louvre. The subsequent history of loan exhibitions is more straightforward and savory.

From the Crystal Palace of London in 1851, through the various art exhibitions held at the great fairs of Manchester (1857), Paris (1867, 1878, 1889, 1900), Chicago (1893), and New York (1933, 1939), special loan art exhibitions have been evidently both educational and in the national interest.

Indeed, some of them were the vital stimulus necessary for new developments everywhere in the arts and crafts. One thinks particularly here of the Armory Show in 1913 in New York City, an event which crystalized hitherto ill-concerted efforts to bring the European modern movement in art to the United States.

It is significant that these and later, more sophisticated, more historical and more scientific loan art exhibitions such as those sponsored by the Council of Europe after World War II in Brussels, Munich, Vienna, Paris, Amsterdam, Barcelona, London, among others were made possible only by the cooperative international participation by the member states.

These magnificent collections of art, centered around an historical period or theme, made enormous contributions to both public under-

standing of hitherto far-flung and practically unavailable works, and scholarly study of original works seen side by side though from widely disparate locations.

One other example comes readily to mind, the great Poussin exhibition in Paris in 1960, where the unprecedented assembly of 241 works by or attributed to the great 17th century French master permitted, even demanded, a new and more objective evaluation of his contribution to world art history.

American museums have participated in this great tradition, despite their largely private and local support. Scarcely a major art museum in this country has not mounted an important international loan exhibition (see appendix A) that has satisfied both the needs of wide public interest and scholarly advancement. As Charles Parkhurst of the National Gallery has written "All museums—do a national (even international) job on a local budget (Lee, S. (ed.)) *On Understanding Art Museums*, Englewood, N.J. 1975.

Such creative exhibitions have become a part of the cultural fabric of our modern, interdependent world. Their worth is by and large clearly acknowledged. And one of their products has been increased interest and justifiable curiosity on the part of both lay and professional constituencies.

Museums have happily acquired a rapidly increasing interest and demand, with the unhappy accompanying effects of increased financial drains. This financial pressure, inevitably leading to deficit financing by almost all museums, has been increased by the inexorable rise in the value of art works and the accompanying increase of insurance premium costs for works sent to loan exhibitions.

To cite only one example, the insurance premium for foreign works lent to the Cleveland Museum during the Caravaggio and His Followers exhibition of 1971-72 was \$10,200 for coverage of a value of \$3,800,000 in contrast to a premium for a forthcoming exhibition of Johann Liss, organized by the same museum, of \$25,000 for coverage of a value of \$4 million.

The justifiable need for Federal support of these ventures, therefore, seems quite clear and the pending legislation will do much to satisfy that need.

I am delighted to note that the proposed bill is written so as to provide the possibility of relief to numerous museums throughout the country, whether through a few essential international loans for a major exhibition or through relatively modest indemnification for creative small exhibitions.

This is, I believe, achieved by the explicit omission of upper evaluation limits, and the reasonable owner limit of \$25,000.

The decisionmaking apparatus embodied in section 222 and section 223(a) appears adequate to the tasks assumed, providing there is sufficient professional advice and consultation from existing Federal agencies such as the National Endowment for the Humanities, and that for the arts.

Such professional consultation is essential if the risks assumed by the Federal Government are to be for worthy exhibitions that make either or both popular and scholarly contributions to the growth of knowledge and understanding in the Arts and Humanities.

I would like to suggest consideration of two substantive matters embodied in the text of the proposed legislation. Section 224(a) is not

sufficiently clear as to the specific identity of the insured party. It lists who may apply for future indemnification, but not who is to be indemnified. This is a small matter, but one of concern to the owner of the object under indemnification.

Secondly, section 225 (b) uses the word "incident" with regard to damage in excess of \$25,000. I believe it is the intention of those drafting the legislation that this \$25,000 deductible clause is to be applicable to the exhibition in question and I would therefore recommend that the word "incident" be changed to the word "exhibition."

The long-term and still continuing growth of American art museums has been due to both private philanthropy and governmental support in indirect or carefully and wisely circumscribed ways. The public and scholarly services provided by these art museums have justified these methods of support.

The proposed legislation, with the previous support given through the National Endowments for the Arts and Humanities, the National Museum Act, and others, seems to me a wise and constructive way for our Government to encourage and support the now hard-pressed artistic institutions of this country so that they may continue to fulfill their local, national and international cultural obligations.

Thank you.

Senator PELL. I think we should hear from all three members of the panel before starting questions.

Miss SCHISLER. I am here today, gentlemen, not simply in my capacity as director of the University of Minnesota Gallery, but as the officially designated representative of the Committee on Institutional Cooperation, a consortium of educational institutions, which includes the Midwest universities of the "Big Ten," plus the University of Chicago.

So, therefore, I would really like to speak in the way this bill would benefit smaller insurance institutions than those who have spoken previously.

The bill you are considering which proposes provision for the indemnification of works of art from other countries on special loan for traveling exhibitions in the United States is of importance to all American museums, but is of special interest at this moment to the universities represented by the consortium of the CIC.

In November of 1974 I visited the Soviet Union in an effort to arrange with the Ministry of Culture of that country for a special exhibition of Russian 19th century art which would travel to each of the university galleries of the CIC, and perhaps end its American tour in Washington, D.C., at the Corcoran.

The art of 19th century Russia has never been seen outside the Soviet Union, with the exception of one brief loan exhibition which took place in Germany, in Baden-Baden, several years ago. It has never been exhibited in the United States, and an exhibition comprised of such works would be an event of some international, cultural significance.

Our plan was to use the exhibition as the nucleus around which to build a number of interdisciplinary events on campus—symposia, a lecture series covering a broad spectrum of topics, theatrical and musical events—so that the art of the period would be seen in its proper historical context.

For, if art grows out of the matrix of history, surely, it should not be seen and studied in isolation, but by bringing to bear upon its interpretation the expertise of widely ranging points of view.

The Soviet Ministry of Culture responded enthusiastically to our initial inquiry. Plans are underway, at least in the first beginning phases, not only for such an exhibition, but for an exchange of personnel, so that Russian experts in various fields can accompany the exhibition, working on campus, in residence, with students and faculty from relevant departments—for example, theatre arts, history, literature, art history, et cetera. Thus, the exhibition would provide for a genuine international exchange of ideas.

However, conversations with Philippe de Montebello of the Metropolitan Museum of Art in New York, which is currently working with the Soviet Government on an exchange exhibition for the year 1976, have led us to believe that insurance valuations which have been astronomically high in the Metropolitan's case, running into the millions, will be a major stumbling block to our plans.

It is, of course, understandable that insurance valuations be high since these works represent, for the Soviets, treasures of Russian art and civilization which their Government will not lightly undertake to export for foreign viewing. This is true not only of the particular case which we are considering, but of innumerable other exhibitions involving the exchange of works of art between nations.

Each work is a unique creative effort, undertaken at a unique moment in history, and as such is irreplaceable, and nonreproducible. But while the yearly increase in insurance valuations is understandable in view of the uniqueness of the works and the constant rise in their market value, consequent insurance costs make such exhibitions well beyond the budgets of university museums.

In the recent past, as you know, and has been stated in these hearings, similar problems have been resolved by special legislation undertaken by Congress to insure the safety of such works on loan to various American museums from both the People's Republic of China and the Soviet Union.

If necessary, we would ask Congress to enact similar legislation for the exhibition we propose, but blanket coverage by means of the passage of the bill which is before you now would be of much greater benefit.

Thus, museums could undertake plans for appropriate exhibitions, knowing that upon fulfilling the requirements outlined in the bill proper indemnification would be automatically available.

In conclusion, I should like to point out that the collections of university galleries are generally much less comprehensive and extensive than those of the major, urban museums throughout the country. Special loan exhibitions are thus their lifeblood, by means of which major works of art can be brought to campus for specified periods of time for study by students and faculty. The educational value of such exhibitions is incalculable, providing the focus and stimulus for research and teaching in a wide range of disciplines.

Without the enabling legislation before you now, many possibilities for such exhibitions will not even be explored, and the intellectual life of our campuses in some measure impoverished.

We hope that you will not let that happen, but will, on the contrary, pursue an active role in providing the means for the international exchange of ideas and art.

Thank you.

[The following information was subsequently supplied for the record:]



June 03 1975

NEW ADDRESS: Suite 130, 820 Davis Street  
Evanston, IL 60201

- University of Michigan
- Michigan State University
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AIRMAIL  
SPECIAL DELIVERY

June 2, 1975

Mrs. Barbara Shissler  
Director  
University Gallery  
316 Northrop Memorial Auditorium  
University of Minnesota  
Minneapolis, Minnesota 55455

Dear Mrs. Shissler:

I was very pleased to learn that you will be testifying before a Senate committee on behalf of legislation to facilitate the flow of exhibitons of art treasures between foreign countries and the United States. As all of us who have been involved in the planning of such ventures know, the insuring of such works of art has become one of the real roadblocks in the way of bringing them to this country.

Special acts of Congress have been of invaluable help in connection with recent Chinese and Russian exhibits. A more general law would help make possible the increased flow of great art to this country in the years ahead.

The Committee on Institutional Cooperation, representing eleven large midwestern universities, endorses the effort of Congress to find a solution to the problem.

Sincerely yours,

*Frederick H. Jackson*

Frederick H. Jackson  
Director

FHJ:bk

Senator PELL. Thank you very much indeed.

Now, the final witness would be Mr. Wilder.

Mr. WILDER. Mr. Chairman, members of the committee, thank you for permitting me to speak today.

I classify myself as a representative of smaller museums in the United States, and on behalf of the smaller, or let us say, intermediate museums, I wish to speak in support of the act, such as the described in the Senate bill 1800.

While small museums, such as the one I represent, have fewer occasions to require a very large insurance coverage, there is, nonetheless, a real need for aid to our institutions.

Compared to the very large museums we are smaller in physical facilities and budget, but this is compensated for by the numbers.

This intermediate group comprises approximately 19 percent of the art museums of the United States. This figure is somewhat misleading, however, for these museums share a far greater percentage of total museum attendance than the 19 percent would indicate. We receive a larger percentage of public support, and contribute more materially in terms of the art programs available to the American public.

They are responsible for many important exhibitions, both international and domestic, which they develop on their own initiative.

However, they do cooperate closely with the larger museums, and for this reason would share any benefits resulting from an indemnity program on an international basis.

Conforming to the usual practice among museums when matters of dollar values arise, it is necessary to accept valuation stated by the owner as the amount of insurance which must be in force. There is no ready process whereby we, as the borrowing agency, can arbitrate the question of value of another museum's object of art. For example, in 1970, when organizing the exhibition of the far north—this is the exhibition referred to by George Seybolt, which was seen here in Washington at the National Gallery of Art, and elsewhere around the United States—this exhibition focused upon the native arts of Alaska. The Amon Carter museum borrowed significantly from the classic collections in Leningrad. Insurance values were established by the Institute of Ethnography of the U.S.S.R. and the premium rate was set by Ingosstrakh, the Soviet agency which handles insurance matters involving the capitalist countries. This premium was paid directly to Ingosstrakh, although coverage by American underwriters was available at less than one-tenth of the quoted rate. Such expenses, particularly when accompanied by the request for courier escorts in transit, place a burden on the capabilities of the smaller museums.

However, the same conditions prevail when larger museums initiate projects, but the cost factor is passed on to the smaller institution, and is still to be reckoned with if they are to share in the opportunities provided by traveling exhibitions.

As has been pointed out, the aid of the National Foundation on the Arts and the Humanities has been vital to the conduct of international exchange at the very highest level. Without this assistance it is difficult to envision a solution to the complex financial problems which have accompanied these major projects.

However, when we appraise the effect which these programs have, then we may truly appreciate the impact of an art exhibition which moves out and beyond the audience in the metropolitan centers.

As an example, I would like to point out the 180,000 people who queued up at the Kimball Art Museum in Fort Worth for the presentation of the impressionist exhibition from the U.S.S.R. that was brought to this country, and was aided by the National Foundation for the Humanities. It prompts us to ask, What happens without Federal aid? Well, major projects do go forward, but not without some sacrifice, especially for smaller institutions.

As an example, the presently planned exhibition, Treasures from the Hermitage and the Russian State Museum, is to be presented in the Houston Museum of Fine Arts during the coming winter, after previous showings in Washington, New York, Detroit, and Los Angeles.

The director of the Houston Museum states that the first change in the Houston museum's free admission policy must be made at that time, due solely to the high insurance premium to which the museum is committed.

Another interesting observation comes from the Dallas Museum of Fine Arts. In 1967 that museum undertook an exhibition jointly with the Fort Worth Art Museum "Picasso Prints, Drawings and Sculpture." The resources of both museums were taxed to the limit at that time by the international insurance costs and the expense of courier escorts. Estimating the cost of such an exhibition today, the administration in the Dallas museum believes that it would be totally impossible to undertake it without some commitment for financial aid, such as that envisioned by the Indemnity Act.

Unless we have the strong and effective support of an indemnity bill such as we discuss today, I foresee the gradual drying up of these most important exchanges between the museums of this Nation and of the world.

Thank you.

Senator PELL. Thank you very much indeed.

Do you happen to recall what the premium is that has to be paid for the exhibit you mentioned, the one in Houston, where they have to raise the entry fees?

Mr. WILDER. The estimate is \$50,000 for the period it is in Houston.

Senator PELL. And the insurance companies are going to be American insurance companies?

Mr. WILDER. This I do not know. I have nothing to do with the organization of this particular show.

Senator PELL. Each of you has been very actively involved in international exhibitions.

Would you hazard the thought that the actual cost of an exhibition, let us say, \$5 million in value would probably be about \$50,000 in premiums, would you have a feeling for it?

Mr. WILDER. It would be very difficult to say, because it would depend entirely on who was doing the underwriting; American, European, or in the case of the U.S.S.R., Iugosstrakn.

Mr. LEE. It depends also on the nature of the material, stone, glass, porcelain, paper, et cetera.

Senator PELL. Incidentally, Mr. Lee, both the points you mention are very valid, and we intend to handle them as we move ahead, if we move ahead with this legislation, and we want to move ahead.

First, the certificate will be issued to the owner, not to the agent, or anything of that sort. And, second, you are quite right, the word "exhibition" should be put in lieu of "incident" and this is what was intended, and we will follow your counseling in that regard.

Thank you for those suggestions, indeed.

Before we go further, I would ask my colleague if he has any questions.

Representative LEHMAN. I would just think in terms of how much international art is already in this country, and I am trying to recall the Miami Art Center getting some Oriental art from the Boston Museum of Fine Arts, and even though it came domestically, it was in a sense an international exhibit, and the insurance premiums on that have put a deficit on our art center in Miami, and they are still trying to recover from.

If you limit it to international, and I know it is a problem, that you are not going to get much Asian art from Asia. You are going to get a lot of Asian art from a lot of other museums in this country in my way of thinking.

I am just thinking out loud how you can really help in this kind of legislation without limiting it to just a transfer of art from country to country.

Mr. WILDER. I can speak to that as a smaller institution, certainly, because we are almost totally dependent upon intermuseum loans to maintain our programs, and the cost of domestic loans is a serious challenge to us, as indeed the international problem is to the larger museums who are organizing in the international field.

Representative LEHMAN. I was on the board of directors on the Miami Art Center before I came to Congress, and I remember when the director would come in with the estimate of the insurance costs, you know, the meeting would break up; and it really is a serious factor in bringing good art to outlying sections.

Mr. LEE. May I?

Senator PELL. Please.

Mr. LEE. There is one concrete thing that has been done, and is being done.

That is, through studies, facts and figures on insurance losses, and premiums have been gotten together by Professor Pfeffer, and there has been some lessening of rates on the part of the insurance people.

The second thing that should be done, in my judgment, is a rather massive education of American museum curators and directors in soul searching, so that they will recognize the fact that they cannot replace the work of art by getting its supposed market value back for it and, therefore, adjusting their valuation for insurance purposes accordingly.

Representative LEHMAN. We have more problems than the medical malpractice; do we not?

Thank you.

Senator PELL. In connection with the list of items to be included on the bottom of page 14, the top of page 15, of the bill, did you find that this listing as complete as it should be, do you have any suggestions in connection with it?

Mr. LEE. I wonder, Senator Pell, if it might be wise to have a phrase such as the one used in the arts and humanities legislation, consisting

of, but not limited to, something like that. That would make it a little more flexible.

I think it is very flexible, but if you want to provide for every contingency, that might be a way to do it.

Senator PELL. That is a suggestion which we will consider.

But in addition to that, would there be any other specific suggestion at this time?

Mr. WILDER. Senator Pell, artifacts and objects should be further specified, possibly, archaeological objects, because the archaeological collections are of many categories. They are all artifacts and objects, but it might be well to insert the word archaeological.

Senator PELL. I would think photographs should also be included.

Would any of you find the \$25,000 deductible figure either too high or too low?

Miss SHISSLER. That seems sensible to me. I think even a small museum would be able to cope with that.

Senator PELL. In general, do you think they would act as their own insurers in this case?

Mr. LEE. I think they would almost have to act as their own insurers.

Senator PELL. What is your thought about the legislation covering for-profit organizations as well?

For instance, I give you the example of Chase Manhattan Bank wanting to bring in some additional paintings from the Soviet Union. Should they be covered?

Mr. WILDER. Like Mr. Dillon, I think I would like to dwell on this a bit. I would like to study this further. I am not sure.

Senator PELL. Or Occidental Petroleum might want to bring over an exhibit. But basically I think we ought to keep this bill as narrow as we can. I would limit it to nonprofit.

How about the idea of placing a limit on the indemnity, top limit? What would be your idea of a horseback figure that we should have, because as of now one of the criticisms of this bill is it is open ended.

I would like to ask each of you what the top limit should be.

Mr. Dillon said he thought it ought to be somewhere in the \$50 million to \$100 million range.

Miss SHISSLER. I would certainly support Mr. Dillon's view. After all, he represents one of the largest museums in the country. He will probably be engaged in the largest scale exhibitions of that sort.

Senator PELL. I would like to get the figure down a little bit.

Mr. LEE. The figure has to be calculated against the acceptability of the figure to the Treasury.

The Chinese exhibition, the valuation, I believe, was \$51 million. Most loan exhibitions run, that is major ones, run if there are paintings in that, in the area from five to 15 roughly.

But I think the kind of thing that Mr. Dillon was talking about with Metropolitan pictures in Russia is much higher than that.

So I would think \$50 million might be a good figure to start with.

Mr. WILDER. Senator Pell, I think the \$50 million figure is probably reasonable.

In any event, under the terms as spelled out in the bill, I feel that there are ample safeguards here that it could not be abused.

There are experts involved in placing these valuations, but bills should carry the maximum in order to carry any contingency.

Senator PELL. I think that Dr. Lee put his finger on it. It is the question of working out the compromise, of a figure that is politically possible, and also would be of real substance.

The thought that goes through my mind is a horseback figure, \$25,000, low figure, and \$25 million high figure.

For the Congress that is a rather simple range to grasp, and I think it might have a better chance of passing. We will discuss this.

Mr. LEE. It rhymes, too.

Senator PELL. Exactly.

Mr. Lehman?

Representative LEHMAN. No other questions.

Senator PELL. I thank you very much indeed.

You are all very highly regarded, and highly respected representatives of the museum field, and we appreciate the trouble you took in coming here.

I want to assure you that you can assure your colleagues that the record will remain open for at least a week so that any further statements from any other museum director around the country will be welcomed.

Thank you very much.

[The prepared statements of Miss Shissler and Mr. Lee follow:]



UNIVERSITY OF MINNESOTA  
TWIN CITIES

University Gallery  
110 Northrop Memorial Auditorium  
Minneapolis, Minnesota 55455

TESTIMONY  
OF  
BARBARA SHISSLER  
DIRECTOR, UNIVERSITY GALLERY,  
UNIVERSITY OF MINNESOTA  
FOR  
SUBCOMMITTEE ON ARTS AND HUMANITIES  
OF  
COMMITTEE ON LABOR AND PUBLIC WELFARE  
UNITED STATES SENATE  
JUNE 4, 1975

I am here today not simply in my capacity as director of the University of Minnesota Gallery, but as the officially designated representative of the Committee on Institutional Cooperation, a consortium of educational institutions which includes the Midwest universities of the "Big Ten," plus the University of Chicago. A letter to you from Dr. Frederick Jackson, executive director of the consortium, will confirm this fact and will be forthcoming.

The bill you are considering which proposes provision for the indemnification of works of art from other countries on special loan for traveling exhibitions in the United States is of importance to all American museums, but is of especial interest at this moment to the universities represented by the consortium of the C.I.C. In November of 1974 I visited the Soviet Union in an effort to arrange with the Ministry of Culture of that country for a special exhibition of Russian 19th-century art which would travel to each of the university galleries of the C.I.C. and perhaps end its American tour in Washington, D.C., at the Corcoran. The art of 19th-century Russia has never been seen outside the Soviet Union, with the exception of one brief loan exhibition which took place in Germany in Baden-Baden several years ago. It has never been exhibited in the United States, and an exhibition comprised of such works would be an event of some international, cultural significance. Our plan was to use the exhibition as the nucleus around which to build a number of inter-disciplinary events on campus--symposia, a lecture series covering a broad spectrum of topics, theatrical and musical events--so that the art of the period would be seen in its proper historical context. For, if art grows out of the matrix of history, surely it should not be seen and studied in isolation, but by bringing to bear upon its interpretation the expertise of widely ranging points of view.

The Soviet Ministry of Culture responded enthusiastically to our initial inquiry. Plans are underway, at least in the first beginning phases, not only for such an exhibition, but for an exchange of personnel so that Russian experts in various fields can accompany the exhibition, working on campus, in residence, with students and faculty from relevant departments--for example, theatre arts,

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history, literature, art history, etc. Thus, the exhibition would provide for a genuine international exchange of ideas.

However, conversations with Philippe de Montebello of the Metropolitan Museum of Art in New York which is currently working with the Soviet government on another exchange exhibition for the year 1976 have led us to believe that insurance valuations which have been astronomically high in the Metropolitan's case, running into the millions, will be a major stumbling block to our plans. It is, of course, understandable that insurance valuations be high since these works represent, for the Soviets, treasures of Russian art and civilization which their government will not lightly undertake to export for foreign viewing. This is true not only of the particular case which we are considering, but of innumerable other exhibitions involving the exchange of works of art between nations. Each work is a unique creative effort undertaken at a unique moment in history and as such is irreplaceable and non-reproducible. But while the yearly increase in insurance valuations is understandable in view of the uniqueness of the works and the constant rise in their market value, consequent insurance costs make such exhibitions well beyond the budgets of university museums.

In the recent past similar problems have been resolved by special legislation undertaken by Congress to insure the safety of works on loan to various American museums from both the People's Republic of China and the Soviet Union. If necessary, we would ask Congress to enact similar legislation for the exhibition we propose, but blanket coverage by means of the passage of the bill which is before you now would be of much greater benefit. Thus, museums could undertake plans for appropriate exhibitions, knowing that upon fulfilling the requirements outlined in the bill proper indemnification would be automatically available.

In conclusion, I should like to point out that the collections of university galleries are generally much less comprehensive and extensive than those of the major, urban museums throughout the country. Special loan exhibitions are thus their life-blood, by means of which major works of art can be brought to campus for specified periods of time for study by students and faculty. The educational value of such exhibitions is incalculable, providing the focus and stimulus for research and teaching in a wide range of disciplines. Without the enabling legislation before you now, many possibilities for such exhibitions will not even be explored, and the intellectual life of our campuses in some measure impoverished.

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We hope that you will not let that happen, but will, on the contrary, pursue an active role in providing the means for the international exchange of ideas and art.

Barbara Shissler,  
Director  
University Gallery  
University of Minnesota

STATEMENT OF SHERMAN E. LEE  
JUNE 4, 1975

JOINT HEARING OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR  
(REP. BRADEMAS) AND THE SENATE COMMITTEE ON EDUCATION (SEN. PELL)

Mr. Chairman, before continuing may I express my thanks for the opportunity to speak before you on behalf of my own museum, The Cleveland Museum of Art, and the Association of Art Museum Directors, as well as my intention to be brief and not to repeat the affirmative support of others for legislation of S. 1800, Sections 221-229, which support we acknowledge and affirm.

I take the intent of this proposed legislation to be the partial support of special loan exhibitions by the Federal Government through the means of a guaranteed indemnification program where this is deemed in the national interest and where such action encourages educational, cultural, historical or scientific values. To this intention I would subscribe unqualified, full support.

The loan exhibition of works of art has a long and noble history. It is a product of the same Age of Enlightenment that produced the American Revolution. But at its inception we must admit that Napoleon confused loans and expropriation in his first Imperial collection at the Louvre, taken from most of Europe by conquest. The subsequent history of loan exhibitions is more straightforward and savory. From the Crystal Palace of London in 1851, through the various art exhibitions held at the great fairs of Manchester (1857), Paris (1867, 1878, 1889, 1900), Chicago (1893) and New York (1933, 1939), special loan art exhibitions have been evidently both educational and in the national interest. Indeed, some of them were the vital stimulus necessary for new developments everywhere in

the arts and crafts. One thinks particularly here of the Armory Show in 1913 in New York City, an event which crystallized hitherto ill-concerted efforts to bring the European modern movement in art to the United States.

It is significant that these and later, more sophisticated, more historical, and more scientific loan art exhibitions such as those sponsored by the Council of Europe after World War II in Brussels, Munich, Vienna, Paris, Amsterdam, Barcelona, London, among others, were made possible only by cooperative international participation by the member states. These magnificent collections of art, centered around an historical period or theme, made enormous contributions to both public understanding of hitherto far-flung and practically unavailable works, and scholarly study of original works seen side by side though from widely disparate locations. One other example comes readily to mind, the great Poussin exhibition in Paris (1960), where the unprecedented assemblage of 241 works by or attributed to the great seventeenth century French master permitted, even demanded, a new and more objective evaluation of his contribution to world art history.

American museums have participated in this great tradition, despite their largely private and local support. Scarcely a major art museum in this country has not mounted an important international loan exhibition (see Appendix A) that has satisfied both the needs of wide public interest and scholarly advancement. As Charles Parkhurst has written, "All museums...do a national (even international) job on a local budget...." (Lee, S. (ed.) On Understanding Art Museums, Englewood, N. J. 1975).

Such creative exhibitions have become a part of the cultural fabric of our modern, interdependent world. Their worth is by-and-large clearly

acknowledged. And one of their products has been increased interest and justifiable curiosity on the part of both lay and professional constituencies. Museums have happily acquired a rapidly increasing public interest and demand with the unhappy accompanying effects of increased financial drains. This financial pressure, inevitably leading to deficit financing by almost all museums, has been increased by the inexorable rise in the values of art works and the accompanying increase of insurance premium costs for works sent to loan exhibitions. To cite only one example, the insurance premium for foreign works lent to the Cleveland Museum during the Caravaggio and His Followers exhibition of 1971-72 was \$10,200 for coverage of a value of \$3,800,000 in contrast to a premium for a forthcoming exhibition, Johann Liss, organized by the same museum, of \$25,000 for coverage of a value of \$4,000,000.

The justifiable need for Federal support of these ventures, therefore, seems quite clear and the pending legislation will do much to satisfy that need. I am delighted to note that the proposed bill is written so as to provide the possibility of relief to numerous museums throughout the country, whether through a few essential international loans for a major exhibition or through relatively modest indemnification for creative small exhibitions. This is, I believe, achieved by the explicit omission of valuation limits, whether lower or upper ones, from the text.

The decision making apparatus embodied in Section 222 and Section 223 (a) appears adequate to the tasks assumed, providing there is sufficient professional advice and consultation from existing Federal agencies such as the National Endowment for the Humanities and that for the Arts. Such professional consultation is essential if the risks

assumed by the Federal Government are to be for worthy exhibitions that make either or both popular and scholarly contributions to the growth of knowledge and understanding in the Arts and the Humanities.

I would like to suggest consideration of two substantive matters embodied in the text of the proposed legislation. Section 224 (a) is not sufficiently clear as the specific identity of the insured party. It lists who may apply for future indemnification, but not who is to be indemnified. This is a small matter, but one of concern to the owner of the object under indemnification.

Secondly, Section 225 (b) uses the word "incident" with regard to damage in excess of 25,000 dollars. I believe it is the intention of those drafting the legislation that this 25,000 dollar deductible clause is to be applicable to the exhibition in question and I would therefore recommend that the word "incident" be changed to the word "exhibition."

The long-term and still continuing growth of American art museums has been due to both private philanthropy and governmental support in indirect or carefully and wisely circumscribed ways. The public and scholarly services provided by these art museums have justified these methods of support. The proposed legislation, with the previous support given through the National Endowments for the Arts and Humanities, the National Museum Act, and others, seems to me a wise and constructive way for our government to encourage and support the now hard-pressed artistic institutions of this country so that they may continue to fulfill their local, national and international cultural obligations.

Appendix A

## Boston - Museum of Fine Arts

"Chinese Art Treasures: A Selected Group of Objects from the Chinese National Palace Museum, and the Chinese National Central Museum, Taichung, Taiwan" (1961-62).

## Chicago - Art Institute

"Painting in Italy in the Eighteenth Century: Rococo to Romanticism" (1970).  
 "Paintings by Monet" (1975).  
 "Paintings by Renoir" (1973).  
 "Impressionist and Post-Impressionist Painting from the U.S.S.R." (1973).

## The Cleveland Museum of Art

"Caravaggio and His Followers" (1971-72).  
 "Chinese Art Under the Mongols: The Yuan Dynasty (1279-1368)" (1968).  
 "Japonism: The Impact of Japanese Art on France" (1975).

## Detroit Institute of Arts

"Art in Italy, 1600-1700" (1965).  
 "French Painting, 1774-1830" (1975).  
 "Romantic Art in Britain" (1968).  
 "Twilight of the Medici" (1974).

## Los Angeles County Museum

"Art Treasures of Japan" (1965-66).  
 "The Cubist Epoch" (1971).

## New York - S. Guggenheim Museum

"Constantin Brancusi, 1876-1957" (1969).  
 "Max Ernst: A Retrospective Exhibition" (1975).  
 "Piet Mondrian, 1872-1944: Centennial Exhibition" (1971).  
 "Ferdinand Hodler" (1972-73).

## New York - Museum of Modern Art

"René Magritte" (1965).  
 "The Sculpture of Picasso" (1967).  
 "Dada, Surrealism and Their Heritage" (1968).

## Philadelphia - Museum of Art

"Edouard Manet, 1832-1883" (1966).

San Francisco - M. H. de Young Memorial Museum

"Animal Style" Art from East to West" (1970).

Toledo Museum of Art

"Dutch Masterpieces from the Eighteenth Century" (1971).

Senator PELL. We now have the final panel, and actually the most important, from the viewpoint of the securing passage of this legislation, in that they represent the administration.

It consists of Miss Nancy Hanks, Chairman of the National Endowment for the Arts, and Dr. Ronald Berman, who is here in a double capacity of Chairman of the Federal Council on the Arts and the Humanities, as well as being Chairman of the National Endowment for the Humanities. Who will open?

Mr. BERMAN. Whatever choice suits the Senator.

Senator PELL. I guess that since Dr. Berman is here as Chairman of the Federal Council of the Arts and Humanities, which is the umbrella group, perhaps he should open. I understand that as of now the Humanities are doing much funding of this type of activity.

Dr. Berman.

**STATEMENT OF DR. RONALD BERMAN, CHAIRMAN, FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES AND CHAIRMAN, NATIONAL ENDOWMENT FOR THE HUMANITIES; NANCY HANKS, CHAIRMAN, NATIONAL ENDOWMENT FOR THE ARTS; ACCOMPANIED BY JOHN R. SPENCER, DIRECTOR, MUSEUM PROGRAM; AND MICHAEL STRAIGHT, DEPUTY CHAIRMAN, A PANEL**

Mr. BERMAN. Thank you very much, Mr. Chairman.

It is a pleasure for me having an opportunity to testify before this committee today on the proposed Arts and Artifacts Indemnity Act.

Obviously there are many perspectives that have to be taken into consideration when dealing with new legislation of this kind.

I am grateful to have heard of the participation of our colleagues in the museum field, especially, of course, that of Mr. Sherman Lee, who is Vice Chairman of the National Council on the Humanities.

I would like to concentrate my comments on the importance of some form of assistance to museums when they are responsible for loaned objects of great value.

As you know, the Endowment for the Humanities has a strong interest in the issues addressed by legislation of this kind. It was clear from the Endowment's inception in 1965 that the basic mandate of the Endowment for the Humanities required a close relationship between this agency and museums.

Virtually the first program of the Endowment, in the spring of 1966, was a program of grants to the museums. From this modest beginning, the museums program has become, over the decade, one of the key ways in which the Endowment serves the public.

For instance, we have awarded close to \$7.5 million to museums over the past two years for interpretive exhibitions, education, and personnel development programs which centrally involve the disciplines of the humanities.

I note parenthetically that virtually every single reference to individual exhibitions today by earlier witnesses were, in fact, supported by the Endowment for the Humanities, whether in South Dakota, whether in Massachusetts, in Kansas City, Washington, New York, or Los Angeles.

Clearly, interpretive exhibitions which use original works of art, artifacts, objects, manuscripts, and other examples of material culture are an important way of bringing the humanities to the public.

Equally, such grants respond to the need of museums which only the Endowment can meet. And we have become increasingly aware of the high and often prohibitive costs of insurance when objects are of great value.

Originally, this Endowment had taken the position that we should not fund insurance costs, and our original museum guidelines were written in this way. However, we came to realize that a change of policy that would enable us to assist museums to pay high insurance costs was necessary if museums and other cultural institutions were to be able to mount exhibition of major educational and historical value.

The experience of NEH is that insurance costs for objects of great value are growing beyond the means of the private sector, and the proposed act intends clearly to help make it possible for meaningful, international exhibition exchanges to continue.

As you know, the Endowment for the Humanities, in cooperation with the private sector, provided support for the Scythian exhibition now at the Metropolitan Museum, and soon on its way to Los Angeles, and for the Exhibition of Archaeological Finds from the People's Republic of China, which came to Washington, is now in Kansas City, and soon will be in San Francisco.

Were it not for the special legislation that pledged the faith and credit of the U.S. Government to indemnify works in these exchanges, the insurance costs would have been prohibitive. Yet this experience has shown that in the transportation, packing, unpacking, and installation in the several cities, no serious insurance exposures have occurred.

Studies available to the Endowment cite the remarkably good insurance record for actual loss or serious damage to objects or works of art in major exhibitions. Prof. Irving Pfeffer, who is an insurance specialist at the College of Business at Virginia Polytechnic Institute and State University, has conducted research over the past several years which confirms the statistically low risk in this kind of insurance. This may help assuage possible concerns about the extent of the real risks for indemnification of international exhibitions.

I know you are all well aware that the British Government indemnifies important loans for that nation. For example, one of this nation's major Bicentennial exhibitions in England will be of American Decorative Arts originally mounted in this country with support from the Humanities Endowment. The exhibition could be made available to Great Britain because the Government of that nation is indemnifying the works in the show.

Mr. Chairman, I know that you and your colleagues share my conviction that cultural exchange is very important to the diplomatic efforts of this country. It is becoming increasingly clear that relations which may be strained in political and economic terms, can remain productive in cultural terms which enables an affirmative continuing dialog to exist.

We also believe that the direct opportunity for the citizens of this country to gain insight and understanding about the history and cul-

ture of other nations gives them a greater wisdom and perspective in dealing with international issues. And concomitantly people abroad will better understand our Nation as they are made more aware of the cultural breadth and achievement that is, in fact, part of our heritage.

This, Mr. Chairman, is completely consistent with your belief and that of your colleagues in conceiving the National Foundation on the Arts and the Humanities, that the arts and humanities help provide us with the wisdom and vision necessary to understand the past, and to deal effectively with the present and the future.

Grants for interpretive exhibitions have become one of the major ways in which the Endowment for the Humanities has been of assistance to the Nation's museums, as well as effective in getting the substance of the humanities to the general adult public.

International exhibitions are an important part of this work and indemnity legislation would obviously be helpful.

Therefore, I heartily concur in the intent of this legislation, but I am obliged to note that the Office of Management and Budget has advised that it cannot support this legislation in its present form, believing that further study needs to be given to the question of Federal involvement, also to the extent of Federal involvement which would be desirable and the manner in which such Federal involvement should be organized.

OMB notes the following five problems in the bill before this committee:

1. The bill would appear to raise a constitutional problem because it vests power in the Federal Council on the Arts and the Humanities, a Council which includes representatives of the Congress. This raises a question concerning the separation of powers.

2. Further study needs to be given to the availability of private insurance to determine what types of insurance might be needed and what the cost might be.

3. The bill does not circumscribe the Federal role with sufficient exactness. As written, it appears too open ended, and this requires further study.

4. The bill does not contain an upper limit on the Government's contingent liability.

5. The bill does not contain any recognition of a role for private insurers. They might play a role through coinsurance, or perhaps in other ways.

This concludes my testimony, and for that I am grateful, Senator.

Thank you.

Senator PELL. Thank you very much.

[The prepared statement of Mr. Berman follows:]

NATIONAL ENDOWMENT FOR THE HUMANITIES

WASHINGTON, D.C. 20506



Statement of

Dr. Ronald S. Berman

Chairman, National Endowment for the Humanities  
Chairman, National Council on the Humanities

Re S.1800 and H.R.7216, Part B - Exhibitions,  
Sec. 221: Arts and Artifacts Indemnity Act

June 4, 1975

Thank you, Mr. Chairman, it is a pleasure for me to have an opportunity to testify before this Committee today on the proposed Arts and Artifacts Indemnity Act.

Obviously there are many perspectives that have to be taken into consideration when dealing with new legislation of this kind. I should like to concentrate my comments on the importance of some form of assistance to museums when they are responsible for loaned objects of great value.

As you know, the Endowment for the Humanities has a strong interest in the issues addressed by legislation of this kind. It was clear from the Endowment's inception in 1965 that the basic mandate of the Endowment for the Humanities required a close relationship between this agency and museums. Virtually the first program of the Endowment, in the spring of 1966, was a program of grants to museums. From this modest beginning, the museums program has become, over the decade, one of the key ways in which the Endowment serves the public. For instance, we have awarded close to 7.5 million dollars to museums over the past two years for interpretive exhibitions, education, and personnel development programs which centrally involve the disciplines of the humanities. Clearly, interpretive exhibitions which use original works of

art, artifacts, objects, manuscripts, and other examples of material culture are an important way to bring the humanities to the public. Equally, such grants respond to a deeply felt need of museums which only the Endowment can meet. And we have become increasingly aware of the high and often prohibitive costs of insurance when objects in these exhibitions are of great value.

Originally, this Endowment had taken the position that we should not fund insurance costs, and our original museum guidelines were written in that way. However, we came to realize that a change of policy that would enable us to assist museums to pay high insurance costs was necessary if museums and other cultural institutions were to be able to mount exhibitions of major educational and historical value.

The experience of NEH is that insurance costs for objects of great value are growing beyond the means of the private sector, and the proposed Act intends clearly to help make it possible for meaningful, international exhibition exchanges to continue.

As you know the Endowment for the Humanities, in cooperation with the private sector, provided support for the Scythian Exhibition now at the Metropolitan Museum and soon on its way to Los Angeles, and for the Exhibition of Archaeological Finds

from the People's Republic of China, which came to Washington, is now in Kansas City and soon will be in San Francisco.

Were it not for the special legislation that pledged the faith and credit of the United States government to indemnify works in these exchanges, the insurance costs would have been prohibitive. Yet this experience has shown that in the transportation, packing, unpacking, and installation in the several cities, no serious insurance exposures have occurred.

Studies available to the Endowment cite the remarkably good insurance record for actual loss or serious damage to objects or works of art in major exhibitions. Professor Irving Pfeffer, who is an insurance specialist at the College of Business at Virginia Polytechnic Institute and State University, has conducted research over the past several years which confirms the statistically low risk in this kind of insurance. This may help assuage possible concerns about the extent of the real risks for indemnification of international exhibitions.

I know you are all well aware that the British government indemnifies important loans for that nation. For example, one of this nation's major bicentennial exhibitions in England will be of American Decorative Arts originally mounted in this country with support from the Humanities Endowment. The exhibition could be made available to Great Britain because

the government of that nation is indemnifying the works in the show.

Mr. Chairman, I know that you and your colleagues share my conviction that cultural exchange is very important to the diplomatic efforts of this country. It is becoming increasingly clear that relations which may be strained in political and economic terms, can remain productive in cultural terms which enables an affirmative continuing dialogue to exist. We also believe that the direct opportunity for the citizens of this country to gain insight and understanding about the history and culture of other nations gives them a greater wisdom and perspective in dealing with other international issues. And concomitantly people abroad will better understand our nation as they are made more aware of the cultural breadth and achievement that is part of our heritage.

This Mr. Chairman is completely consistent with your belief and that of your colleagues in conceiving the National Foundation on the Arts and Humanities, that the arts and the humanities help provide man with the wisdom and vision necessary to understand the past, and to deal effectively with the present and the future.

Grants for interpretive exhibitions have become one of the major ways in which the National Endowment for the

Humanities has been of assistance to the nation's museums, as well as effective in getting the substance of the humanities to the general adult public. International exhibitions are an important part of this work and indemnity legislation would obviously be helpful.

Therefore, I heartily concur in the intent of this legislation; but I am obliged to note that the Office of Management and Budget has advised that it cannot support this legislation in its present form, believing that further study needs to be given to the question of Federal involvement, the extent of Federal involvement which would be desirable and the manner in which such Federal involvement should be organized. OMB notes the following five problems in the Bill before this Committee:

- 1) The Bill would appear to raise a Constitutional problem because it vests power in the Federal Council on the Arts and the Humanities, a Council which includes representatives of the Congress. This raises a question concerning the separation of powers.

- 2) Further study needs to be given to the availability of private insurance to determine what types of insurance might be needed and what the cost might be.

3) The Bill does not circumscribe the Federal role with sufficient exactness. As written it appears too open ended, and this requires further study.

4) The Bill does not contain an upper limit on the Government's contingent liability.

5) The Bill does not contain any recognition of a role for private insurers. They might play a role through co-insurance, or perhaps in other ways.

Senator PELL. Miss Hanks, would you give your statement?

Miss HANKS. Good morning, Senator.

With me is Michael Straight, Deputy Chairman, and John Spencer, who is Director of the Museum program of the National Endowment for the Arts.

And also here in the Chamber is Mr. Livingston Biddle and Mr. Robert Wade, who have been working very closely with the museums in connection with this legislation.

I am wondering, sir, if it might be possible to submit my statement for the record and make a few brief comments because, very frankly, most of the points that I have attempted to cover have already been covered by the private museums and by my colleague, Dr. Berman.

Senator PELL. We will be delighted, and your statement will be put in the record in full, and we very much appreciate it.

Miss HANKS. Thank you very much.

I am very pleased to support the concept of the legislation and certainly admire your leadership and that of Mr. Brademas and other members of the subcommittee in following through in the development of the legislation to assist the museums.

I would also like to stress it is not so much to assist the museums of the Nation, it is to assist the individuals of this Nation to have the opportunity to see these great works of art from abroad.

I believe a point that I did not hear mentioned this morning, and that I would like to emphasize, is that the International Council on Museums, which is an advisory body of the U.S. Educational, Scientific and Cultural Organizations on International Museum Matters, has recommended strongly that all nations in the world adopt such a policy.

I believe that the leadership position taken by the United States in following up on the experience of the British and Australians could be very important.

Senator PELL. I cannot help but interrupt here, because I feel quite strongly on this. I think that the ICOM program is tremendous, and the amount of financial help it receives from the museums or taxpayers of the world is negligible.

I think one of the best projects we could do would be to take that little organization, which is working now really on voluntary help of various people encouraged and supported it in a way that it never really properly has.

Miss HANKS. In connection with the general indemnity legislation that you are considering, sir, I think that we might note that it would be helpful to have general legislation that would encourage and enable the U.S. Government to work well with museums and with foreign governments.

It was mentioned very briefly by one of the witnesses who testified earlier today that the State Department and the Metropolitan Museum had difficulty with some of the negotiations in the ad hoc indemnity legislation. This was because certain ideas and regulations had not been considered before. I think an important concept to keep in mind, that this legislation would require that the Federal Government develop comprehensive regulations.

In that connection, I would like to mention to you that we have just received and have not had an opportunity, therefore, to present to you a rather detailed memorandum from the British Government concern-

ing detailed arrangements they have for indemnities and guarantees to cover borrowing and loans of works of art. I think it will be very helpful to all of us to look at these regulations and the British experience in order to guide us if such legislation is enacted.

In connection with your question to the other witnesses concerning the coverage of objects in private ownership, the British do cover loans from private individuals. And I can certainly see a situation that if a major international exhibition is put together, while most of the pieces might be owned by governments involved, they might, in order to make the exhibition complete, have to borrow from private individuals.

Now, the museum people would have to comment more on that—they know the specifics as professionals—but I do think that is something that might be considered. It is my understanding, in particular that British, do add to their collections from private owners.

As we have all mentioned, there has been well established precedent with the two ad hoc indemnity bills in this country. I, sir, am uncertain in my own mind about the question, and I know it is a question raised by OMB and probably will be raised by Congress, about limitations in total indemnity amounts that might be covered at any one time.

Senator Pell, I think that the museum professions have been answering your question as to the ceiling levels in terms of a specific exhibition and not in terms of the total amount.

Right now, there is in this country two exhibits, which are valued at approximately \$133 million covered by special legislation. Therefore, I think differentiation in the bills or in the regulations should be considered as to the amount for each individual exhibition as well as a total amount that might be indemnified at any one time.

Dr. BERMAN. In connection with the problems of losses, I think, sir, that the museum profession—I want to emphasize this—in a point that Mr. Dillon made, and that is that museum professionals are responsible people. They are taking care of their treasures, and I think we can depend upon them.

In most instances, it is my understanding when the major collections are transported to another country, they are transported in several vehicles, be they boats or planes. I think that the experience of the British and, internationally, of no loss over the last 20 some odd years is important to keep in mind. But I do feel that the Members of Congress must take into account that there could possibly be a catastrophic loss, even though the odds are very small. A plane could go down. We could not only lose the treasures. It could cost the Government a considerable amount of money.

However, it is my own personal belief, to think that the U.S. Government should face that risk, small as it is, with no fear.

Naturally, sir, we will be very happy to elaborate subsequently by letter to members of both subcommittees and to the staff in commenting on any specific questions or with any particular comments and technical comments.

I would like to note, Senator, that the Office of Management and Budget remarks are a reservation on the legislation presently drafted, and I believe it is very important that the questions they raise were questions to which they felt answers were needed. And, of course, that is the very reason you gentlemen are holding the hearing.

I think I would like to say it does not mean to me a flat out opposition to the concept that you have contained in this legislation. Rather they are asking questions about the specific details of the legislation.

Senator PELL. Basically, they support the title of the bill, but not the contents, the objective?

Miss HANKS. No.

I felt that their questions were ones, to my reading of them, that have been asked also by members of the committee this morning to people testifying.

I think implicit in some of their questions, were the types and kinds of exhibitions intended to be covered, whether it would relate primarily only to great major institutions and great metropolitan centers.

We have heard testimony from smaller museums that it is perhaps even more important to them than to the larger ones.

The basic question that they raise, of course, is on the limitation as to the size of indemnity, and we have had observations on that.

They also raise a question on the Federal Council on Arts and Humanities, and I am not a constitutional or any other kind of lawyer, so I cannot focus on that. But I think their questions are ones that have been asked here today—

Senator PELL. As I understand it, there are five specific questions they raised. And all are valid questions, as you point out.

I would hope that if these five questions were basically faced up to and, if not answered satisfactorily, at least answered as best we can, that there might be administration support for this bill.

Is it your understanding that if these five reservations, as you characterize them, could be reasonably met, that the OMB—that the administration would support this bill?

Miss HANKS. I have no understanding that could make me say that. I have not talked to OMB personally myself.

But it seems to me that they have provided us with the questions, and it seems to me that they were certainly supportive of the two ad hoc indemnity bills. And so I would hope very much—they are obviously interested in the legislation.

Everything happened so quickly we were not able to go into that last night.

Senator PELL. You do not think they oppose the concept of the legislation?

Miss HANKS. It is not my understanding that they do.

Senator PELL. Dr. Berman, is it your understanding that the administration does not oppose the concept of the legislation, but that they have some specific questions, or do they oppose the concept?

Mr. BERMAN. My understanding is that these are not conditions of acceptance, but reservations. And should reservations be answered, then perhaps OMB would be ready to proceed to a concept of conditions.

Senator PELL. I see.

That is a little bit different.

Mr. BERMAN. That is my understanding on it at least.

Senator PELL. At any rate, running down this list of reservations that they have here, the constitutional problem, because it would vest power in the Federal Council of Arts and Humanities, which include Representatives of the Congress, that could be handled by changing the

bill to say, it should be handled by an ad hoc group of the Federal Council of the Arts and Humanities, which did not include Representatives to Congress.

Mr. BERMAN. Yes, sir.

In fact, proceeding a little farther, there might, as a matter of fact, be members from panels of the private sector included. There might be special guidelines published which would indicate exactly what the responsibilities of members of the Federal Council are and, in every way, as you suggest, the potentiality for conflict between two branches could easily, I think, be avoided.

Senator PELL. Easily be avoided?

Mr. BERMAN. Yes, sir.

Senator PELL. Yes; I think it could. I think we could handle that in the redraft of the legislation.

As far as further study needs to be given to the availability of private insurance, in terms of what types of insurance might be needed and what the cost might be, I think this is pretty well known now because efforts were made in connection with past exhibitions to see if they could be underwritten, what the costs are, what exactly is needed here, what more information is needed.

Mr. BERMAN. I believe, Senator, reference was made earlier in testimony to a study of a whole variety of exhibitions and the costs that attended these exhibitions. I think it would, in fact, be useful if we could see the entire spectrum of the insurance premium costs connected to a whole range of exhibitions. We could then get a better idea of what insurance companies are charging and perhaps what might be the best ratio of their premiums to the value of exhibition.

Senator PELL. We are getting this information now from Professor Pfeffer, who is quite an authority on this. This information will be available to the best of our ability and, if necessary, we could go to the Library of Congress and maybe they could help us out.

"The bill does not circumscribe the Federal role with sufficient exactness. As written, it appears too open-ended." What is meant by that? What areas are not specified as with sufficient exactness?

Mr. BERMAN. I have to confess, Senator, that totally escapes me. I could not commit myself in any way to an opinion about this legislation on that point.

Senator PELL. Well, for example, I would like to have you submit or get back in touch with us, if you would, what are they talking about, so we can know, and we can sharpen up the legislation and meet these objections on their part.

The fourth point, "the bill does not contain upper limit of Government's contingent liability."

I think that is a valid point. We intend to write in such an upper limit, and I think the point Miss Hanks made is very valid, indeed. We ought to bear in mind that there might be more than one show going on. So it might be \$25,000 to \$25 million for an individual show, exhibit, and then maybe \$100 million top limit is at any one period of time.

I realize that this is a little less than now, in effect, but still the problem is to get this bill through.

Would that not meet this particular objection of the OMB?

Mr. BERMAN. In my estimate, it would, Senator.

Miss HANKS. Excuse me, Senator.

On that point, may I ask a question that just went through my mind?

Should we possibly consider in the legislation that should the need for indemnity go over a certain amount that a check had to be made with the appropriate committees of Congress or someone?

In other words, so that you could have a general limitation that could be handled with no problem, but if you had a situation of wanting to bring the Russian show in along with the Chinese show, for example, that you could have a waiver.

My question may be totally inappropriate, but you might want to consider it.

Senator PELL. Personally, I have faith and trust in the organizations we set up. And I guess I am among a minority of Members of Congress who is not seeking more decisions to make.

I would not go for that too much.

Miss. HANKS. I presume also you could put in ad hoc legislation if that did occur.

Senator PELL. If that did occur, ad hoc legislation could come in, I would rather leave it pretty open and shut as we pass it.

I think we are crossing too many t's and dotting too many i's now in our legislative work.

No. 5, "the bill does not contain any recognition of the role for private insurers. They might play a role for coinsurers, perhaps in other ways."

You are quite right, between \$25,000 and \$25 million, there is no role for the private insurer, but up to the \$25,000, which would be expensive, there is a role, and there would also be perhaps a role above the \$25 million limit.

I think this is a fact of life. Some insurance companies will be upset with it. Others will just look at themselves as good citizens and may be for it. I do not see how we can come up with any particular bouquets for private insurance companies, do you?

Mr. BERMAN. That adds up to a question which I would be gladly relieved from answering, Senator, because I do not want to have any relationships with private insurance companies to be prescribed by any testimony I should make, at this point and I would very much like permission to remain neutral on this matter.

Senator PELL. Do you have any comments?

Miss HANKS. Presumably he could speak for himself or supply his own information, but it is my understanding that Mr. Huntington Block, who is one of the country's leading museum insurance brokers, is, the last I heard, very supportive of the legislation.

Senator PELL. My understanding is to the same effect. And my staff has been in touch with him. My understanding is that he will be submitting a statement for the record.

Miss HANKS. I would hope so very much because the last time I talked to him—

Senator PELL. This also might cover that point, and I would think these hurdles are not insuperable. My hope would then be that the administration would not then find other hurdles.

In this regard, my understanding is that both of you in your individual capacities support the thrust of this bill, or do you oppose it basically?

Miss HANKS. I support the thrust of the bill and I certainly think that my statement does.

Mr. BERMAN. I second Miss Hanks.

Senator PELL. Now, we were looking for a mechanism to run the indemnity program. This is why we came up with the Federal Council on the Arts and the Humanities, which I recognize has its constitutional limitations in it.

Do you have any suggestions as to a better entity to run the program?

Mr. BERMAN. We have been thinking so far, Senator, in terms of a directed responsibility from the Federal Council on the Arts and the Humanities. We might, first, draft guidelines I think, implementing congressional intent in this legislation.

Then we would seek advice from experts across the country in the private sector and review individual applications in conjunction with people from the Federal Government and outside it.

In that way, we would be using the Federal Council on the Arts and the Humanities as a springboard, as it were, for bringing in experts and private institutions and individuals.

Senator PELL. Miss Hanks?

Miss HANKS. No further comment.

Senator PELL. Mr. Lehman.

Representative LEHMAN. Thank you, Senator.

I am happy to have Dr. Berman and Miss Hanks here. Miss Hanks is from Miami and Dr. Berman has relatives there, so we are like hometown people.

In your statement you mentioned, Dr. Berman, I would like for you to elaborate a little bit on this question concerning separation of powers because, of course, we all know of a number of commissions and councils, White House Library Council and others that do contain Members of Congress in their makeup.

And why would this be a particularly threatening separation of powers when so many other such similar types of organizations do contain Members of Congress and still basically belong to the executive branch?

Mr. BERMAN. Perhaps I might note, Mr. Lehman, that these points, are in the nature of an appendix to our own testimony; that they are, as it were, simply quotations from the OMB position.

For two reasons, one of them being my insufficiency equal with that of Nancy Hanks in any aspect of the law, and the other being, I think the inappropriateness of my commenting on essentially an OMB position, I could not begin to give an accurate response to that question.

Senator PELL. If you could forgive me for interrupting, the only way we can ever get at OMB is through the representatives of the administration that they have sent up here. I have yet to see an OMB person testifying directly.

You really have the responsibility of representing the administration and OMB, and it cannot be set aside.

Correct me if you think I am wrong.

Mr. BERMAN. I do not want to go so far as to make a statement of either approval or denying on either of those points, the substantive one and the contextual one.

Let me point this out. Implicit in my previous testimony is the notion that there may be mechanisms in the legislation that will simply

circumscribe this problem. If there were no congressional representation in the instrumental body that acted on this, this whole problem would disappear. That, I think, is the best way of tackling it.

Miss HANKS. Senator Pell, I think really, sir, that the question was one of timing in terms of the lateness of the hour.

OMB had to get the comments in from the State Department, Smithsonian, National Gallery, and all of the other places, and my associates and Dr. Berman's were talking to OMB on the final word at 6:30 last night.

Senator PELL. But, as you well know, this happens all the time, and OMB finally gets its views across at 6:30 p.m. or 9 o'clock the next morning before the testimony comes up. I never recall seeing any OMB man directly testifying before an authorizing committee.

So you are OMB, you are speaking for OMB, in effect.

Miss HANKS. That is right. We will attempt to find answers to these questions, sir.

Senator PELL. We would be delighted, frankly, if you would bring OMB up here and we would hold a special hearing. Otherwise, it is up to you.

Representative LEHMAN. The only comment I have, Senator, is we have talked about what benefits this could be for the enlightenment and the approach of the citizens of this country and other countries. Nobody has said anything about perhaps this could be another conduit toward peace in the world, that not only can be learned about the culture of other countries, but maybe I am a little sanguine in these matters, matters of these kinds of exhibitions would be in the form of hostages against hostility.

Wars have been stopped for less reasons than this. And perhaps, in this kind of case, it would certainly maybe be a small, but perhaps significant, deterrent against any type of irresponsible hostilities.

That is all I would like to say.

Senator PELL. Congressman Pressler.

Representative PRESSLER. No questions.

Senator PELL. Thank you.

There are a couple more general questions that I had here.

Do you feel, Miss Hanks or Dr. Berman, that the definition of eligible items that we have listed was adequate, or do you feel that there were some points there that should be added or subtracted?

Miss HANKS. We would definitely suggest to add the word "photographs," because photography has become so important a part of the whole visual arts community.

We were very pleased to see the inclusion of the folk arts and craft arts, and I think the point Mr. Pressler made is that too often people would have left the Indian artifacts out 5 to 10 years ago, but now there is very definitely the tremendous increase in interest in these objects around the country and, of course, there are some considerable collections, Mr. Pressler, of American Indian art in Europe that would be covered if it were brought back here to show.

Mr. BERMAN. Senator, we regard the list as entirely adequate.

Of course, no list can be exhaustive, and perhaps in the future the committee will wish to add to it. But, certainly, for the present, it seems very good.

Senator PELL. Legislation as drafted limits participation to non-profit institutions, and do you think that for-profit institutions should be permitted?

Miss HANKS. I would think perhaps the committees might wish to consider flexibility and not necessarily in terms of profit institutions, but rather the covering of objects owned by private individuals because, particularly in Great Britain and, indeed, in some of the other foreign countries, they need to borrow from private individuals to round out an exhibition. And I think there needs to be some flexibility here.

Of course, in terms of the legislation and in terms of the regulations, presumably the other government would be making the evaluation and would include those private pieces right along with it.

Representative LEHMAN. In other words, it would be David Rockefeller, yes; Chase Manhattan, no?

Miss HANKS. Yes.

But, of course, this legislation is dealing with what is coming in from abroad here. If it were going the other way—

Representative LEHMAN. In reverse.

Miss HANKS. If the legislation were in connection with materials going from this country abroad, as was suggested by Mr. Dillon, I definitely think private owned pieces should be included because, among other problems, you have many privately owned pieces on permanent or semi-permanent loan. I think it could be a technical problem otherwise.

Senator PELL. In connection with this question of whether it should go both ways, as Mr. Dillon recommended, what is your view, Miss Hanks, in that regard?

Miss HANKS. I would certainly defer to the subcommittees on the political judgment as to whether it could be handled at one time. I think it is advisable in the long run and very appropriate because it is extremely important for people in other countries to have the benefit of seeing our works.

And until all nations indemnify works coming across their borders, we do have serious financial problems.

Mr. BERMAN. Senator, I would agree with that exactly. It is a long-range priority, but not a present one.

The main indication of this being the fact that the Endowment for the Humanities has, so to speak, a national, rather than international, charter. And the notion would be that we are responsible for bringing materials for the use of the general American public, but are not then heavily involved in exportation of American culture.

Senator PELL. There is one bit of information that might be of interest, and I will not ask for it if it is too much of a job to put together.

But do you know if anywhere in the Government there is a listing of all the exhibitions that have both come to America and gone from America over the last 10 years, and how the insurance was handled on these exhibitions?

Mr. BERMAN. I do not know if such a document now exists. It ought to be relatively simple to look it up and attempt to provide it for you.

Senator PELL. I am not sure it would be that simple, but we would be very grateful if you could see if that information was available and give it to us if it is.

Mr. BERMAN. Senator, do you want this to apply only to those exhibitions that have had Government assistance?

Senator PELL. I would like to have included all exhibitions.

Mr. BERMAN. That is harder, but we will do our best.

Senator PELL. I think you will find it is a more difficult job than you realize. I think it would be interesting for the appendix of this hearing as we move to final consideration of the bill.

Also, my own recommendation would be that we take very much into account the suggestion you have made here today and do a second draft of this bill, trying to meet the problems that OMB has raised and then, hopefully, securing a revised, at least, if not approval, a statement of not disapproval from OMB.

Representative PRESSLER. May I join the chairman in those remarks and say that as a member of the minority, I try to be as supportive as I can of the administration. But it is extremely difficult to do so if one does not know of the objections until arriving at the hearing.

Senator PELL. This is, as you know, somewhat customary because everybody is under the gun, and they only let you know at the last possible moment, which is, I am afraid, human nature.

I thank you very much indeed, and the record will be kept open for 2 weeks so that any members of the House or Senate subcommittees or interested citizens or residents of the United States, Government agencies, can submit their information.

I particularly thank my colleagues on the House side for cooperating in this joint hearing.

I only wish there were more joint hearings. We have done this in the field of arts and humanities now for more than 10 years, and I think it is an example, citing what Congressman Lehman said, of the peaceful side of art.

Representative LEHMAN. Détente.

Senator PELL. And I notice another thing, in all the hearings one normally has, there is always a policeman in the room and outside, even in the education hearings. But this time the Sergeant at Arms has decided there will be no violence here, and there is no policeman outside or inside.

At this point I order printed all statements of those who could not attend and other pertinent material submitted for the record.

[The prepared statement of Miss Hanks and the material referred to follows:]

Statement of

Nancy Hanks

Chairman, National Endowment for the Arts

Joint Hearings before the

Special Subcommittee on Arts and Humanities of the

Committee on Labor and Public Welfare of the

U.S. Senate and the Select Subcommittee on Education of the

Committee on Education and Labor of the

U.S. House of Representatives on

Part B of Title II of S. 1800 and H.R. 7216

June 4, 1975

I am very pleased to have the opportunity to testify on the proposed Arts and Artifacts Indemnity Act contained in Part B of Title II in S. 1800 and H.R. 7216, legislation to amend and extend the National Foundation on the Arts and the Humanities Act of 1965, to provide for the improvement of museum services, and to provide indemnities for exhibitions of artistic and humanistic endeavors, and for other purposes.

Placing the Federal Government in the role of a "guarantor" or "indemnitor" with respect to possible loss or damage to works of art and other objects in exhibitions certified by the Secretary of State to be in the national interest would reflect and follow policies already established and practiced by Great Britain and Australia, the Soviet Union and other nations. These countries have adopted this policy in the interests of easing the financial burden of their nationally important cultural institutions. And, as others will testify here, the experience of financial loss to those governments under this program has been practically nonexistent. The International Council on Museums, an advisory body to the United Nations Educational, Scientific and Cultural Organization on international museum matters, has recommended strongly that all nations adopt such a policy.

It has long been generally accepted that international exhibitions and exchanges between countries benefit the individual citizen in terms of the spiritual and cultural awareness and enlightenment that results from exposure to the artistic and cultural products and artifacts of other civilizations, both contemporary and ancient. By increasing man's knowledge of mankind, through the exhibition of these objects, we enhance man's knowledge of himself and, hopefully, stimulate future artistic and cultural activity to the ultimate benefit of the nation and its people.

While international exhibitions, usually part of exchange agreements, are generally held in high favor, the public is not fully aware of the exorbitantly high insurance costs in connection with these programs. Because of such costs, some major exhibitions in the past have been impossible to mount or sharply curtailed. In other instances the high costs of insurance have been covered in part through grants made by the National Endowment for the Arts or the National Endowment for the Humanities. 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 in part by a grant from the National Endowment for the Arts.

Similarly, an exhibition of recent works by Jean Dubuffet held at the Guggenheim Museum in New York carried an evaluation of several million dollars and an insurance premium in excess of \$80,000. I wish to note that the need for an indemnification policy is not restricted to New York City or to the major institutions only.

There is already well established precedent for the enactment of such legislation. Recently, two major exhibitions in the United States were made possible because of special ad hoc indemnity legislation enacted to cover

these specific exhibitions. On May 21, 1974, the President signed into law P.L. 93-287 (S. 3304) which made possible the Exhibition of Archeological materials from the People's Republic of China, now on view in Kansas City following a very successful showing at the National Gallery here in Washington. More recently, P.L. 93-476 (S.J. Res. 236) was passed by the Congress and signed by the President October 26, 1974. This bill made possible the historically unprecedented current exchange agreement between the Metropolitan Museum of New York and the Soviet Union, resulting in the nationally acclaimed exhibition of ancient Scythian gold and silver objects from the Hermitage in Leningrad and the Lavra State Museum in Kiev. It is my understanding that these exchanges could not have taken place without the Federal indemnity legislation.

It is almost embarrassing for me to describe the situation that exists with a major exhibition organized by the Museum of Modern Art in New York City. As I understand it, the museum wished to present an exhibition entitled "From Manet to Matisse" that would draw heavily on foreign collections. Since the insurance premium on such an exhibition was estimated in the neighborhood of \$200,000, the Museum was prepared to abandon the project when the Australian government expressed interest. As I mentioned, the Australians have an indemnification policy. The exhibition has opened in Sydney with Australian indemnification and will ultimately be seen in the United States, thanks to Australia.

American museums are among our most vital and active cultural institutions. They are normally engaged in exchange of all sorts of objects and works of art with their counterparts outside the United States.

Indemnity legislation will afford our museums the kind of protection they require to continue these programs by eliminating the costs of prohibitively expensive insurance, while not requiring any additional immediate Federal appropriations. If the British experience to date is a valid criterion, the Federal government may never have to appropriate any significant amounts to cover losses under this authorizing legislation.

Of course, we have to recognize that there could, despite all protections, be a catastrophic loss. Museums, both domestic and international, take every sound precaution to protect valuable objects. These precautions, taken by very responsible people, range from adequate security protection, to superb transportation and packaging technology. The experience of non-loss in exchange of objects speaks well for the care of treasures. But, a plane carrying invaluable objects could go down. It has not happened but it could. This possible event, totally unsubstantiated by experience, must be in my view accepted by this government -- without fear.

I believe the museum professionals of this country and the nations of the world assume with greatest responsibility the objects entrusted to their care. The question before us today is to enable -- indeed, to encourage -- these professionals to step up an exchange of objects to the benefit of people of all nations. I believe action by this government will encourage all other nations to take similar action.

Cultural exhibitions and exchanges of high quality should be encouraged by the laws and policies of the United States Government. They are in the national interest because of the personal esthetic, intellectual, and cultural benefits accruing to every man, woman and child of this nation who has the opportunity to experience these beautiful and enlightening presentations. We believe that this country should do as much as any nation in the world to insure that these vitally important programs are strengthened.

The Office of Management and Budget has advised us that the Administration does not support the legislation in its present form. OMB indicates that the need for Federal involvement in this area; the extent of such involvement; and how it should be accomplished are questions requiring further study. This hearing is being held, of course, to obtain answers to questions like these and others.

In the Office of Management and Budget's view, the legislation as written appears to present a possible constitutional problem concerning separation of powers, since the Federal Council has Congressional members. Also, there is a concern that there is no upper limitation specified on the size of indemnities which could be provided. Also, OMB notes that there is no indication of a lack of availability of private insurance for these purposes. A basic question in regard to the present legislation is whether the bill adequately circumscribes the Federal role, that is, the bill as written appears to be open ended with respect to procedures and questions relating to the specific kind of exhibition intended to be covered.

In the meantime, I should like to take the opportunity to express my gratitude to the members of the subcommittees and to their staffs and to all of those in the Senate and the House, who with imagination and dedication have worked with the museum profession in developing legislation that could immeasurably benefit the people of this country.

## Listings of Exhibitions Supplied to Museums in Various States

## Boston - Museum of Fine Arts

"Chinese Art Treasures: A Selected Group of Objects from the Chinese National Palace Museum, and the Chinese National Central Museum, Taichung, Taiwan" (1961-62).

## Chicago - Art Institute

"Painting in Italy in the Eighteenth Century: Rococo to Romanticism" (1970).  
 "Paintings by Monet" (1975).  
 "Paintings by Renoir" (1973).  
 "Impressionist and Post-Impressionist Painting from the U.S.S.R." (1973).

## The Cleveland Museum of Art

"Caravaggio and His Followers" (1971-72).  
 "Chinese Art Under the Mongols: The Yuan Dynasty (1279-1368)" (1968).  
 "Japanism: The Impact of Japanese Art on France" (1975).

## Detroit Institute of Arts

"Art in Italy, 1600-1700" (1965).  
 "French Painting, 1774-1830" (1975).  
 "Romantic Art in Britain" (1968).  
 "Twilight of the Medici" (1974).

## Los Angeles County Museum

"Art Treasures of Japan" (1965-66).  
 "The Cubist Epoch" (1971).

## New York - S. Guggenheim Museum

"Constantin Brancusi, 1876-1957" (1969).  
 "Max Ernst: A Retrospective Exhibition" (1975).  
 "Piet Mondrian, 1872-1944: Centennial Exhibition" (1971).  
 "Ferdinand Hodler" (1972-73).

## New York - Museum of Modern Art

"René Magritte" (1965).  
 "The Sculpture of Picasso" (1967).  
 "Dada, Surrealism and Their Heritage" (1968).

## Philadelphia - Museum of Art

"Edouard Manet, 1832-1883" (1966).

San Francisco - M. H. de Young Memorial Museum

"Animal Style" Art from East to West" (1970).

Toledo Museum of Art

"Dutch Masterpieces from the Eighteenth Century" (1971).



## DEPARTMENT OF STATE

Washington, D.C. 20520

JUN 26 1975

Honorable Claiborne Pell  
Chairman, Committee on Labor  
and Public Welfare  
Subcommittee on Education  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

Counsel for the Subcommittee has asked the Department of State for its views on Senate Bill 1800, Part B, the Arts and Artifacts Indemnity Act.

The Department of State supports the intent of this legislation. Major international exchanges of art constitute an important part of the cultural interchange between nations. The rising monetary value of significant works of art has created obstacles to the exchanges of such objects which allow the peoples of the world to share their cultural heritage, and thus become more understanding of each other. Not the least of these obstacles has been the high cost of insurance.

We have already seen instances of important artistic exchanges between countries which would probably not have been possible without programs of government indemnity. In the United States, such support has been offered in two cases by special legislation. However, what is really needed now is a comprehensive system to provide such indemnities in appropriate cases.

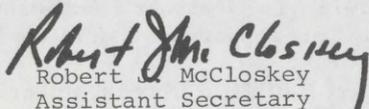
The Department of State notes that the proposed legislation would apply only to items while on exhibition in the United States. We would recommend that indemnity legislation provide authority for the coverage of items being sent from the United States to other countries in specified cases. For example, indemnity legislation would be most appropriate where an exchange of art is contemplated with another country, and where the circumstances make it desirable for the United States to cover the American items rather than

-2-

those being brought to this country. (The recent exchange under which the Scythian Gold came to the United States from the U.S.S.R. and the Metropolitan Museum sent paintings to the Soviet Union is a case in point.) However, we would recommend that only one part of an exchange, either the inbound or the outbound, be covered. In no case should both halves of the exchange be covered by the U.S. Government indemnity. In addition, there might also be cases not involving exchanges, in which coverage of an outbound exhibition would be appropriate, for example the U. S. entry in an international exhibition.

The Office of Management and Budget advises us that the Administration does not support Senate Bill 1800 in its present form. OMB has indicated that the need for federal involvement in indemnification, and the nature and extent of that involvement are issues requiring further study. In addition, a specific reservation was expressed by the Office of Management and Budget concerning a possible constitutional problem with the Bill regarding separation of powers, since the Federal Council on the Arts and the Humanities includes members of Congress.

Sincerely,

  
Robert J. McCloskey  
Assistant Secretary  
for Congressional Relations



SMITHSONIAN INSTITUTION  
*Washington, D.C. 20560*  
*U.S.A.*

June 18, 1975

Honorable John Brademas  
Chairman  
Subcommittee on Select Education  
Committee on Education and Labor  
U. S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

Thank you very much for your invitation to testify on Part B of Title II of H. R. 7216, the Arts, Humanities, and Cultural Affairs Act of 1975. I regret that a longstanding institutional commitment precluded my appearance before the Subcommittee on June 4th.

Part B of Title II would authorize the Federal Council on the Arts and Humanities to indemnify against loss or damage works of art, manuscripts and documents, other objects and artifacts, and film and tape recordings which are of educational, cultural, historical, or scientific value and the exhibition of which is certified by the Secretary of State as being in the national interest. Indemnification would be for the period eligible items are on exhibition in the United States.

Individuals, non-profit agencies and institutions, and governments may apply to the Council for indemnification, which shall cover loss or damage in excess of \$25,000, and provision for the adjustment of claims is made. The bill authorizes the appropriation of such sums as may be necessary to carry out the functions of the Council under Part B of Title II and to pay certified claims. It also requires the Council to report annually to the Congress on claims paid and pending, and on the aggregate value of indemnification contracts outstanding at the close of each fiscal year.

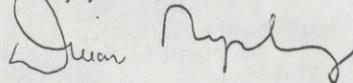
The Smithsonian Institution supports the principle of government indemnification of objects in international cultural exchanges. Indemnification of national treasures is practiced in countries outside of the United States, and is an important and useful means and, I believe, may be the only feasible means of increasing these extremely valuable exchanges.

We, of course, must defer to the agencies of the Executive Branch with respect to technical aspects of the bill. However, I would like to suggest that consideration be given to expanding the concept of indemnification to include not only exhibitions coming to the United States, but those going abroad from this country as well. As a follow-up to the Bicentennial, there are likely to be substantial demands on American museums for loan exhibitions.

One additional comment may be in order with respect to the bill's proposed vesting of indemnification authority in the Federal Council on the Arts and Humanities. The Council is primarily an advisory and coordinative body consisting of representatives of organizations with interests germane to those of the National Foundation on the Arts and Humanities. To give these representatives decision-making responsibility may conflict with their advisory as well as their institutional interests. Both the Smithsonian Institution and the National Gallery of Art are members of the Federal Council and at the same time might be eligible applicants for indemnification. We understand that this provision may also create a potential Constitutional problem with respect to the separation of powers since the Council includes Members of Congress.

The Office of Management and Budget advises that the Administration is opposed to enactment of this legislation in its present form. It believes that further study is required to determine whether there is a need for Federal involvement in this area and, if so, the nature and extent of that involvement.

Sincerely yours,

J. 

S. Dillon Ripley  
Secretary

## National Gallery of Art

Washington, D.C. 20565

Office of the Director

May 30, 1975

## STATEMENT BY J. CARTER BROWN

Re S.1800 and H.R. 7216, Part B - Exhibitions, Sec. 221:  
Arts and Artifacts Indemnity Act

Mr. Chairman:

My name is J. Carter Brown. I have been Director of the National Gallery of Art since 1969. I am also Chairman of the Commission on Fine Arts and a member of the Federal Council on the Arts.

I would like to endorse the concept and thrust of the proposed legislation and to urge your Committees to report bills along the lines of S.1800 and H.R. 7216 favorably and work for their enactment into law with reasonable dispatch.

Several developments of the past two decades have made the need for federal governmental action in this area immediate and pressing:

1. Rapid inflation in the market value of works of art, particularly those of renowned artists;
2. Mushrooming public interest and sophistication in the visual arts;
3. Acquisitions by public museums of all but a very few of the world's great art treasures, with only a trickle becoming available for purchase;
4. This trickle further reduced by national laws in most art-rich countries forbidding permanent export of indigenous works of art and artifacts and of "art treasures," even when created by nationals of other countries; and

-2-

5. Acceptance, almost worldwide, of the desirability of understanding the cultural and artistic traditions of all civilizations irrespective of differences in current political systems.

All these have combined to make loan exhibitions, large or limited, the only feasible way in which American museums can discharge their duty to the public by presenting for enjoyment and study in temporary exhibitions works of art which otherwise would be inaccessible.

In the last five years the National Gallery, generally in cooperation with other museums, has presented 27 loan exhibitions of which the following are particularly noteworthy:

Mary Cassatt

Dürer in America: His Graphic Work

The Art of Wilhelm Lehmbruck

Impressionist & Post-Impressionist  
Paintings from the U.S.S.R.

The Far North: 2000 Years of American  
Eskimo & Indian Art

Old Master Drawings from Christ  
Church, Oxford

African Art and Motion

Exhibition of Archaeological Finds  
of the People's Republic of China

The aggregate premium costs of insuring works lent to exhibitions at the Gallery during this five-year period was in excess of \$200,000.

As part of the nation's bicentenary celebration, the Gallery plans to present beginning this summer the following major exhibitions:

Master Paintings from the Hermitage  
and State Russian Museum, Leningrad

-3-

The European Vision of America (16th through early 19th Century)

The Eye of Thomas Jefferson (The Cultural Heritage of Jefferson from Classical Times through the 18th Century)

Egyptian Treasures (from the Tomb of Tutankhamen and Other Pharoahs)

Insurance costs for the Gallery's share of these have not been finally determined but could well run in excess of \$300,000.

As the Committee knows, in lieu of insurance, a state-to-state indemnity agreement between the United States and the People's Republic of China was authorized to cover risks of destruction and damage involved in the exhibition of archaeological treasures from the People's Republic of China and somewhat different legislation was enacted to protect the Metropolitan Museum of New York's exchange with the Soviet Union. Without such governmental assistance, millions of American citizens would have been denied the opportunity to enjoy and benefit from the Chinese archaeological finds and the Scythian Gold Exhibit. It is hard for me to believe that the Congress wishes to enact special legislation on an ad hoc basis for each major international show or exchange agreement.

The Committee is doubtless also aware of the system whereby the government of the United Kingdom pledges its full faith to indemnify lenders to exhibitions in the United Kingdom. From all reports, experience under this system has been most satisfactory to lenders and highly economical from the point of view of the British Treasury.

I believe the proposed legislation should consist of broad organic provisions and assign responsibility to a specific agency that can best issue detailed regulations amplifying the legislation and carry out its purposes with a minimum of bureaucratic overhead. It is beyond my competence to advocate the particular agency to be so charged.

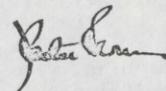
-4-

The United States Government has long had a basic policy of being its own insurer. Consistent with that policy, the National Gallery devotes 25% of its appropriated funds to careful and sophisticated protection of its collections and not a dollar to insuring the works it owns from loss or damage while on its premises. Despite a few regrettable instances of reparable damage owing to insensate vandalism, the loss record in the 34 years since the Gallery's doors were opened has been essentially zero. The odds of loss through a commercial aircraft disaster, according to 1973 data, are 999,999:1.\*

If the agency designated in the Act requires, as I am sure it will, prudent and professional standards of handling and guarding works of art for which indemnification agreements are authorized under this proposed legislation, the exposure of federal funds, with the \$25,000 deductible provision, in pragmatic terms, is virtually infinitesimal.

Major loan exhibitions should be seen not only by the national tourist audience that flocks to the Capital, but in museums across the country. The enactment of legislation providing federal indemnification would help tremendously the educational and cultural life of this country nationwide.

Respectfully submitted,



J. Carter Brown  
Director

\*Data furnished by Air Transport  
Association.

Cleared for OMB by James F. C. Hyde, Jr., Assistant  
Director for Legislative Reference, by telephone  
June 11, 1975.

WILLIAM ROCKHILL NELSON GALLERY OF ART  
 The William Rockhill Nelson Trust  
 ATKINS MUSEUM OF FINE ARTS  
 4525 OAK STREET  
 KANSAS CITY, MISSOURI 64111  
 (816) 561-4000

UNIVERSITY TRUSTEES:  
 MILTON MCGREEVY  
 MENEFFEE D. BLACKWELL  
 HERMAN R. SUTHERLAND

12th June, 1975

Memorandum to: Special Committee on Arts and Humanities, U.S. Senate

Subject: Bill S. 1800

From: Laurence Sickman

In reference to S. 1800 Part B., Section 221 through Section 229, I am strongly in favor of Federal indemnification covering international exhibitions as defined in Section 223 (a). It is my assumption the intent of the Bill is to supply such Federal indemnification only for exhibitions of such objects as defined in Section 223 (1) through (3), originating outside the United States, and not exhibitions consisting of such objects owned by individuals and institutions within the United States.

I have avoided comment on motion pictures or audio-visual tape (Section 223 [4] ), because this is an area in which I am not competent to form a judgment.

I particularly favor the stipulation, under eligibility terms, that the exhibition "is certified by the Secretary of State or Designee as being in the national interest." (Section 223 [B] ). It seems to me this is a very logical and necessary control.

Although an estimate of value on such items as covered by the Bill is extremely difficult, I am convinced such procedure is necessary because greatly inflated evaluations are not uncommon when requesting loans from foreign countries (Section 225 [a] ). I am also strongly in favor of limiting the coverage for damage or loss to sums in excess of the first \$25,000 (Section 225 [b] ). Any institution capable of mounting an important international exhibition is certainly covered by employee liability insurance equal to or in excess of this amount.

In recent years the American public has been treated to a number of exhibitions which would qualify for such Federal indemnification as is proposed in the Bill. Among them are the exhibition of French Tapestries, that of French Impressionist paintings, and the exhibition of Scythian Gold from Russia, currently at the Metropolitan. Exhibitions of such magnitude and national importance are virtually impossible financially unless the sponsoring institution has Federal protection from subrogation.

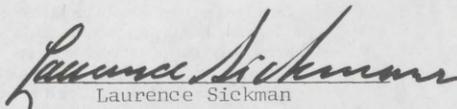
My own institution, the Nelson Gallery-Atkins Museum, can supply a perfect example of the real necessity for such Federal support. We have just concluded the Exhibition of Archaeological Finds of the

Memorandum

-2-

12th June, 1975

People's Republic of China, which certainly qualifies as one contributing to the national interest. It would have been impossible for us to hold this exhibition in the mid-West without substantial assistance from the National Endowment for the Humanities and the indemnification provided by the Federal government in accordance with Public Law 93-287. During the seven weeks the Exhibition was in Kansas City the attendance was in excess of 270,000. There could be no better demonstration of public interest in exhibitions of this quality and character and the educational and humanistic value of such exhibitions.



Laurence Sickman  
Director  
Nelson Gallery-Atkins Museum

LS:jf

ADVOCATES FOR THE ARTS-ROOM 820-1564 BROADWAY-NEW YORK, N.Y. 10036-TELEPHONE (212)586-3731

25 June, 1975

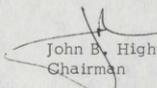
Dear Senator Pell:

The Arts and Artifacts Indemnification Act which is part of a larger bill (Arts, Humanities, and Cultural Affairs Act of 1975) is an extremely beneficial and commendable piece of legislation.

When I was Director of the Museum of Modern Art, we had to cancel a Cézanne exhibition, which could have been an international blockbuster, because of insurance costs. It is an exhibition that has never been done and would have been available for traveling throughout the country were the Indemnification Act in effect at that time. Perhaps the idea can be rekindled if the Act is passed. This example is just one of many that would enable the American public to see works of art they have never seen before.

If there is anything I can do to assist you in your efforts with this bill, by all means let me know.

Best regards,

  
John B. Hightower  
Chairman

The Honorable Claiborne Pell  
US Senate  
Washington, DC 20510

JBH:nvb

May 27, 1975

Honorable Claiborne Pell  
United States Senate  
Washington, D.C. 20510

Dear Senator Pell:

On behalf of the American Association of Museums and its entire membership, I wanted to thank you for your introduction of S.1800 and S.1797, bills that could both strengthen the museum profession and the focus of national attention to the needs of museums.

My congratulations for your foresight and dedication to help resolve the many problems facing museums in such a positive and far reaching manner.

Sincerely,

Kyran M. McGrath  
Director

KMM:erc

JUN 11 1975

## THE ASSOCIATION OF ART MUSEUM DIRECTORS

June 10, 1975

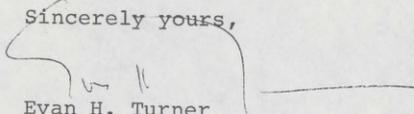
The Honorable Claiborne Pell  
United States Senate  
Washington, D.C. 20510

Dear Senator Pell:

As the current President of the Association of Art Museum Directors, I write you to strongly endorse the intent of the proposed legislation of S. 1800, sections 221-229.

The art museums of America have played an increasingly important role in the life of the United States. A major factor in their attracting greater numbers of Americans is the succession of exhibitions to which the Museum world has been increasingly committed. The increased costs of these exhibitions--and particularly of international loans--looms as a factor that could potentially undermine the distinction and the frequency of these exhibitions. Thus the proposed legislation is of the greatest importance in encouraging the maintenance of a major element in the intellectual life of America; indeed such support will almost certainly nurture an even more active program of exchange loans.

Sincerely yours,



Evan H. Turner  
President  
c/o Box 7646  
Philadelphia, Pennsylvania 19101

EHT/cgg

## Independent Research Libraries Association

AMERICAN ANTIQUARIAN SOCIETY • AMERICAN PHILOSOPHICAL SOCIETY • JOHN CRERAR LIBRARY  
 FOLGER SHAKESPEARE LIBRARY • LINDA HALL LIBRARY • HISTORICAL SOCIETY OF PENNSYLVANIA  
 HENRY E. HUNTINGTON LIBRARY • LIBRARY COMPANY OF PHILADELPHIA • MASSACHUSETTS HISTORICAL SOCIETY  
 PIERPONT MORGAN LIBRARY • NEWBERRY LIBRARY • NEW YORK ACADEMY OF MEDICINE  
 NEW YORK PUBLIC LIBRARY

Virginia Historical Society

June 4, 1975

Honorable Claiborne Pell  
 United States Senate  
 325 Russell Building  
 Washington, D. C. 20510

Dear Senator Pell,

As Chairman of IRLA I represent several of the major independent libraries in the United States. These libraries, collectively, are a major resource for scholarship and humanistic studies. Each of them holds unique materials, and each of them makes these materials available through readers' services, photoduplication, and public exhibitions.

This letter is in reference to Senate Bill S.1800, Part B. The cost of insuring rare books and manuscripts brought together for a special exhibition can be quite high, especially when these items must be brought to the United States from abroad. While the provisions of Part B will be a major benefit to art galleries and museums, they will also benefit libraries. The institutions which I represent therefore wish to appear on record as favoring the bill.

Sincerely,

O. B. Hardison, Jr.

OBH:nr  
 cc: Steve Wexler

## THE ART INSTITUTE OF CHICAGO

MICHIGAN AVENUE AT ADAMS STREET, CHICAGO, ILLINOIS 60603/TELEPHONE (312) Central 6-7080/CABLE: ARTI

OFFICE OF THE PRESIDENT

May 30, 1975

The Honorable Tim L. Hall  
House of Representatives  
Washington, D. C.

Dear Mr. Hall:

I write to you as the only member of the Illinois delegation who serves on the Select Subcommittee on Education. I write with reference to H. R. 7216, an indemnity program for the international exchange of works of art.

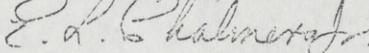
As you know, The Art Institute of Chicago frequently mounts major exhibitions, and shares exhibitions of art with other museums at home and abroad. Such exhibitions have been threatened in recent years by the high costs of insurance, especially for art works sent by other nations. Only rarely is such an object damaged, let alone lost. Nevertheless, because the value of great works of art has risen dramatically, so, too, have insurance costs.

You may be interested to know that if H.R. 7216 had been in effect last year, the savings to The Art Institute of Chicago for the recent Monet Exhibition alone would have been in excess of \$30,000, a sum substantially greater than annual payments on grants to The Art Institute of Chicago from the National Endowments combined, but, significantly, at a much smaller cost to the taxpayers. (In the case of the Monet Exhibition, there would have been no cost to the taxpayer since none of the international loans were damaged or lost.)

Not only do we urge your support of H.R. 7216, but offer any details about the salutary effects of this legislation that you or your staff may request.

Thank you most sincerely for your efforts in connection with this important legislation.

Sincerely yours,



E. Laurence Chalmers Jr.  
President

ELC/hb

cc: ✓ Senator Claiborne Pell  
Representative John Brademas

## THE ART INSTITUTE OF CHICAGO

MICHIGAN AVENUE AT ADAMS STREET/ CHICAGO, ILLINOIS 60603/ TELEPHONE: (312) CENTRAL 6-7080/ CABLE: ARTI

June 6, 1975

*Approved by [unclear]*

Subcommittee on Select Education  
2178 Rayburn Building  
Washington, DC 20515

The cost of the insurance on foreign loans to the Monet Exhibition at the Art Institute of Chicago (March 15 through May 11, 1975) was as follows:

Seven paintings totaling \$4,996,800 in value insured through H. T. Block = \$15, 989

Two paintings totaling \$4,000,000 in value insured through Gras & Savoye = \$14,744

Total insurance cost = \$30,733

Incidentally, more than 380,000 people saw the Monet Exhibition over an eight-week period. Also, the nine paintings noted above arrived back in Europe totally undamaged. Under H. R. 7216 the Art Institute of Chicago would have saved \$30,733 and the U. S. taxpayers would have paid nothing!

Sincerely yours,

*E. L. Chalmers, Jr.*

E. L. Chalmers, Jr.  
President

ELC/sb

LOS ANGELES COUNTY MUSEUM OF ART

5905 Wilshire Boulevard, Los Angeles, California

RICHARD E. SHERWOOD, *President*  
BOARD OF TRUSTEES

May 29, 1975

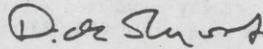
Congressman John Brademas  
Rayburn House Office Building  
Room 2134  
Washington, D. C. 20510

Dear John:

I am writing in enthusiastic support of the indemnification provisions of H.R. 7216. The attached letter to Alan Cranston re the parallel Senate bill, S. 1800, sets forth the position of our Board of Trustees.

I trust that you and your Senate colleagues will act favorably on the legislation at your June 4 hearing and that the legislation will in due course be enacted into law.

Sincerely,



Richard E. Sherwood

RES:lah  
Encl.



## Museum of Contemporary Art

---

Senator Claiborne Pell  
Senate Office Building  
Washington, D.C.

Dear Senator Pell:

I understand that hearings will soon open regarding renewed funding for the National Foundation for the Arts.

I wish to add my voice to the many others you will undoubtedly hear regarding the essential services performed by this agency in advancing the arts in this country.

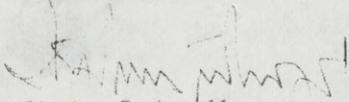
It is unthinkable now to regard the activities and services of museums and many other cultural institutions without acknowledging the assistance provided by the National Foundation for the Arts. As you know, the cultural requirements of the American public have grown enormously over the last few years. This is a development of great importance and profound value in our social life because it brings people into closer contact with their heritage and with artistic distillations of their thinking and sensibility. Unfortunately, it is no longer possible for private philanthropy to finance the burgeoning needs of our cultural institutions. The National Foundation for the Arts has done much to fill the gap between need and available support and, in part, this may account for the relative good health of the arts in our country today. But unfortunately there is all too much room for improvement still, at current levels of assistance. A reduction or elimination of funding for the National Foundation for the Arts would perpetrate nothing less than a disaster for the cultural life of the nation. It is a possibility that is genuinely not to be considered!

237 e. Ontario st., Chicago 60611, Wh 3-7755

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The continued existence of the Endowments is of profound importance to all Americans. And I will deeply appreciate your support of future funding.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen Prokopoff", written over a faint, illegible typed name.

Stephen Prokopoff  
Director

20 May 1975

SP:ec

OLD DARTMOUTH HISTORICAL SOCIETY  
 WHALING MUSEUM

18 JOHNNY CAKE HILL — NEW BEDFORD, MASSACHUSETTS 02740

June 5, 1975



Mr. Stephen J. Wexler  
 Counsel  
 Special Subcommittee on Arts and Humanities  
 United States Senate  
 Washington, D. C. 20510

Dear Steve:

Thank you for sending a copy of S. 1800, which I found instructive and think well prepared and stated. Our experience with international loans is very limited, but your letter and the bill arrived at a time when I have been pondering the merits and feasibility of two such loan exhibitions.

The first would be with the Soviets and would involve ivory carvings, primarily walrus tusks, that were artfully engraved by the Chuckchis of Siberia in the last century and early years of this one. Their connection with our own tradition of scrimshaw is extremely interesting, and a comparison of the two forms of folk art would be instructive. The major holdings in the Soviet Union are in Leningrad at the Ethnographical Museum and the Arctic Institute.

The other show would be of drawings and oils by a Dutch painter, Albert van Beest, who came to this country in 1854. A local artist, William Bradford, brought him to New Bedford to serve as his mentor. In the few years that remained to van Beest before his death in 1860, he introduced the aspiring locals to a romantic, cosmopolitan view of art and left a major mark on our artistic heritage. His American work is largely lost, but in Rotterdam and Amsterdam there are considerable holdings of early drawings and oils.

Neither exhibition would be of broad popular appeal, but are the kinds of thing that smaller museums can do creditably, particularly with the kind of encouragement offered by your bill.

Sincerely yours,

*Dick Kugler*  
 Richard C. Kugler  
 Director



PHILADELPHIA  
MUSEUM  
OF ART

*Benjamin Franklin Parkway, Box 7646, Philadelphia, Pennsylvania 19101 · Telephone: 215 763-8100 · Cable: Philmuse*

May 27, 1975

The Honorable Claiborne Pell  
The United States Senate  
Washington, D. C. 20510

My dear Senator:

BILL S.1800

I am delighted to know that joint hearings are to be held on the indemnity portion of pending legislation for insuring international exhibitions of works of art. This is to let you know that I support wholeheartedly this long-needed legal action for American museums.

As cultural centers, our museums are ambassadors of good will to all other nations, and the exchange of our collections brings tremendous benefits to people of this country, as well as to visitors from abroad.

We have been faced with the almost impossible task of financing insurance of works of art in these exhibitions to, and from, foreign countries. Our financial support comes primarily from contributions from loyal friends, some foundations, and from legacies. It is, of course, unrealistic to continue to look only to these limited sources for our operating and capital expenses, adding the high cost of insurance for loan exhibitions to our present budget. Passage of this bill now being considered would be a significant achievement for the arts in America.

In the draft legislation, it is my understanding that proposed legislation does not provide for insuring art sent from American museums for exhibitions abroad. I urge you to consider the propitious inclusion of indemnifying art from America, not already insured, when on exhibition elsewhere. Exchange loans are now an important trend as part of international cultural arrangements.

Sincerely,

George M. Cheston  
President

GMC:ld

## THE TOLEDO MUSEUM OF ART

MONROE STREET AT SCOTTWOOD AVENUE BOX 1013, TOLEDO, OHIO 43697

OTTO WITTMANN, DIRECTOR

June 18, 1975

The Honorable Claiborne Pell  
The United States Senate  
Washington, D.C. 20025

Dear Senator Pell:

With regard to Bill S. 1800 introduced by you and Senator Javits on May 21, 1975, I wish to comment specifically on Part B, Section 221, the "Arts and Artifacts Indemnity Act".

The provisions of this would be of great benefit to the vast numbers of United States citizens who visit temporary exhibitions brought from abroad by American museums.

The costs of organizing such important international exhibitions which enable all of us to better understand other parts of the world have continued to rise. A major factor in the costs of organizing such exhibitions has been a rising value of objects lent and therefore the rising amount of insurance premiums. On the other hand the record of loss or damage to objects lent has been most favorable and damage has been negligible.

This Museum specifically has organized and exhibited many international exhibitions during the past 25 years. We are organizing an exhibition of French 18th century art for the 1975-1976 season. More than 70 pictures will be brought from France and the total insured amount for the exhibition will be close to 20 million dollars. The premium for insuring this amount for overseas transportation and transportation among several American museums will be considerable. The costs of organizing this exhibition could be reduced substantially if the provisions of the Indemnity Act as proposed by you and Senator Javits could be enacted.

The Honorable Claiborne Pell  
Page 2  
June 18, 1975

We are only one museum among many who organize and participate in such international exhibitions believing that they result in better understanding among countries. We also lend works of art to European museums for the same reason and such indemnity could affect favorably our attitude toward lending as well as towards borrowing.

Sincerely,

Otto Wittmann  
Director

OW:jkb

2029 Connecticut Avenue, N.W.  
Washington, D.C. 20008

June 5, 1975

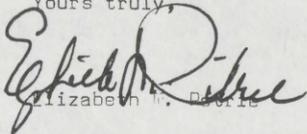
JUN 9 1975

The Honorable Clairborne Pell  
Room 325  
Russell Building  
Washington, D.C. 20510

Dear Senator Pell:

I am a trustee of the Corcoran Gallery in Washington and of the Philadelphia Museum in Philadelphia. In this capacity I know of the great need for Government indemnification of international exhibitions of works of art. I do hope that you will lend your support to this important objective.

Yours truly,

  
Elizabeth H. Curtis

DAF:ssn

## Washington International Arts Letter

A Letter Service and Digest Concerning 20th Century Patronage, Support Programs and Developments

DANIEL W. MILLSAPS, III  
Editor and Publisher

1321 Fourth Street, S.W., Washington, D.C. 20024 202-554-5330

June 4, 1975

The Honorable Claiborne Pell  
Chairman, Subcommittee Arts-Humanities  
Labor and Public Welfare Committee  
U.S. Senate  
Washington, D.C.

Dear Claiborne,

I feel that should there ever come a time when works of arts and other objects used in cultural displays sent from America abroad, would be covered in the "Arts and Artifacts Indemnity Act" on which you held hearings today, works owned by individuals and profit as well as non-profit groups should be covered for several reasons. In the arts, particularly, this would be another spur to corporations to continue to purchase works of art. Recently, by my surveys, they have slacked off in their buying of these objects. We are trying to encourage the artists, the arts and make advances in cultural affairs through these pieces of legislation, and this would be one indirect way of doing all three at such small (if any) cost to government.

Other reasons include those mentioned by Nancy Hanks today and I shall not repeat them.

Further, in these cultural affairs activities, I think we tend to lean over backwards toward the non-profits in our way of creating more and more socialistic thinking in the country. There should be a broadening of thinking along these lines.

Please feel free to print these thoughts in the record. I must say that going to hearings you conduct makes me think of the way an artist creates...he just begins--as you do on legislation--and makes the changes in direction as the work progresses and indicates there are necessary. Those at your hearings seem to feel they are being a part of the creative process in this respect.

Best wishes on your work. Expect my cooperation in getting support for the principles embodied in the Indemnity Act.

Sorry I did not get to speak today. I was rushing.  
Sincerely,

Daniel Millsaps

HUNTINGTON T. BLOCK  
INSURANCE1100 CONNECTICUT AVENUE, N. W.  
WASHINGTON, D. C. 20036LLOYD'S OF LONDON  
FACILITIESTELEPHONE: 202 223-0673  
CABLES: HUNTBLOCK

The Hon. Clairborne Pell, Chairman  
Special Committee on the Arts & Humanities  
Committee on Labor & Public Welfare  
United States Senate  
Washington, D. C. 20510

Dear Senator Pell:

For the past twenty years my office has been involved in the insurance accounts of museums all across the United States. In fact, it is fair to say we have an ongoing relationship with more than 100 museums, and are called upon to insure special exhibitions for many others. So it is not without substantial reason that we bill ourselves as museum insurance specialists.

I am familiar with the indemnification legislation at hand, and it appears to be generally in line with the kind of indemnification other prominent countries are providing for loans involving museum quality objects of high value.

As museum insurance specialists we have negotiated many policies covering international exhibitions. While the American insurance market is a good deal more receptive to these placements than it once was, not all underwriters are enthusiastic about this type of insurance, and the cost can often be substantial. In fact, I am aware of several exhibitions which had to be cancelled as a result of high insurance and shipping costs.

In the short run it is accurate to say that my office would lose business as a result of the proposed legislation, but in the long run what's good for museums must be good also for those of us who serve them. Large exhibitions breed smaller exhibitions, and as I understand this legislation, it only concerns itself with international exhibitions of particular significance.

You may register me as a supporter of the bill now before you.

Sincerely,

Huntington T. Block

HTB/jr



## AMERICAN INSURANCE ASSOCIATION

FEDERAL AFFAIRS OFFICE

1025 CONNECTICUT AVE., N.W.

WASHINGTON, D.C. 20036

(202) 293-3010

June 23, 1975

Senator Claiborne Pell  
 Chairman, Special Subcommittee on Arts  
 and Humanities  
 Committee on Labor and Public Welfare  
 Suite 4228, Dirksen Senate Office Building  
 Washington, D. C. 20510

Dear Senator Pell:

Re: S. 1800, Indemnities for Exhibitions of Artistic and  
 Humanistic Endeavors

The American Insurance Association is a voluntary trade association of 138 member companies who write all lines of property and casualty insurance in the United States. It is with considerable interest that we note the provisions in part B of S. 1800. Although only a few of our member companies participate in providing insurance coverage for exhibitions of this type, the precedent set forth in this legislation is of some concern to us.

In discussion with subcommittee staff and in the hearings there seemed to be an apparent understanding that the indemnity insurance to be provided by the U. S. government for exhibitions that fulfill a national foreign policy objective would be strictly limited to those exhibitions presented or arranged by nonprofitmaking organizations, like state governments, the federal government, or nonprofit museums or other institutions. However, Section 224 of the bill provides that any person, nonprofit agency, institution, or government desiring to obtain an indemnity for eligible items may make application for this indemnity coverage.

We believe that such a broad application of this coverage is inimical to the interests of our member companies, as well as contrary to the expressed intention of the bill. We would hope that this section can be redrafted to in fact limit the coverage to only nonprofit institutions, since the capacity of the private insurance sector to meet the needs in this area has not been questioned.

DONALD M. JOHNSON, CHAIRMAN

CARL B. DRAKE, JR., VICE CHAIRMAN

FREDERICK D. WATKINS, VICE CHAIRMAN

T. LAWRENCE JONES, PRESIDENT

Senator Claiborne Pell

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June 23, 1975

If we can be of any assistance to the committee staff in redrafting this section, please let us know.

Very truly yours,

Jeffrey M. Menick  
Associate Counsel

JMM:clj

cc: Senators Nelson, Eagleton, Mondale, Williams, Javits, Taft, Stafford  
Congressmen Brademas, Lehman  
Mr. Stephen Wexler, committee staff

SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE  
SPECIAL SUBCOMMITTEE ON ARTS AND HUMANITIES

Statement of the  
American Institute of Marine Underwriters

My name is Thomas A. Fain and I am Executive Vice President of the American Institute of Marine Underwriters. The Institute is a membership organization numbering among its members 125 insurance companies, each of which is authorized to write marine insurance in one or more states of the United States. The Institute serves as the voice of the American marine insurance market on matters of common interest.

Our members are somewhat puzzled and concerned by the indemnity provisions of S. 1800. In introducing the Bill, Senator Pell spoke of the indemnity program as one which would pledge the full faith and credit of the United States to indemnify other countries if arts and artifacts which are brought here are damaged and destroyed. Again he spoke of the program as one to cover exhibitions which "are brought to the United States as part of our international relations". S. 1800 is by no means so limited.

Under the provisions of Section 224(a) of the Bill, application for indemnity may be made by "any person, non-profit agency, institution, or government". We would have no quarrel whatsoever with any agreement in this field that our Government might enter into with a government of another country. The two such agreements cited by Senator Pell, one covering artifacts from the People's Republic of China and the second covering an exhibition of Scythian gold, are certainly unobjectionable, but we do object to the Government making insurance available without cost to the other entities who would be made eligible under Section 224(a). Insurance on objects of art and artifacts is readily available in the American insurance market. Shipments of such objects are commonly insured by American insurance companies both during the period of transportation and during the period of exhibition. This is true whether the objects of art are moving in international or domestic commerce. To my knowledge, there has never been a problem of capacity. For example, when the Pieta was loaned by the Vatican for exhibition at the World's Fair in 1964-1965, this irreplaceable work of art was insured both during transportation and exhibition by an American insurance company. Furthermore, to the best of my knowledge, no criticism

- 2 -

has ever been voiced as to the insurance premiums charged by insurance companies for such coverage. Under these circumstances, it is at least surprising that the proposal should be advanced that our Government should enter into this field where private enterprise has proven satisfactory.

In passing, I wish to point out that contrary to the examples given by Senator Pell on international transportation of objects of art, S. 1800 is not so limited. Under its terms, indemnity could be granted for any domestic or intrastate transportation.

Let me reiterate that the American Institute of Marine Underwriters would not voice any objection to our Government entering into an agreement with another government for the transportation or exhibition of works of art. We do object, however, to the Government providing cost-free insurance to other entities such as individuals, non-profit agencies and institutions.

Senator PELL. That will conclude this hearing on this particular subject.

[Whereupon, at 11:40 a.m., the subcommittees adjourned.]

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