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ARCHAEOLOGY AND THE GLOBAL ECONOMIC CRISIS

**MULTIPLE IMPACTS,
POSSIBLE SOLUTIONS**

Edited by Nathan Schlanger
and Kenneth Aitchison

11. The impact of the economic crisis on rescue archaeology in Russia

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1 A brief historical overview of rescue archaeology in Russia

The history of rescue or preventive archaeology in Russia goes back to the end of the nineteenth century. In tsarist times, construction works were occasionally accompanied by archaeological surveillance, but there was no system for protecting the archaeological heritage as such. The system of rescue archaeological works began to develop in the Soviet Union in the late 1920, with the implementation of large-scale industrial projects. In October 1932 the ‘Special committee for surveillance at new construction sites’ was created within the framework of the State Academy for Material Culture (GAIMK). This was the starting point for rescue archaeology as a system for protecting archaeological sites.

In 1932 the State Commission of the Council of People’s Commissars sent a letter to all “construction, research and planning organisations and to the department of water resources”, stressing the importance of rescue archaeological works and their funding from construction budgets. In the period from 1932 to 1935, some 10 to 15 archaeological expeditions operated within the framework of the Committee, and the territory of their work included, besides central Russia, the Caucasus, Middle Asia and Siberia. Among the major infrastructure projects of that time which were preceded by archaeological rescue investigations were the Moskva-Volga and the Volga-Don canals (Fig.1), the Moscow metro and the railways in the South Urals. The results of some of these rescue projects have been published.

Fig. 1. The beginnings of rescue archaeology works in Russia. The Moskva-Volga canal in the 1930.



The start of rescue archaeological works in Russia. The Moskva-Volga canal.

In 1937 the State Academy for the History of Material Culture was incorporated within the system of the USSR Academy of Sciences. In the years between the 1940 and the 1960 most archaeological rescue works was conducted by the Academy of Science on large-scale construction sites for hydroelectric power stations (e.g. Kuibyshev, Stalingrad, Tsimlyanskaya, Krasnoyarsk), during infrastructure development and other construction programmes.

The 1970's saw a rapid increase in the amount of rescue work carried out, and specialists from Moscow and Leningrad scientific institutions, as well as employees of regional research centres, university institutes, museum and heritage protection bodies were called to take part in the rescue archaeological works at the new construction sites.

According to statistical data, rescue archaeology works conducted by the Academy of Sciences between the 1960's and the first half of the 1980's represented about one half of the total amount of excavations. The rest was carried out by university institutes and museums.

2 The licensing system for archaeological works

It is worth noting that pre-revolutionary Russia already had institutions designated by the state for regulating field work and ensuring that it was conducted in accordance with existing norms. To undertake archaeological work, it was necessary to have received a special excavation licence. This tradition was maintained after the 1917 revolution and has continued to the present. From 1937, the Academy of Sciences became the body responsible for regulating archaeological works. 1946 saw the creation of the Field Investigations Committee, headed by academician A.V. Artsikhovskiy: the Committee's main task was to regulate field archaeological activities throughout the Russian territory, first and foremost through the delivery of licences for survey and excavations.

Nowadays, the body responsible for these regulations is the Scientific and expert committee of the Department of field investigations within the Institute of Archaeology of the Russian Academy of Science (IA-RAS). This expert committee is composed of archaeologists representing the major archaeological organisations in the country (the Academy of Sciences, the museums and the universities). The licences it provides relate to, and give the right to conduct, a range of archaeological operations. There are four distinct types of these licences, called forms: Form N°1 – for research excavations; Form N°2 – for archaeological survey work; Form N°3 – for surface survey only (issued for preliminary fieldwork); and Form N°4 – for rescue excavations at endangered sites. Among other things, this centralised licensing system makes it possible to obtain information on both the quality and the quantity of the field investigations carried out across Russia. This information is analysed here, and makes it possible to appreciate the situation of rescue archaeology in the current period of economic crisis.

3 Economic changes in the early 1990

The situation of rescue archaeology changed in line with much broader developments which occurred at the beginnings of the 1990. The amount of construction works, and consequently of rescue archaeology work, decreased sharply due

to the economic and political crisis in the country (Fig. 2). The situation improved to a certain extent by the end of the 1990's, when economic growth and new building projects led to an increase in the amount of rescue archaeology work. In the period from 1990 to 2000, the main areas of rescue archaeology in Russia have been the following:

- Excavations and survey in historical towns and settlements (following active construction works);
- Works at major infrastructure and industrial sites (roads, gas and oil pipelines, gas depots and chemical weapons storage facilities);
- Surveying works prior to the sale and private ownership of land.

With improvements in the methods of survey and excavation used, archaeological planning has been carried out more efficiently, bearing on all aspects of construction projects related to archaeological heritage protection.

Fig. 2. Trends in issuing archaeological licenses, 1994-2009.

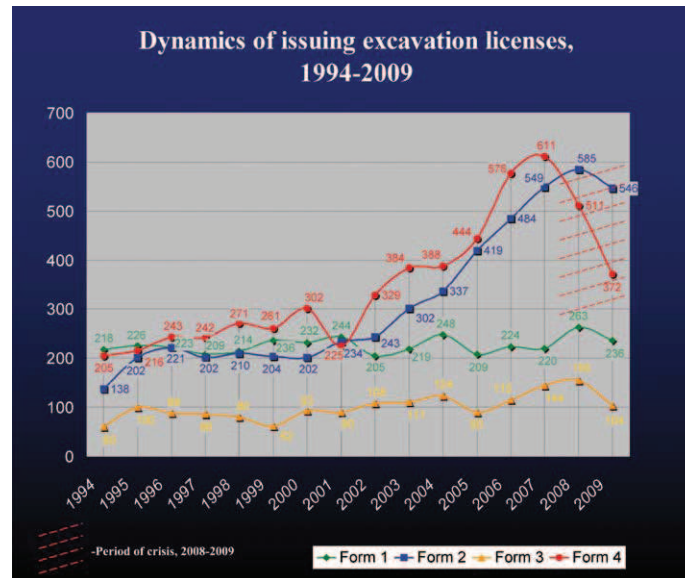
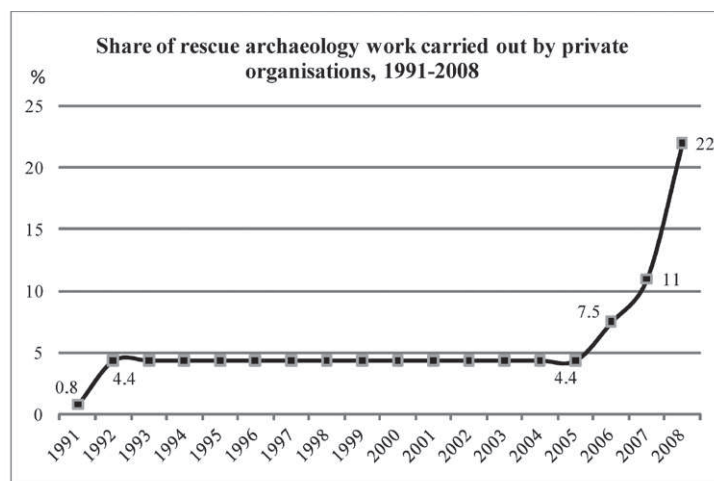


Fig. 3. Proportion of rescue archaeology projects carried out by private organisations, 1991-2008.



The economic changes in the late 1990 saw the growth of the private sector in many areas, including archaeology. This meant that between 1992 and 2006 the percentage of private firms involved in fieldwork grew from 0.8% to 4.4% when compared with the years from 1985-1991 (Fig. 3). However, subsequent economic crises and the need to economise on public funds, have stimulated in part the

further growth of private firms in archaeology. A major factor, also visible across other sectors, has been the various tax deductions and exemptions which are accorded to small, privately owned businesses – and not to public bodies.

4 The economic crisis of 1998

In August 1998 Russia experienced a deep economic crisis. It should be noted, however, that the impact of the crisis on the number of excavation licenses issued that year was virtually nil, since by August practically all the field projects had been completed. The number of rescue excavations was slightly reduced in 1999, with the impact actually being felt two years later, in 2001, following a recession in the construction industry (Fig. 2).

As the country overcame the economic crisis of 1998, a boom in the construction industry brought about an increase in the number of rescue excavations. Trends in issuing excavation licenses provide a clear illustration of these ongoing changes (Fig.2).

From the year 2000 onwards, the number of licenses granted for rescue excavations sharply increased. This increase is particularly spectacular for the years 2006-2008, which show that around three quarters of all archaeological works throughout the country were rescue excavations.

However, the level of economic development is not the only factor that influences the regional intensity of rescue excavations across Russia. Among the regions with the highest amount of rescue excavations are: Moscow, Tver, Rostov, Nizhny Novgorod, Irkutsk, Krasnodar krai, and the Yamalo-Nenets autonomous district (Fig. 4).

In 2007, applications for archaeological licenses under Form N°2 (survey work in areas scheduled for construction) and Form N°4 (rescue excavations) were respectively 80 and 48 in the Tver region, 79 and 54 in the Rostov region, 60 and 35 in the Khanty-Mansijsk autonomous district, 27 and 30 in the Moscow region, and 55 and 39 in the Krasnodar krai.

Fig. 4. Map of the constituent entities (regions) of the Russian Federation with the largest number of licenses for rescue archaeology projects, 2007.



How can we interpret this list of regions with the highest number of licenses for rescue archaeology projects? There are in fact two factors that influence the quantity of rescue investigations carried out in a given region. One is the efficiency and professionalism of the archaeological protection authorities, and the other is the general level of economic development in the region. Experience shows us that it is the former factor, the activity of the heritage protection authorities, that is the decisive one. For example, the number of rescue projects in Tver region, which is not even included among the top 20 areas in terms of economic development, exceeds the number of rescue excavations undertaken in St. Petersburg and Kaluga region, where the pace of development is much quicker.

5 The current economic crisis: 2008 -2009

Changes in the numbers of archaeological licenses issued for rescue works clearly show that the number of investigations has decreased in the wake of the economic crisis.

In 2007, the licenses issued under Form N°4 (for rescue excavations at sites threatened by construction work or sites in extreme state of disrepair) numbered 611. By 2009, the number was 372, a decrease of 40%. Regarding licenses under Form N°2 (for surveys and small-scale excavations, up to 20 square metres, for exploratory purposes), the drop was less marked and amounted to 7% (from 585 in 2007 to 546 in 2008). The proportions of different types of rescue works also changed. In 2007, there were 10% (62) less survey projects (Form N°2) than excavation works (Form N°4), whereas in 2009 the number of survey projects (546 cases) was a good 32% higher than the number of rescue excavations (372 cases).

From this, the influence of the current economic crisis on Russian rescue archaeology can be identified in several areas.

First of all, there has been a *decrease in the total amount* of construction, especially noticeable in the building sector in the centre of historic towns. Since 2008, less rescue work was carried out in such major historical towns as Moscow, Kazan, Vladimir, Novgorod or Smolensk. The decrease was particularly noticeable in the construction projects undertaken by *private companies*. Less marked was the decline in the work connected with urban infrastructure funded by federal or regional budgets, such as the building and maintenance of communications networks and of roads. In these types of construction sites, rescue excavations in historical towns still continue.

Recently, a certain increase in the number of urban rescue excavations can be related to the reconstruction of churches and monasteries. Through a Ministry of Culture program involving private investors, the state has been actively supporting the repair of these religious edifices, and the work is preceded by rescue excavations. Examples of this expanding type of work can be noted with the excavations at the Convent of the Immaculate Conception (Zachatyevsky) in Moscow and at the monastery of New Jerusalem in the Moscow region.

The economic crisis has had a more limited effect on construction projects involving roads, gas pipelines and electric power lines. This is because most infrastructure construction projects in Russia are financed from of the state budget, or by organisations that are connected to state funding. As in the crisis of 1998-2000, the state is actively investing in new roads, oil pipelines, etc., and these projects provide for site protection, including archaeological survey and rescue excavation.

That is why the total number of rescue projects in 2008-2009 remained practically at the pre-crisis level (Fig. 2). However, unlike the relative stability of rescue work on gas and oil pipeline projects, the economic crisis has had a heavier impact on road building. Since this sector requires considerable investment, the number of road construction projects has decreased markedly, and with it the amount of rescue excavation. These are effectively limited to projects which had secured their funding prior to the crisis (such as the Moscow-St. Petersburg highway).

6 Conclusions – some effects of the crisis

In addition to the above areas, the impact of the crisis can also be felt at the legislative level. Indeed there have been lobbying attempts in the State Duma (parliament) to amend the Law on Cultural Heritage Sites (Federal Law N° 73), so as to discontinue the existing requirement for archaeological evaluations on land scheduled for construction. For the time being, however, these attempts have not been successful.

As already mentioned one of the measures taken by the state in order to overcome the crisis is the provision of considerable tax exemptions for private businesses. These exemptions apply also to small private archaeological companies, which have consequently increased in numbers. The procedure for opening such a company and obtaining a license is actually a simple one, since the company only needs to sign a contract with a professional archaeologist. This factor is connected quite clearly with the crisis, since lower contract prices make it possible to save money on taxes. By contrast, large-scale organisations dealing with archaeology, such as museums, higher education institutions and the Academy of Sciences, do not benefit from such tax exemptions.

As a move to improve the situation regarding these taxation disparities for state institutions, in May 2010 archaeologists in the Academy of Sciences submitted a suggestion to the State Duma to lower VAT rates for rescue excavations. This proposition is currently under consideration.

Another effect of the crisis concerns the level of post-excavation processing and studies of archaeological finds, which have also decreased. During the last year, the results of far fewer rescue archaeological excavations have been published than previously.

Finally, it is noteworthy that, even during the current crisis, large-scale state construction sites continue to receive funding: this is the case with the site of the Sochi Winter Olympic games in 2014, with some major hydropower structures (Boguchanskaya hydroelectric power plant), and with gas infrastructure sites. These major state-funded projects have to some extent reduced the negative impact of the crisis on rescue archaeology. Nonetheless, as was the case during the crisis of 1998, this impact is still very noticeable, and it is expected that rescue archaeology will continue to feel the consequences of economic problems for at least two or three more years before it recovers.

12. The effect of the global recession on cultural resources management in the United States

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1 Introduction

Ask anyone in the United States and they will tell you that 2009 was a tough year. The effects of the global recession cut a broad swathe across all regions and industries. The heritage industry, or as it is known in the States, cultural resource management (CRM), suffered along with others. How badly CRM was affected by the recession will not be known for some time. Yet, while there is no doubt that the industry suffered in 2009 and will continue to do so at least through 2010, the effects of the recession have not been equally distributed. Some consultants have weathered the economic storm better than others. Why this disparity occurred and what it tells us about the near future of CRM is the subject of this paper.

2 Before the fall

There are few measures of the economic effect of the recession on CRM in the United States. The two major reports on federal agency spending on CRM—the Secretary of Interior’s (SOI’s) report on the Federal Archeology Program (<http://www.nps.gov/archeology/src/index.htm>) and the Department of Defense’s (DoD’s) annual report on environmental programs (https://www.denix.osd.mil/portal/page/portal/ARC/ARCFY2008/05_FY08DEPARC_App_C_Conservation_Budget_final.pdf)—only have data on CRM spending through fiscal year (FY) 2008 (October 1, 2007–September 30, 2008). These reports only capture a portion of federal spending on CRM, although the congressional allocations to the agencies in the reports appear to parallel general trends in federal CRM allocations (Frank McManamon, personal communication 2010). Table 1 presents the total estimated funds appropriated by Congress to an agency reporting in the SOI report (Question I01 from the 2008 National Park Service Archaeology Program questionnaire to agencies) as well as data from Appendix C of DoD’s annual environmental report on nonrecurring CRM expenses by the military services and other DoD agencies. Data from the Federal Archeology Program indicate that after relative stability in federal spending on CRM during the middle of the decade (2003–2005), there has been a doubling of federal CRM spending over the four years from 2005 to 2008. In contrast, the DoD report shows that although nonrecurring costs, or one-time allocations, such as archaeological or architectural inventories for particular undertakings, were relatively stable between 2004 and 2006, they were quite volatile over the next two years. In 2007, DoD funding for CRM increased by 17%, whereas in 2008, there was a 31% decrease, returning CRM funding to the 2003 level.

Together, the two federal reports indicate an increase of about 33 percent in federal funding for CRM between 2003 and 2008. At the start of the recession, therefore, federal spending on CRM was as strong as it had ever been. Using a variety of sources, Altschul and Patterson (2010:297) estimate total public sec-

tor spending on CRM and academic archaeological research for 2008 to have been between about \$450 and \$500 million. Private sector spending in 2008 was equally strong, leading Altschul and Patterson to estimate total expenditures on CRM and academic archaeological research in the United States to be between about \$700 million and \$1 billion.

Table 1. Reported Federal CRM Funding, 2003–2008.

Year	Federal Archaeology Program (FAP) (\$ in millions)	Defense Environmental Programs (nonrecurring costs) (\$ in millions)	Combined FAP and DoD (\$ in millions)
2003	47.5	40.2	87.7
2004	44.5	50.4	94.9
2005	42.1	53.3	95.4
2006	76.5	48.7	125.2
2007	66.5	58.1	124.6
2008	90.2	40.2	130.4

3 What happened?

At the outset of 2009, the effects of the recession were beginning to be felt. Consulting firms that relied heavily on real estate development—particularly in areas that had been witnessing large increases in residential construction fueled in part by subprime mortgages, such as California, Arizona, and Florida—suffered first, several going out of business or being purchased by larger competitors. These strains, however, tended to be regional, and it was not clear whether the recession would overtake the entire industry. The passage of the American Recovery and Reinvestment Act (ARRA) in February 2009 led some to speculate on the listserv of the American Cultural Resources Association (ACRA) that the recession might actually be good for business. ARRA included funds earmarked specifically for CRM and archaeology, spread among agencies as diverse as the U.S. Army Corps of Engineers, Federal Highway Administration, Forest Service, and National Science Foundation.

By the third quarter of 2009, it was clear that CRM would not be spared the full brunt of the recession. Private spending on CRM had slowed in all sectors but energy (more on energy below). Defense spending remained relatively strong, but the other pillar of public CRM spending, transportation, was surprisingly weak. Altschul and Patterson (2010:294) estimated that CRM spending on transportation-related projects in 2008 averaged between \$4 and \$5 million per state, for a national estimate of between \$200 and \$250 million. There was nothing in the 2009 federal budget to suggest that this level of spending would slow. In fact, ARRA increased funding for “shovel ready” projects, some of which would include a CRM component.

What many had not anticipated was the effect that declining state revenues would have on transportation projects. Generally, transportation improvements are funded through a cost-sharing arrangement between the federal government and state governments in which the former pays for 80% of project costs and

the latter for 20%. Unable to fund their match, some states chose not to move forward on planned projects. Another factor, unrelated to the recession, was that the Surface Highway Transportation Act had expired in 2008. As debate over a new bill continued through 2009 and into 2010, federal funding for transportation-related improvements was accomplished through Congressional continuing resolution. While federal funding has remained relatively strong, many states have been wary of initiating major, multiyear transportation projects without the assurance that the federal portion of the funding for such projects is secure. The consequence is that many of the large, complicated projects that have substantial CRM components are stalled.

It may have been possible for the CRM industry to better endure the financial turmoil of 2009 if the promised stimulus spending had materialised. Although some contracts funded by ARRA were awarded, many of these got off to slow starts, and presumably, there are still many more contracts to come. By some estimates, as of the end of the first quarter of 2010, 70 percent of ARRA funds have still not been spent.

A devastated real estate market, weak transportation spending, and a slow start on ARRA work combined to make 2009 a very difficult year for CRM. ACRA surveys of member and nonmember companies in March 2009 (<http://acra-crm.org/displaycommon.cfm?an=1&subarticlenbr=126>) and September 2009 (<http://acra-crm.org/displaycommon.cfm?an=1&subarticlenbr=127>) document high levels of anxiety and financial trouble among CRM consultants (Table 2).

But it is not only consultants that have suffered. As tax revenues declined, many states required state employees in CRM and archaeology at universities, museums, parks, agencies, the State Historic Preservation Office, and so forth to take furloughs; nonessential positions were eliminated. The effects trickled down to tribes, counties, and municipalities. Few jurisdictions have not felt the effects of the recession in some form.

Table 2. ACRA's Effects of the Economy Surveys, March 2009–March 2010.

Date	Number of respondents	Economic Assessment of Corporate Performance in Past Six Months ¹ (%)					Helped by ARRA ² (%)	Future Expectation of Corporate Performance (%)			
		Sign Dec	Slight Dec	Same	Slight Improv	Sign Improv		Improv	Decline	Same	Don't Know
March 2009	183	36.7	32.2	14.7	10.2	6.2	60.8	23.5	38.0	25.7	12.8
September 2009	110	35.1	11.3	22.2	19.4	12.0	48.1	25.9	30.6	34.3	9.2
March 2010	89	29.2	14.6	28.1	20.2	7.9	50.5	31.5	28.1	31.5	9.0

Key: Sign Dec = Significant Decline; Slight Dec = Slight Decline; Same = Same; Slight Improv = Slight Improvement; Sign Improv = Significant Improvement; Improv = Improvement.

1. Surveys of ACRA member companies and nonmember companies were combined for March and September 2009 (these were combined in the March 2010 survey). The percentages were recalculated to eliminate responses of "don't know."

2. The American Recovery and Reinvestment Act (ARRA) was passed in February 2009. The March 2009 question asked whether firms expected to receive ARRA contracts directly or indirectly, whereas the September 2009 and March 2010 asked if respondents had received such contracts.

4 Through a glass, darkly

To some in the CRM industry, it seemed that the end of 2009 brought a bottom to the recession. The March 2010 ACRA survey (<http://acra-crm.org/associations/9221/files/ACRA%20Effects%20of%20the%20Economy%20Results%2C%2005-05-10.pdf>)

indicates that consultants are suffering less and anticipating increasing workloads in 2010. For the most part, government layoffs and furloughs have abated. Although few are hiring, hopeful signs have emerged. First, ARRA funds have started to flow, even if there are fewer contracts with CRM elements than anticipated. Second, private sector funding of CRM has begun to increase, particularly in the energy sector. Large numbers of CRM projects are being performed in support of “old” (oil, gas, uranium, and other sources pumped or mined from the ground) and “new” (solar, wind, and other passive systems) energy projects. Many of these projects are on public lands in the western United States, but other areas, such as Louisiana and Texas, are witnessing an increase in pipeline installation and other energy-related activities as well. Third, state departments of transportation have begun to initiate projects. Some of these projects are funded with ARRA support, but others are large projects that have been in the planning stages for some time.

Although workloads have increased, employment still lags. Instead of hiring, consultants and state agencies are asking existing staff to work harder and longer. Concerns linger that the increase in CRM activity will not last into 2011. ARRA will expire in February 2011, although unspent funds will probably continue to support work throughout at least FY 2011. With elections looming, the likelihood that a transportation bill will be enacted is questionable, and without it the security of transportation-related CRM activities is in doubt. Yet there is only so much work consultants and state, tribal, and municipal agencies can do with their existing staff. In the short term, many will hire additional staff. Whether these individuals are short-term employees or permanent staff is a question no one seems to be able to answer.

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