

BY CAITLIN MACLEAN

Etruscan vases, Shang Dynasty bronzes, Phoenician sculptures, Moche textiles – the market for antiquities has grown exponentially over the past three decades, with demand plainly outstripping supply. The acquisition of antiquities, once the professional concern of academics and the pleasure of a privileged few, has developed into an international industry. It was thus only a matter of time before a buyer in San Francisco could log on to eBay and purchase a Sumerian cylinder for sale half a world away.

The international community belatedly sought a common means of managing the antiquities trade. And the resulting UNESCO convention, which bans all international trade in illegally obtained cultural property, complements national patrimony laws.

But making rules is only a beginning. At the foundation of every patrimony law is the identification of an object's "findspot" and ownership history. Typically, however, it is difficult to determine either with certainty. Even renowned museums struggle to obtain this information for their own collections. By the same token, it has proved extremely difficult to systematize access to the information that does exist. Geographical mapping data and computer network systems that could narrow the information gaps are costly, especially for poorer countries.

Thus, more often than not, the chain linking the looter to the dealer to the museum curator is murky, making it difficult to deter-

mine, for example, whether Incan pottery on the New York auction block was, in fact, stolen from a site or released from a long-held private collection.

The prospects for policing this market successfully by conventional means are thus dim unless we manage to align incentives at each level of the value chain by rewarding legal participation. But how, for example, could a country such as Belize, with perhaps 30,000 subsistence farmers who might stumble on relics in their fields, make it more attractive to register finds than to sell them in the underground economy? How, in general, do countries rich in archaeological treasure but poor by other criteria raise the funds to secure their antiquities?

In January 2008, the Milken Institute, with organizational assistance from the University of Chicago's Center for Cultural Policy, brought together economists, museum executives, professional archaeologists, antiquities dealers and collectors to explore ways to manage the daunting task. This "financial innovations lab" – the seventh lab undertaken by

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the Milken Institute – examined market-based solutions designed to finance and accelerate the legal discovery and conservation of archaeological heritage, with the goal of containing the devastating looting that has led to the wholesale destruction of archaeological sites in Asia, Latin America and the Middle East.

Simple solutions based on outright privatization of excavations, which would give owners clear incentives to maximize the value of the property, are problematic. They would require countries to accept the loss of control over sites in return for, say, cash and the right to buy back key finds. And while this approach would surely be better than looting-as-usual, few governments seem prepared to sell their patrimony claims in this way. Thus, lab participants discussed other approaches that hold considerable promise to involve private interests while creating the necessary financial incentives to contain black markets.

APPROACH ONE: DEVELOP LONG-TERM MUSEUM AND EXHIBIT LEASES

Countries of origin have a long tradition of lending archaeological artifacts to museums in affluent nations. The practice ensures, for example, that the culture of the Moche people of northern Peru is appreciated by London schoolchildren visiting the British Museum, and that residents of Houston have a chance to see the larger-than-life terra cotta soldiers excavated in Xi'an, China.

In recent decades, moreover, touring exhibitions of collections ranging from burial treasures from Mycenae to excavations from Pompeii, have also generated substantial revenues. The current tour of the King Tut ex-

hibit is expected to generate some \$40 million, much of which will be used to sustain the new Grand Egyptian Museum in Cairo. But much more could be done to promote such touring, with museums collaborating on the exhibition of specific collections to create shared revenue pools.

Other lending options could also increase revenue. Museum loans are typically limited to short trips abroad, and lab participants debated the practicality of much longer leases to spread the overhead of creating the exhibit



and to accommodate very ambitious touring schedules. Lease rights could be auctioned to for-profit touring companies, creating a competitive market for rights. Note, too, that even the longest leases with built-in rights to renewal would reserve all the potential for appreciation to the country of origin, even as they relieved the burden of maintenance from cash-strapped museums back home.

Participants also discussed the idea of options contracts. Here, a country of origin would sell an object, but retain the right to

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buy it back at a fixed price. This model, parallel to the put/call options often used in the securities markets, would enable the country of origin to maintain patrimony rights indefinitely, and also provide a better sense of the market value of specific works.

APPROACH TWO: DEVELOP MUSEUM-COLLECTOR PARTNERSHIPS TO SPONSOR ARCHAEOLOGICAL DIGS

Loans to foreign museums are one thing; loans to private collectors are quite another. And most countries of origin have been reluctant to allow works to disappear into private collections under any circumstances. But that bias is costly, ignoring the reality that unquenched demand from private collectors is driving the illegal trade, creating a vacuum in which billions of dollars are sucked into the black market.

Participants discussed the viability of including private collectors in a loan model without compromising patrimony laws. One plausible approach would be to offer collectors an opportunity to finance exploration at an archeological site. A local museum would conduct the excavations, with a portion of the yield going to the private investors in the form of a cash return, long-term leases of the antiquities discovered, or outright ownership. In the latter case, the museum (and the government of the country of origin) would have first rights to buy the most prized pieces. Investors' risks might be reduced by providing some other payback – excess inventory from the museum, for example – if nothing of value were found.

As an example, a private collector might fund a dig in Italy. If the excavation yielded significant finds, the market value of the pieces would be estimated and the artifacts shared with the local museum that managed

the dig. An auction house, such as Christie's or Sotheby's, might be paid to serve as the arbitrator of value. If nothing were found, the collector would receive loans of objects already in the collection of Italy's museums for a predetermined period.

APPROACH THREE: CREATE ARCHAEOLOGICAL DEVELOPMENT BONDS

Participants also discussed the prospects for broader, more sustainable funding for excavation and site conservation. In many developed countries, governments and special-purpose authorities issue bonds to finance public projects such as physical infrastructure. By similar logic, bonds could be used to mobilize investments from philanthropies, governments, private investors and public-private partnerships to finance the discovery and care of antiquities.

Archeological development bonds (ADB) would be long-term, interest-bearing debt instruments providing a fixed return to the investor with relatively low risk. An ADB would likely resemble a municipal or corporate bond, with collateral comprising physical assets (either archaeological discoveries or museum objects) and sharing many of the qualities of a collateralized loan obligation – a type of security appropriate for small-business and community development loans.

The creation of a secondary market for the ADBs would be encouraged, increasing liquidity, broadening the potential investor pool and encouraging participation from sources not likely to have a direct interest in cultural preservation. The financial structure could include credit enhancements to reduce risk – for example, a philanthropic foundation might guarantee a portion of the return.

The full report on this financial lab (and others) can be downloaded free at www.milkeninstitute.org. 