



Russia, the land of contradictions

Russia transforms a man; man doesn't transform Russia. If there is one thing I learned, in almost two decades of living and working in Russia, it is that you have to learn to accept what comes your way in Russia. Accept the good with the bad and learn to play with the cards that you have been dealt. Foreigners who successfully thrive in Russia are those who enjoy living and working in Russia and who have a certain affinity for the country. Those who love Russia will find all the reasons why they love it and those who hate it will see all their reasons for hating it confirmed.

One of the keys to loving life in Russia is to understand what makes the country tick. However, in spite of my long history in this country, I am yet to meet the person, Russian or foreign, who can clearly explain the riddle, wrapped in a mystery, inside an enigma (as Churchill put it) that Russia is. One can approximate an understanding and try to dissect Russia along cultural, historic, political and economic lines but the pieces of the puzzle one collects will never create a clear and indisputable image.

It was the famous Russian poet Fedor Tiutchev who wrote in 1886 – “Russia cannot be understood with the mind, nor can she be measured with the ordinary yardstick. There is in her a special stature: You can only believe in Russia.” But if there is one thing that is unmistakably true, then it is the fact that no matter what you say or think about Russia, the opposite is always true as well.

In Russia one is always wrong and always right and the key to successfully thriving in Russia is to know exactly what is the right or the wrong way to act at any given moment. This may seem like an easy task at first, but in a country that is defined by opposites and contradictions, most foreigners, and many Russians as well, struggle to deal with the daily contradictory Russian reality.



Boundless and Limited



Erudite and Superficial



Grey and Extravagant

The two headed eagle (East versus West)

Russia's national emblem is the two headed eagle; one head looks to the West, the other - East. The two headed eagle was adopted by Tsar Ivan III (the Great) in 1472. The two heads, each looking in a different direction, first symbolised the fact that with the fall of the Eastern Byzantine Empire, Russia saw itself as its natural successor, the Third Rome, but also saw itself as the equal of the Western Holy Roman empire. Now, more than six centuries later the two headed eagle is still a fitting emblem for Russia as the country is still perched between the West and the East and looks in both directions to explain its identity. On the one hand Russia is, without doubt, part of Europe. Just look at the arts, architecture, cuisine and general popular culture, which are all firmly rooted in the European tradition. But on the other hand, there is a great part of Russian identity that is foreign to the European mindset. "We Russians", Dostoyevsky wrote in 1876, "have two motherlands: our Rus, and Europe." Or as others have said: "If in Asia you feel European and in Europe you feel Asian, then that means you are Russian." This double nature of the Russian identity makes it unique, controversial and unpredictable.



There are those who love this complexity of Russian nature; who love the fact that life in Russia is like crossing through a never ending labyrinth. Others berate Russia for being a deeply schizophrenic country. What is true for most people, however, Russians and foreigners alike, is that their mindset about Russia is characterized by an attraction – repulsion complex. For some people, this daily process of attraction and repulsion is exhausting; but for others, it only fans the flame of passion they have for Russia. It is like in amorous relationships. In some relationships moments of passionate love are alternated with pots and pans being thrown around the kitchen, while in other relationships, there is a continuum of peace and quiet and the pots and pans are only used for cooking; but neither is there passionate love. Once used to the passionate ups and downs though, it is difficult to go back to the more calm relationship. That is why many foreigners, after having spent

some time in Russia, tend to stay, come back or long for Russia nostalgically for the rest of their lives.

In order to thrive in Russia you need to be like the two headed eagle, always on the lookout in all directions for what is happening around you, as Russia is in a continuous state of flux. You need to understand that you can take nothing for granted in Russia and that you always need to be ready for the unexpected. There is one certainty, which is that change is always one hundred percent guaranteed. The one constant factor in Russia is that always that will happen what you least expect and that every day will bring a new surprise. There is never a dull moment and fortune in Russia can change overnight. One of the best ways to understand Russia eventually, and to learn how to deal with the daily Russian reality is to be aware of and accept the fact that Russia is a country of extremes and contradictions. Below I will give a few examples of the many contradictions that you are bound to encounter during your stay in Russia.



National emblem of Russia

Strength and weakness



**Tsar Alexander II:
Abolition of serfdom in 1861 and assassination by the
“People’s Will” party in 1881**

The famous Chancellor of the German Empire Otto von Bismarck put it rightly, when he said that "Russia is never as strong, nor as weak as she appears". This statement applies to the country and everything that is in it. For example, Tsar Alexander II, also called Alexander the Liberator,

abolished serfdom in 1861 and introduced wide ranging liberal reforms of economic, judicial, constitutional and administrative nature. Logic dictates he should have been a hero of the people. Practice showed however that in 1881, this “Reformer Tsar” who took the interest of the people to heart was killed by a bomb of the “People’s Will” party. In the early twentieth century economic growth in Russia stood at 6%, the country industrialised rapidly and foreign investment was increasing. During the first decade of the twentieth century no one could have predicted that the 1917 October revolution would put an end to all that for the next seventy years. After the fall of the Soviet Union the Russian people and the Western world got their hopes up as 1987 Glasnost was followed by the dissolution of the Soviet Union in 1991. There was confidence that large scale privatisations and market and trade liberalisation would herald a bright new future. However, in 1992, during the Gaidar reforms, Russians were faced with an inflation of over 2,500 percent and lost practically all of their savings in a matter of weeks. A brief famine followed and until 1998 GDP dropped with over fifty percent. Nobody saw it coming in 1991. And when the rouble crisis of August 1998 took most businesses and financial institutions by surprise and most foreigners packed their bags to go home, Russia only needed but a few months to start a

decade of the strongest economic growth in its entire history. The crisis of 2008, again, caught most people of guard. But once more, half a year later, the Russian economy rebounded with surprising strength. Russia's oil wealth has a lot to do with the rise and fall her economy. Pessimists says that when Russia's oil runs out, so will Russia's fortunes. For a while, this may be true, but Von Bismarck's wisdom may be proven right again, when the world turns to Russia for its unfrozen fresh surface water reserves. The lake Baikal alone, contains twenty percent of the world's fresh water reserves. With retail prices for one litre of bottled water now already exceeding retail prices for one litre of gasoline it is not at all imaginary that Russia will rise in the coming decades as a water power like it is an oil power at the moment. Russia is like the Rocky Balboa of the world stage. No matter how bloodied he falls on his knees, he always rises again to deliver a debilitating punch and the sequels to this scenario are endless.



The last president of USSR Mikhail Gorbachev and 2500% hyperinflation in 1992

Wealth versus poverty

In the big Russian cities and especially in the centre of Moscow you will get the impression that you have arrived in a millionaire's playground. You will see more expensive cars in one hour than you will see in Europe in one week. In the shopping areas you will see more luxury per square meter than you will see in London or Paris and nobody raises an eyebrow when they pay ten dollars for a cappuccino. After the United States and China, Russia, with one hundred and one billionaires, has more billionaires than any other country in the world. If you look at this figure on a per capita basis, then Russia takes the number one spot, with more billionaires per capita than any other country in the world. However, when we look at Russia's 375,000 millionaires on a per



Annual Millionaire Fair in Moscow

capita basis, then Russia does not even rank among the top fifteen countries in the world. The picture gets even bleaker, when considering the Moscow's Higher School of Economics assertion that sixty percent of the population in Russia has the same real income it had twenty years ago, when the Soviet Union collapsed, and some are even poorer. Poverty in Russia is determined as the share of people with a per capita income lower than the minimum subsistence level equal to about 150 Euros. According to official statistics, about fifteen percent of the population or over twenty one million Russians were officially classified as poor. In reality, this percentage is closer to thirty percent, or over forty million people. When you leave the city centre in Moscow or venture even further out into the countryside, then this poverty is apparent everywhere you look.

In Russia, one percent of the population is estimated to own about eighty percent of all assets; whereas, the top one percent of the world's population owns only forty percent of



Life outside Moscow

all assets. There is an enormous difference in Russia between the 10 percent wealthiest and the 10 percent poorest people of the population. This difference, or the poverty gap, is about seventeen times. In Western European countries, the poverty gap is on the average, fivefold. Only fifteen percent of Russians consider themselves middle class and small and medium enterprises only account for about fifteen percent of the Russian GDP. In Europe, both percentages are closer to seventy or eighty.

It is safe to say that one of the most obvious contradictions in Russia concerns its boundless wealth on one hand, and its abject poverty on the other hand. Common logic dictates that such poverty gap or income inequality creates social unrest, but not in Russia.

A popular anecdote in Russia goes as follows: A fairy godmother approaches a poor Russian peasant and promises him anything he desires, with only one condition: that his neighbour gets twice as much of it. The peasant thinks for a long time, and then finally says: "All right. Blind me in one eye". This anecdote shows Russia's particular relation with wealth, money and material possessions. Whereas, the West has a greed culture, Russia has an envy culture. When it comes to reducing income inequality, many Russians would prefer that the wealthy become poorer rather than becoming wealthier themselves. There is no real bourgeoisie attitude in Russia - no middle class, with typical materialistic values and conventional attitudes, as can be found everywhere else in Europe. When Russians think about wealth and business they think in all or nothing terms. For a city, where your shoes get dirty faster than anywhere else, Moscow has conspicuously few shoe shining places. Likewise, you will find few small shop owners, Laundromats, or street vendors offering their goods; although, Russia would be an ideal place for such small entrepreneurship. Centuries of agrarian culture and the subsequent Soviet culture considered that wealth could not be the result of a noble working process. A daily, routine and meticulous focus on money and enlarging one's wealth is actually still seen as something that sooner shows the smallness than the largeness of one's soul. Wealth shouldn't be the result of a daily struggle; it should be the result of one big deal, one stroke of luck or genius. There is almost more respect in Russia for the lucky gambler than there is for the hardworking merchant or tradesman. Money in Russia is incompatible with the idea of the Russian soul. The Russian soul is embodied by a tendency to look at life from a philosophical and religious perspective, to have a strong faith in providence and a personal identity characterised by depth, strength and compassion. To be small about money doesn't fit into that concept and as another popular saying goes: the American dream is to earn a million, whereas, the Russian dream is to spend a million.

Many foreigners who are familiar with the income and social inequality situation in Russia often wonder when there will be a 'Russian Spring' similar to the 'Arab spring'. Nobody knows, but what is clear without a doubt is that once there will be social upheaval in Russia, it will not be aimed at making the masses richer but at bringing the wealthy down. And that is what the wealthy in Russia, living behind their six meter high fences, fear most of all.

Women in Russia – between chivalry and condescension

When I first came to Russia I thought that my manners were good enough for getting through life in this country. But when I sat down in my car to give a female Russian friend a lift and almost drove off, I understood that I was wrong about my manners when I saw that



the lady in question was still standing outside the car, next to the door on the passenger side, waiting for me to open that door. A week later, when back in Holland, I decided to put my newfound manners into practice and walked to the passenger door of the car to help a Dutch female colleague into the car. The Dutch girl's conclusion, however, was that I wanted her to drive and she walked to the other side of the car and sat down behind the steering wheel, while I stood like a fool next to the open passenger door. After that it didn't take me long to understand that etiquette between women and men in Russia differs from that in Europe. After I had learned to open all

doors for any lady, help any female acquaintance with her coat and to say the third toast in a lady's honour, while standing up and downing the glass of vodka bottoms up, I came to assume that women were put on a pedestal in Russia. To a certain extent this is true, especially, when you watch men give women flowers on the 8th of March and on their birthdays and how they lift their heavy bags into the overhead compartments in the plane.

But when I had one of my first business meetings, over sixteen years ago with a western business woman, at the negotiation table, I quickly understood that my assumption was wrong. Walking into the room the first awkward moment was when the Russian business men readily shook my hand, but did not make any attempt to shake the lady's hand. The second awkward moment was when, in spite of the fact that the business woman in question far outranked me in experience and position, the Russian continued to address and treat me as their main discussion partner. In spite of the chivalry that Russian men display, they do not take women in the business arena as serious as they take men.

Of course there are successful women in Russia, but their acceptance by men is not a given. When I advise foreign business women who are about to do business in Russia, I tell them to make their position, mandate and authority clear from the very beginning. If a foreign woman is leading a delegation that engages in negotiations with a group of Russian business people, then everyone in that foreign delegation should be aware that the female senior manager is positioned and presented as such. Once the authority of the female executive is established and when she has shown that she actually knows what she is talking about, then Russian men will accept her without a problem.

The emancipation of women in Russia still remains a long journey. A Russian woman can work, but she must also take care of the family; whereas, for men, it is enough to just work. And in the opinion of Russian men and women alike, irrespective of her success in business, if she is close to thirty and still unmarried and without kids, then there is obviously something wrong with her.

Strangely enough, in my experience, women are actually the cornerstone of the Russian society; whereas, in the West, it is the family. Women take care of everything, the household, the kids and their husbands. In addition to that, Russia has one of the highest percentages of women with an academic degree in the world. Russian women often have stronger personalities than Russian men: most of my colleagues are women and they work harder, are more loyal and are more conscientious than men. During the four day working week that the working mothers in my company have, they get more work done than most other employees in five days. But in spite of their qualities, women get paid substantially less than men and occupy relatively few top positions in business and politics.

Russian women bear part of the blame for that un-empowered treatment: they willingly partake in this particular social contract between men and women, which goes - "you open the door for me and I will know my place at work and in politics". This social pact will still last for some years, but with the post-Soviet generation of women, born in the nineties and soon to reach adulthood and independence, a silent revolution may take place that will unsettle the comfortable and lazy place that Russian men have had up to now. Who knows, maybe the Russian spring that some people expect will be caused by Russian women claiming their rightful place within the Russian society.



Beauty and ugliness

The most common contradiction foreign visitors to Russia seem to notice is the fact that Russian women are very beautiful and Russian men are "very not". They ask me how it can be that somehow, the female gene pool in Russia considerably outperforms the global female gene pool; whereas, the male Russian gene pool got stuck somewhere in the times of Ivan the Terrible. Having had the stroke of luck to arrive in Russia as a man, and not being a movie star myself, I never gave this issue much thought or analysis. I do have to admit, however, that probably it is better to be an expat man than an expat woman in Russia, not in the least because there are about ten million more women than men in this country.

The stark contrast between beauty and ugliness in Russia does not stop between the sexes though. In Russia, great beauty is to be found, but adjust your gaze one degree and great ugliness can be counted upon to be there as well. Russian nature is one of the most beautiful to be found in the world. If you ever find yourself around Lake Baikal, in the white water rivers of Altay or in the Sayan mountains, you may think you are in heaven. But make a business trip to, for example, Dzerzhinsk





Dzerzhinsk, the most chemically polluted city in the world

(you would not want to go there for any reason other than business) and you are closer to hell.

Dzerzhinsk is habitually competing with Norilsk for a spot on the ten most polluted cities in the world list. Rife with hundreds of chemical pollutants resulting from the Soviet chemical weapons program, you have a good chance of running into sarin gas, hydrogen cyanide, sulphur mustard and so on. If you take the Guinness Book of World Records of your shelf you will find that Dzerzhinsk actually holds the record for the most chemically polluted city in the world. Now while I am writing this article I am actually

becoming slightly worried as I have made several business trips to Dzerzhinsk. I am forty years of age now and from my research, I just learned that the life expectancy of men in that town is forty two.

The contrast between beauty and ugliness is a constant occurrence in your daily life as well. For example, most of the nice views in Moscow are not 360 degree or even 180 degree views. Usually, you have to focus on a beautiful scenery and not look in another direction lest you ruin it with a view of some dilapidated building, fence or road. Go to the Novodevichiy Monastery and when taking a photograph, you will see that you have to make an effort to avoid including an old fuming truck or some abandoned road works. Go to a nice lake just out of town in the summertime and you will not be able to miss the plastic bottles and other remnants of last night's shashlik.

On the one hand it is sometimes disappointing and a bit tiring, the fact that beauty in Russia always seems to go accompanied by ugliness. But on the other hand, it has taught me to look at life through my eyelashes. If you make the picture fuzzy enough and imagine the rest, then life becomes quite agreeable. Especially when flying back to Moscow from Dzerzhinsk.

It also taught me to really appreciate every manifestation of beauty, even when it is surrounded by dirt. Therefore, now, when I do my run along the Moskva river embankment, from the Red October Factory, to Gorky Park, through Neskuchniy Sad and on to the Sparrow Hills, I feel like the luckiest man alive. No polished beauty of a run through New York's Central Park for me. I prefer to have the ravishing with the rough. After all, pearls grow in dirty oysters.



Lake Baikal during the summer

Us and them

If a Russian tells you that you are “Nash tjelovek” or “svoy tjelovek, meaning “our kind of person”, then this is one of the greatest compliments you can get as a foreigner in Russia. It means that because of what you said or did you are included into a close and literally exclusive group of people. It is not by coincidence that the Kremlin’s main youth organisation is called “Nashiy” or “Ours”.



Demonstration of the pro-Kremlin youth organization “Nashiy” on the Red Square

Russian society, politics, the economy, but also the daily private lives of people are structured and organised according to the borders between what is “svoy” (ours) and “tjuzhoi” (alien). For Russians the distinction between us and them is just as real as the distinction between “good” and “bad” or “alive” and “dead”.

The “us” may relate to those with whom one has blood or family ties, it may relate to those who belong to one of the ethnic groups inside Russia, it may relate to religion and it definitely relates to nationality. Within the group defined as “us” Russians are concerned about each other, take care of each other and show unconditional loyalty and friendship. Everything that falls within the “them-category” however, is alien and should be treated with suspicion and distrust.

The division between us and them is a symptom of Russia’s clan culture. This clan culture has its most recent roots in the Soviet period, when having informal connections was crucial to people for their advancement and survival. In the roaring nineties the clan culture expanded from individual people to businesses and to the economy at large. The nineties had a very unstable and dangerous business environment and entrepreneurs looked at the people close to them to deal with this particular environment. The clan culture in Russia, up to this day, provides solutions to the problems and difficulties people encounter in business and in their private lives. The solutions that are found within the clan are based not upon the codified laws and regulations of the country, but on the unwritten informal rules by which the clan functions. This means that in Russia, in addition to the formal legislation you also always have to take the informal rules into account. The informal rules are more important than the formal ones. It often surprised me that Russian business people I knew would break every written law they could get away with, when functioning in the public domain, but at the same time live and do business according to strict ethical standards and values, when it concerned their close friends, relatives and business partners.

This clan psychology, on the other hand, also causes a certain apathy when it concerns problems in the society at large. As people are mainly concerned with the problems and interests of a certain circle, be it family, friends or business partners, they have less attention for the problems that go beyond the interests of a specific group and affect the country as a whole. Although they often complain about it, Russians will not take to the streets to rally for the environment, improved education or better healthcare. But they will proudly wear a red sports jacket or baseball cap with “Rossia” written on it, when going on holiday abroad.

Russians are ready to accept that you need to belong and conform to a system or to a group, if you want to achieve something. This is the direct opposite of the western belief that the individual should have the same chances and opportunities as the group. When Russians took to the streets after the elections in 2011 it was not to change the system or the leadership of the country. It was simply to express their indignation about the way the results of the elections came about; which in itself is worrying enough as Russian history has shown that it is indignation that drives the masses to revolt.



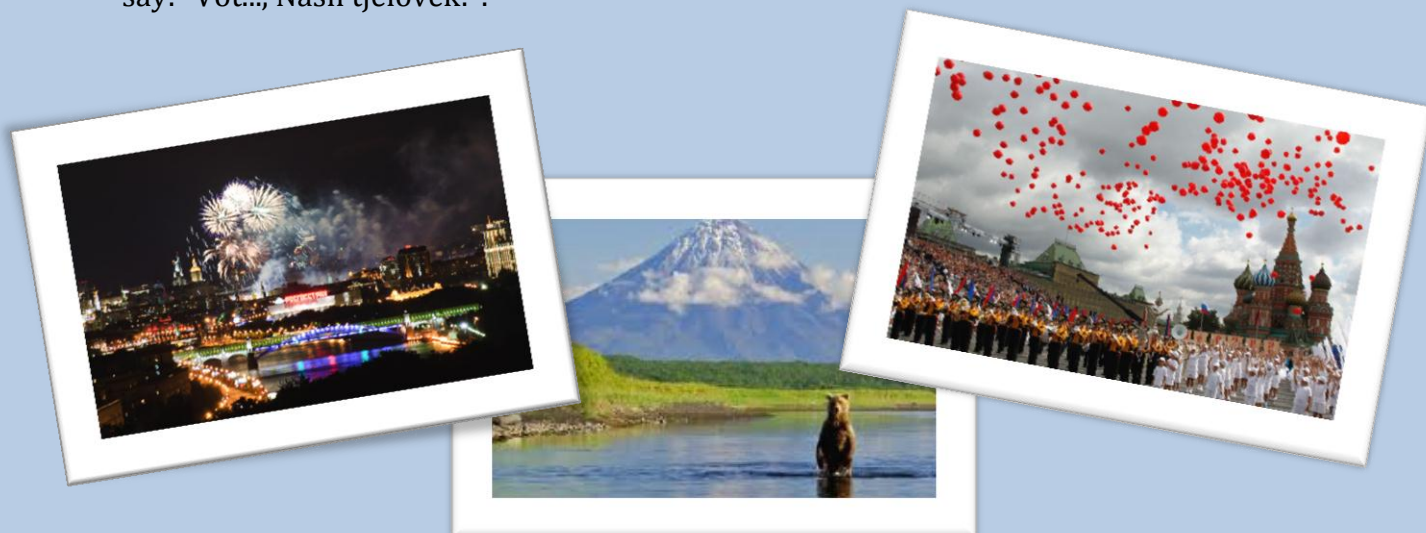
**Protest in Moscow on 24th
December 2011**

Comprehending the “us and them” psychology is one of the key instruments to understanding Russia. For the unfriendly sales lady in the supermarket, you are part of “them”. Your Russian negotiation partner protects the interests of his business and of his clan and has no direct eye for your interests, and will therefore, not seek a win-win solution with you immediately. Or if it is win-win for him, then it means he hopes to win twice. In geo-politics, Russia will in most cases follow a zero-sum or a “win-lose” strategy. To politicians, Russia occupies a special position on the world stage and its interests will always be defended vehemently against the foreign enemy.

But help the sales lady in your neighbourhood shop to get rid of a drunken troublemaker and she will be your ally forever and tell you which fish is fresh and which one isn't. Prove to your Russian business partner that you are in the same boat and that you will do your bit to stay the common course and he will see you as a part of his inner group and reward you in your joint business projects. Show the politician that you understand what Russia needs and that you are ready to invest in the relationship and you will get a preferential treatment. As a foreigner you have to understand and respect the fact that you are part of “them” from a Russian point of view. The biggest mistake you can make is assume that you are part of the Russian “us”. Once you get that difference, then the “us and them” can work against you or in your favour and it all depends on you.

There are still many other contradictions that I could write about as no matter what qualification you apply to Russia, the opposite will always be true as well. For many foreigners, and for me as well, these contradictions and contrasts are actually one of the great attractions in Russia. It makes life in Russia rich, colourful and immensely valuable.

At least, I hope that by reading the descriptions about the various contradictions in this guide you will come one step closer to becoming a person about whom the Russians would say: "Vot..., Nash tjelovek!".



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Jeroen is Founder and Managing Director of Lighthouse. He has been living in Russia for over 15 years giving him fluency in the Russian language and a thorough understanding of the Russian business culture. Jeroen has founded and operated numerous businesses in Russia and has assisted in the establishment of more than 20 Western-Russian business ventures. Jeroen's extensive experience in the Russian market is backed by a strong track record in strategic business advisory. He is an expert negotiator and mediator in the Russian-Western context and is a regular speaker at international events and seminars related to Russia. He frequently contributes to Russia related international publications.



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