

## THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

### Homeless

My family on my mother's side comes from peasant stock. For several generations they had lived in the village of Khilkovo, on the Vorona River in central Russia. These are the backwoods. Our village was one of those "different" ones, like Zaplatova, Dyriavina, Razutova, Znobishina, Gorelova, Neelova, and Neurozhaika.<sup>1</sup> The back of the beyond.

I was born in Krasnodar, a generous, green city.

I never knew my father. My parents parted ways when I was less than a year old. I learned a bit about my father later from stories. He was of Kuban Cossack heritage, and he served in the armed forces. Apart from me he left no visible signs that he ever existed.

While I was growing up, I was less than obedient. I was continually annoying my nearest and dearest with outbursts and escapades. My mother had no time for such things, and she found it hard to deal with me. She worked long hours as a bookkeeper and earned miserable wages. She often had to take a second job. My mother loved me, of course, but fitfully and furiously, dissolving in the desperate, even morbid attachment of a lonely woman to her only child. We often quarreled. Her punishments and moral admonitions, her reproaches and silencings drove me crazy. I soon became my own master. I do not remember when, but soon enough she lost control over me.

My grandmother Evdokia lived with us. It was she who had a decisive influence on me. Although she never really tried either to educate or spoil me, her kindness and patience won me over. Quietly she brought order into our house. Working came just as naturally to her as breathing and believing in God. Grandmother died in 1974 at the age of 89, and right to the end of her days, she bore her lot with dignity. She had had to endure severe times. She had had 16 children, four of whom had survived to adulthood. She worked hard and, despite her age and health, never reminded us of slights and insults or of everything she had done for us.

I never knew my grandfather. I only know that he was an enterprising person with an irascible nature. Grandmother said that I was just like him.

Evenings when I would come home, tired from some scuffle or other, my mother with her care-worn face would be sitting in the carved, high-backed wooden chair. This chair had been given to grandmother long ago, and it was guarded from me with special care. Mother's face would be distinctly haughty, reminding grandmother and me that she was still angry about yesterday's quarrel. My mother could not keep up this act for long.

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<sup>1</sup>Each of these village names has a colorful meaning: Zaplatova means Patches, Dyriavina—Holes, Razutova—Shoeless, Znobishina—Fever, Gorelova—Burned, Neelova—Did Not Eat, and Neurozhaika—Bad Harvest.

## PRIVATE WEALTH—NATIONAL VISION

She would soften as she remembered how I had been as a very young child, a creature whose very existence vindicated everything else that had happened to her in her unhappy life.

Over the years Mother grew hard and never laughed anymore at my follies. She was absorbed with the bare necessities, the thread of daily life, taut and ready to snap at any moment. For hours she would sit silently by the window, looking whether out at the life around her or into herself. My grandmother felt for her daughter. They had been so close for so many years. Now, watching her come unraveled, she spared her unnecessary worries. Grandmother had become accustomed to many things in life, and she grew accustomed to this, as well.

My mother died when I was about fourteen. My uncle, who was also my godfather, welcomed me into his home in Volgograd. So I moved to their place in a blue-collar neighborhood on the very edge of the city.

The second day at the new school in Volgograd turned out to be crucial. The school's entryway with its mildewed floor and low-arched ceiling breathed a moist warmth.

"Take off your boots!" barked the custodian from his perch on the banister.

I stepped to the left, trying to slip past him along the wall.

"Hey, are you deaf?" He would not let me go.

I was right in thinking that I was not welcome. Between classes some oversized thugs who had been held back a grade sauntered up to me.

"Let's get acquainted. We have some business to do with you," they said. Prodding me, they drove me down the hall to the boy's bathroom, the place where justice has always been served. They pushed me up against the corner and crowded around me.

"Give us 15 kopecks."

"No. Let him cough up 20. Every single day."

They searched my pockets and found five kopecks.

"You'll bring it to us right here," Their husky voices intoned as they flicked their cigarette packets with their fingers.

"If you spill the beans to anyone, you'll have only yourself to blame. If you don't show up, you'll wish you had."

A daily tribute of 20 kopecks is no joke. I had no one to complain to. How could I get out of this? What could I, the new kid in school, do on my own? I felt as if I had turned into a frog and was about to be squashed.

My deskmate, Sasha Frolov—his nickname was Frolik—asked what was going on. When I told him, he answered coolly, "Don't worry. Everything will be fine."

His words didn't help. He was just too small and weak.

The next day between classes those vampires dragged me into the bathroom again. Right away puny little Frolov showed up. Sizing up the

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

leader, who was at least six feet tall, he muttered, "If you raise a finger against him, you'll have me to answer to."

I was sure they would trample Frolik right then and there, but suddenly they melted away, sullen, without a murmur. Later I was told that my savior's older brother was a local thug, a repeat criminal, whose life alternated between long stays in the camps and short months of freedom during which he would do something new to terrorize the neighborhood.

Frolik's friendship seemed almost unbelievable. He had come to my defense just because he took a liking to me. There was an unusual generosity about him.

He's someone I'd like to see again . . .

During class I usually sat in the second row on the left side studying the teachers on the sly. I really liked the literature teacher. Many of the boys had a crush on her. This youthful, minute, always smiling, and always welcoming woman had a daughter. The daughter was in the eighth grade at another school, one of the "special" magnet schools. Why hadn't my mother been that way? My mother would leave home in the dark wee hours and return from work after night had fallen. Now I understand that she worked herself to the bone. Tired and devastated, she would take her worn shoes off and wrap herself in a bathrobe, which she then would not part with for the world. I tried to imagine the daughter of the literature teacher, how she would greet her mother and what they would do in the evening. But I could not.

We felt an even greater fondness for our English teacher, "the Englishwoman"—or Maryasha, as she was affectionately called at school. By comparison to Margarita Vasilievna, the literature teacher, she seemed much more familiar and friendly in her coarse wool skirt and homemade, cornflower-blue sweater. She seemed much less complicated. When she would explain something, moving around the room, there was strong smell about her of tobacco and something like autumn. I loved Maryasha for her patience, something I did not have.

On the whole, I remember my school years as a big waste of time. Everyone was bored. It is hard to remember even one teacher, except Maryasha and Margarita Vasilievna, who would do something to make school interesting. I often ended up getting into trouble. I was different from the usual kind of laggard in that I could learn whatever I needed to. I could easily have been the best student in the class in any subject. But just as easily my grade could slip to a "D" the minute I tired of being a model student. It is a shame that the urge to be the best came only once in a long while.

#### PRIVATE WEALTH—NATIONAL VISION

In school, people generally saw me as an active, energetic boy. I was often recruited for the Young Pioneers<sup>2</sup> and the Communist Youth League, but I was too lively for their routine orderliness. I would always start some project in a spirit of self-sacrifice. I would get involved, only to become embroiled in some kind of controversy. Once, when I was given a radio digest to prepare, I immediately had the songs of the Beatles, who were forbidden fruit, blaring into the microphone at full blast. It was 1965. I was reproached and removed from the editorial board. In Krasnodar, and later in Volgograd, the teachers generally treated me with respect, and I gained the reputation of a talented "bad boy."

Most of my time I spent on the street, sometimes hanging out with shady characters, but mostly playing soccer in the yard, getting into fistfights, catching pigeons, and playing knife games.

I was no hooligan. I just had no desire to follow rules that other people had made. And as a child growing up without a father, I became a loner.

Despite my love of risk taking that would burst forth from time to time, I knew the limits of any game. Later, in business affairs, I would often have to tread the edge of what was legal and permissible. But I never stepped over the edge. The Most High guarded me from that.

The move to Volgograd was painful. It was impossible to forget everything that I had left behind in Krasnodar. That had been my life. Whatever kind of life it had been, it had been my only one.

The workers' quarter, where my uncle and his family lived, lay next to the woods. My uncle, a passionate fisherman and hunter, was convinced that nature was the best healer. He himself could not do without the medicine that the woods nearby, the river, rain, and the whole natural world could offer.

Every venture into the marshy thicket would turn into something fantastic, an eternal shifting and changing that had nothing to do with us. These wanderings through the outskirts taught me to expect change. I got the urge to escape the measured order of life in the suburbs. I felt stifled in its ordinary routine. This passive vegetative life weighed on me and forced me to look for something different, some way out.

Six months before I graduated from school I made a friend who changed my whole life. One day when I was visiting a classmate, I met his older brother, Valera. Valera seemed like the hero of my dreams. He was a quick-witted person who sought opportunities and loved to take risks. He was working as a journalist and at the same time studying in two separate

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<sup>2</sup>Something like American Boy or Girl Scouts, but meant to ingrain collectivist, communist values in young children.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

schools at Moscow State University through the distance learning program. It was not allowed to study simultaneously in two schools, mathematics and journalism, and, in order to do so, he falsified his documents.

At the time Valera seemed well read in philosophy and literature. He collected books on Russian art of the early twentieth century that were very hard to get. Imitating him, I, too, began to read Pasternak, Mandelstam, Tsvetaeva, and the early Mayakovsky. The "Silver Age" sounded to us like a secret password.<sup>3</sup>

I should confess that my interest in poetry was mostly a kind of youthful snobbery, a way of setting myself apart from the crowd. Mostly we would spend our time conjuring up fabulous schemes for making money and breaking free. I was 17 and he 25. Our friendship exploded the world I had been living in. For the first time I hoped that I might really break free of my gray, boring life.

At the start of my senior year I had had no idea what to do with myself. After I met Valera, I formed a plan. I had to leave. Giving no thought to the objections of my relatives, I set off with Valera to Moscow to apply to the Geology Department at Moscow State University. The entrance exams were to be given in July. If I were not accepted, I would try to get into some other institute. I had no interest in geology or any other science. My only goal was to get into any Moscow institution of higher education and stay in the capital.

Neither of us was accepted, and in August we dashed over to Moscow Textile Institute. Valera was accepted, but I was not. At my aunt's insistence, I returned to Krasnodar. I did not care where I went after Moscow. I could not call any place home. Still, my aunt thought that it would be a shame to give up the family apartment that had been standing empty since my mother's death. She wanted me to live there at least until I was called into the army.

My aunt's decision turned out to be a big help to me. The apartment later became an important source of financial support. Now I thoroughly appreciate my aunt's wisdom and am grateful for her unbending resolution that so annoyed me back then.

The rest of the summer I made some money preparing wild flowers for second-hand dealers. The call to serve in the army was soon to come. .

In order to gather my thoughts, I set out on my own for the south. I lived on the shore of the Black Sea and forgot my recent failures. I did not rush to find my future, and for a while I just sat back and listened to the sounds of the sea.

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<sup>3</sup>The Silver Age was the renaissance in all areas of Russian high culture,—poetry, philosophy, theater, opera, dance, the visual arts,—that lasted from 1890 to 1930.

### **False Starts**

The garrison at Vyshny Volochok had been around for a long time so, by the time I arrived, the troops had finished construction and had managed to settle themselves in. The low, two-story buildings, in which the staff was housed, stretched along a broad thoroughfare. All the houses in the town stood on this one concrete road that was always swept clean and was unusually resonant. If anyone walked along it, the staccato of their heels striking the pavement would echo, deflecting off the walls and windows of the first floors.

When I had completed my army service in an aviation-training group, I returned to Krasnodar and started work as a metal worker at a factory. Although my aunt wanted me to get on with my university education, I could not find a profession I liked for which I would need a college degree. It took me two years to make up my mind. Finally my desire to leave the factory became so strong that I decided to apply to the mathematics department at the University of the Kuban. I chose math only because it would be easier to get accepted at the university if I declared myself a math major. I finished the course for workers in 1971 and then enrolled as a regular first-year student.

I still did not know what I wanted to do with my life. Things looked more promising when I made the acquaintance of a classmate, Volodya Zaika, who was both a brilliant mathematician and guitar player. At eighteen he could already play Bach's "Chaconne," a rather complex piece in its arrangement for guitar. Inspired by Volodya and looking for something to fill the time, I started to study guitar. Although I had neither talent nor knowledge of music, my desire to play was overwhelming. I decided to take an academic leave before the first semester was out in order to devote myself to guitar. Even though I had already wasted time and effort on it, I could not bring myself to commit the rest of my life to math.

I began my new life in the simplest possible way. I got into a train and set out to conquer Moscow, now for the second time. It is hard to imagine how self-assured I was back then. Without any musical talent whatsoever, I had taken a guitar in my hands for the first time at the age of 20. Now I wanted to go to the capital to become a professional? It is true this was not the only, and not the real, reason for leaving Krasnodar. It was actually just an excuse to get away. I cannot remember a crazier move in all my early life.

It was just before New Year's. December 28, 1971. I was standing by Kazan Railroad Station, freezing in my thin coat, with five rubles in my pocket, with neither friends nor relatives in all of Moscow. Although in a week I would be receiving a regular 60 rubles from renting the Krasnodar

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

apartment, that first night I spent in the cold, draughty waiting room at the train station.

That night I dreamed of my childhood. I was sliding along a bumpy path with shiny, faded spots where the ground had melted through the snow. Afraid of taking a wrong step and landing in the brook that had carved its way in the road, I slid further down the channel and banged my knee painfully on the smoky green ice. I picked my way back up to the road, now merrily, on all fours, pushing my school bag in front of me. Shaking myself off, I was glad that winter had come. I turned around and found my apartment house in an opening between two construction sites. The rest of the way home led through a square that was always bluish gray from the smoke dust from the nearby warehouses and the shunting locomotives.

My second day in Moscow was just as fruitless as the first. Although I did not make any contacts or acquaintances, the thought of returning to Krasnodar never even entered my head. I felt that I had burned my bridges.

In a conversation with my neighbor on the waiting room bench I learned of a hotel at the Park of National Economic Achievements that was famous for rooms rented at a ruble a night. I would be in a room with ten other people. Here finally I had some luck. I shared a room with some Armenians who had come to trade in Moscow's open-air markets. Since I was a southerner like them, they took me in and fed me for the next few days.

After I received my 60 rubles, I gathered my courage and called Vladimir Vladimirovich Slavsky, the author of the famous guitar textbook. The first time we met, Vladimir Vladimirovich could see how determined I was. Despite my meager abilities, he agreed to give me lessons from time to time. He found me lodging with Pyotr Panin, a guitarist with remarkable technical ability.

Although Slavsky had lost the use of his legs, he possessed enormous vitality. He was a natural leader, and he held the whole world of guitar in his hands. Even today when things are difficult and I feel down, I remember him as a person who brimmed with energy and optimism despite all his hardships.

Of the 60 rubles I received monthly in the mail I spent 30 on rent and lived "completely normally" on the rest. The usual rations—potatoes, bread, milk. In the evening I ate tea and crackers. Once a week I treated myself to 100 grams of liver. For days on end I drilled my scales. After a year at this hard labor I finally got the point. I could never become a virtuoso guitarist. It also became clear that Vladimir Vladimirovich was working with me partly out of admiration for my tenacity and partly because I could run small errands for him.

When I realized all this, I made another about-face in my life and decided to go to Siberia to earn some money. One Sunday, still in Moscow,

#### PRIVATE WEALTH—NATIONAL VISION

a friend of mine and I climbed through the window of some public building and used the telephone to call around to various cities in Western Siberia to find out which major construction sites needed more workers and where they were. We found an opportunity in Kemerovo, near Novosibirsk. When we arrived in Kemerovo, we organized a work brigade and contracted to build a cow barn on a state farm that was in bad financial shape.

We were promised a lot of money, 13,000 rubles each for a month and a half of work. As often happened, the contractor had deceived us and had no intention of paying us.

My year of academic leave had been lively and eventful. I never returned to the University of the Kuban.

A chance encounter with Aleksandr Gogava, a school friend whom I had not seen since the second grade, sent my life along yet another track. Gogava's mother, Tamara Davydovna Gogava, was known around Krasnodar as the director of the local theater. She was trying hard to make her son into an actor despite the fact that he had no talent. Lacking the will to break away, he gave into his mother and thus condemned himself to failure. In the theater there could be no career for someone like that.

The chance to become acquainted with the world of the theater appealed to me, so I accepted when Sasha invited me to come to Kemerovo where at the time Tamara Davydovna was directing the Light Opera Theater of the Kuzbass. During the summer of 1972 the theater was to visit the capital, and I was hired as a stagehand. Tamara Davydovna wanted her son to have company, since he did not get along well with the rest of the troupe.

While I was in Moscow, I hustled around and succeeded in getting an equivalency degree in guitar. The year I had devoted to the guitar had not been entirely lost.

I took the theater job for the sake of variety, for a joyride in the capital, and to be with people my own age. It was a pleasant surprise to find out that the theater was the only state institution where people were lively and jovial. Even though it was a provincial theater, things were hopping. As everywhere else, in the theater the standard communist propaganda impinged on life, but here everyone took it as a joke. Although in the theater there was no end to inside tiffs and squabbling, people treated everything as a game. In fact this attitude became a philosophy of life. The theatrical troupe was its own collective, and despite Soviet demagoguery and the whole Soviet environment it had its own unique way of life.

On my return to Kemerovo I set up business as a guitar teacher. I earned about 2000 rubles a month by organizing so-called self-sustaining musical associations. That was a lot amount of money for the time. Since I had acquired my skills from the best Moscow teachers, I provided a very solid training in contrast to the usual hackwork of such musical groups. And I went so far as to put together an ensemble, "The Kuzbass Guitar Players."

## THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

With time I became firmly resolved to enter the Leningrad Institute of Theater, Music and Cinematography to study in the newly opened department of economics and theater administration. I would have been hard put during the Soviet era to find any other work that would have suited me. That is how I found my way. It was late in life, of course. I was already 24.

### **Good Luck**

I have always liked to think of ways to make money. I first experimented in moneymaking long ago, in 1958, when I was in the second grade. A simple, strong trap that I invented could keep two-kopeck pieces from falling into the tray of a public telephone. If someone called from the telephone booth, and there was no answer and no connection, the change would accumulate in the collection box. In the morning I would set up the traps and after school I would collect my booty. During class I would comfort myself with the pleasant vision of loose change falling with a jingle. Sitting at my desk in school, I took pleasure in imagining the telephone booth with the money collecting in it, independently of me but by my design. All at the same time I could be here at school and over there by the telephone booths.

There were other experiments, as well. The 1962 soccer season was an unusually good one for the Krasnodar team, "Kuban." They had made it to the final round of the playoffs and were playing for the chance to join a higher league. The opportunity came for me, too, to rise to a different level. The first match, which was the decisive one, was to be with the team, "Labor," from Voronezh. I had an idea. Two weeks before the match I got busy. In good time, well before the ticket booths opened, I dragged myself out to the stadium. I was the first to get to the ticket booth—behind me a long line was forming. I bought 500 tickets at 20 kopecks, and on the day of the match, when everyone was, of course, all excited and wanted a ticket, I sold them for 50 kopecks apiece. For the first time I had real money in my hands, 250 rubles. My mother could never have earned that much, even in three months. I was a magnate, Croesus, the local Demidov.

In the ensuing 12 years I tried a number of different moneymaking schemes. I probably had a penchant for business from the very start, to such a degree that I did not even notice it. It seemed to me that my behavior was only natural. Only much later did I understand that the vast majority of people do not live like me. People are creatures of habit, they like to keep to a tried and true route. The experience of seeking one's own way, which is an inevitable part of growing up, is so tortuous for them that the rest of their lives they keep to all kinds of truths and untruths to avoid ever again having to be in the anxious position of making a choice. For all its negative and even offensive qualities, socialism is nice for many and perhaps most people.

#### PRIVATE WEALTH—NATIONAL VISION

Life is easy under socialism. If it were not, this type of society would not have survived for nearly a century.

My first serious business began in Krasnodar in the summer of 1974, a month before starting at the theater institute. A classmate whom I had not seen for about two years had gotten married and was now based in Leningrad. As might be expected, the newlyweds were skeptical about my plans for applying to the theater school.

Our conversation would have just been the usual chitchat if it had not been for something my friend's husband mentioned. At one point he said, "I'm into masks. Plaster-of-Paris masks cost kopecks to make and people buy them for five rubles apiece."

At that time the local Leningrad bigwig, the black-marketeer, Tolya-Vorkuta, who was from Vorkuta beyond the Arctic Circle, decided to quit his life of crime and to get into making and selling masks, which were all the new rage. His young wife, new hopes, the decision to throw over his past life—all came together right at the same time.

Tolya arrived in Krasnodar to set up business. He had come from Leningrad to make initial arrangements. For an entire week he had been looking for plaster of Paris which, like most things, was in short supply. Here was my turn to strut my stuff. Within two hours he had his plaster of Paris.

That was how we got started. We did the first pouring together, and by the end of the day we had our first masks. Next we tried to figure out how we would sell them. I never thought I could do it, but I soon overcame my reluctance and went out to the street to hawk the masks. It was the first time in my life that I had gone out to sell something, and by the end of the day I was holding a whole 200 rubles in my hands.

As an experienced wheeler-dealer Tolya-Vorkuta never let an advantage slip by. In giving me the chance to sell something, he certainly did not think my project of getting into the theater institute would work or that I would soon turn up in Leningrad. He was preparing his own "rearguard," figuring that in the end I would stay and run his business for him in Krasnodar.

My chances of actually being accepted at the Leningrad State Institute of Theater, Music, and Cinematography were very slim indeed. Only 20 people were accepted in each freshman class, and it was crystal clear that even before the entrance exams almost all the places would be reserved for children of theater celebrities. Judging by their talents, few of the offspring of these families were equipped to make it in traditional professions. These theater groupies made up one contingent of people applying to the new department of theater management. They would not be on the stage, so they reckoned, but at least they could be nearby.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

It will always be a mystery how I, an outsider without any connections, ever was admitted into the institute. As it seemed to me then, I was quite extraordinary. I had been quick to include in my employment papers that I had worked in Kemerovo as the assistant to the director of the theater club. I thought that they would give me the nod, but that information just made matters worse. I had no idea what I was doing, and I nearly missed the boat altogether. At that time I did not understand the system of artificial social quotas. What the examining board needed were students from workers' families for the quota system imposed on them by the government.

The history examination was the point at which many applicants were weeded out. The day before the exam I got into a conversation with a pleasant, blond-haired woman and went on at length about my worries. The next morning I entered the classroom and there among the examiners I saw the very woman with whom I had been talking the day before. I prepared an answer to my exam question but I was ashamed to go up to her, an acquaintance, to give my answer. I picked another of the examiners, as it turned out later, the dean himself. It was my luck that he was preoccupied with something and did not pay attention to my answer. He gave me a "B." I barely had enough points to squeak through.

Life in Leningrad lay before me. Although it is easy to lose oneself in a new city, I did not feel intimidated by this grand, granite colossus. Quite the contrary, it seemed to me only to increase my own stature. To me, Leningrad represented the civilized world, the world toward which I had been moving for so many years. I drank in everything the city could offer, and it was not long before I appreciated what extraordinary possibilities had opened before me.

To support my studies, I earned extra on the side by teaching guitar. But I could not get rid of the idea of getting into the mask business in a serious way. I foresaw no problems with getting raw materials. Plaster of Paris was readily available in the stores. The main problem was to find floor space where one could work with large amounts of plaster of Paris and bad-smelling lacquer. I found an unoccupied workshop on the top floor of an old house near Leningrad's main street, Nevsky Prospekt.

Since I was a student at the theater institute, it was fair to consider myself part of the city's artistic bohemia. Assuming the free and easy manner of an artist, I went to talk to the director of the local housing authority, Valentina.<sup>4</sup> She was a juicy morsel, just a bit older than I, and also single. She was very attractive, but it was hard to get close. I always felt as

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<sup>4</sup>In the Soviet order only artists and communal farmers were allowed to rent non-residential space.

#### PRIVATE WEALTH—NATIONAL VISION

if I were asking business favors of her. All the same, I made up my mind and invited her to the wedding of some classmates.

Valentina readily accepted my invitation. I have only the vaguest memories of the wedding. My friend Venka, Valentina, and I all left the wedding together. We shambled along together in the wet snow and shivered in the cold. Valentina invited us to come up to her room.

The door to the communal apartment where she lived had no lock. We walked into a blue-gray hall with a high ceiling. The hall was long like a train car, lined with perambulators, boxes, basins and other junk. Venka, who was drunk, had to be taken right home. When I returned, I opened the door and ran into Valentina.

"I'll be right there," she whispered. She spent a long time behind a dresser, fixing her hair, her blouse rustling in a most tempting way.

We were not together long, and we parted as friends. Soon I had my name attached to a rented space of 100 square meters, something unheard of in the 1970s.

Few people were making decorative wall masks in those days, so there was not much competition. Organizing the production of masks was itself relatively easy. The main problem now was to prepare forms for pouring the plaster of Paris. The business people whom I knew guarded their secret religiously. I hung around with craftspeople and gradually found out from snippets of conversation that forms were made out of "formoplast," a type of hard rubber. I went to the library and combed through mountains of handbooks. Although I eventually became acquainted with the inventor of formoplast, he was of no help since he did not think of applying his invention to manufacturing.

I was well into learning the ins and outs of the craft and studying the technology, when the solution came to me from an unexpected quarter. A recent acquaintance, an artist by the name of Viktor, offered me some forms even without my asking him. "You seem to need some forms," he said. "Here, Sashok, take three."

This unexpected offer of help stunned me, and I could find no words to answer. He continued: "Do you know how to pour the forms? You don't? Never mind, I'll show you right now."

Viktor let me in on all of his secrets, all of the fine points that one cannot get out of books. At the time I could not understand this gesture of kindness. Viktor had acted in a way that went against all business logic. Selling masks was his main source of income, and here I was about to become his competitor. Knowing my plans he shared his knowledge out of sheer generosity. Later we became friends. It was Viktor who had thought of plaster-of-Paris masks and invented the technology. As I was bustling about, scheming, and reconnoitering, he was meanwhile telling his secret to anyone, helping people out right and left. That is the kind of selfless, disinterested sort that he was. Only later did I understand that

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

psychologically we were made quite differently. I was already viewing masks as a moneymaking venture, while for him money was less important than the bohemian way of life that went with it. He liked to be involved with the cutting edge of fashion, to be a useful person who made things happen. He loved business contacts and prestigious acquaintances. For me making masks was important just as a way of making money. Money in and of itself was no final goal, but just a way of gaining greater freedom. Still, I thought in concrete terms and tended to see the consequences of all my actions in commercial terms.

To manufacture several hundred articles per month we needed at least primitive equipment for the workshop. The machines were made rapidly according to my specifications.

It seemed like a kind of business "sin" not to use good daylight hours for making masks. Since I was a student by day, it seemed natural to hire a worker to do the work for me.<sup>5</sup> And so, without knowing it, just like some medieval capitalist, I had taken this first, important step in developing my own business. The masks soon started multiplying.

The only problem now was how to sell the masks. I could, of course, have found other people to sell them, but then I would have become entirely dependent upon them. Moreover, I would have lost a significant portion of the income. So I did the trading myself on the steps of a department store on the outskirts of Leningrad.<sup>6</sup> I was taking a considerable risk. All I had to do was end up at the police station once to get kicked out of the institute. The clear curiosity on the part of passers-by helped me to overcome my sense of embarrassment and awkwardness. I learned to view myself as a kind of street actor, joking and bantering, and I soon grew accustomed to my new role. Luck and success choose jovial, confident people. And somehow I had the good fortune to avoid the police.

I had grown up in a family of meager means and for many years had had none of the things that other people my age took for granted. At the start, the chance to earn a lot of money loomed as my final goal. For the first time in my life I felt independent. I was the first student in the institute to buy a car. For about half a year I enjoyed the luxury of being able to spend money without counting kopecks. I was young and lived for the pleasures of the flesh. At 25 I had everything I could ever desire.

This naive delight in my own financial power lasted only a short while, a few months in all. Then all those pleasures started to bore me, and depression set in. To my surprise, I discovered that my sense of freedom did not depend directly on the amount of money in my pocket.

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<sup>5</sup>To hire employees was illegal under Soviet law.

<sup>6</sup>Strictly speaking, under Soviet law private trading and selling was illegal.

#### PRIVATE WEALTH—NATIONAL VISION

Although having money is undeniably important, money is a good servant but a poor master. If a person is not wholly consumed by the desire to accumulate money, he will eventually begin to seek the real purpose for which he was created. With time I grew along with my business and gradually learned to value money as a means for achieving goals. But at that time in the mid-1970s, I was a long way from this view of money and life. I had no answers to questions, like: "What am I living for and why? What is the point of my life?" Since I had no clear value system, I set myself the very worldly goal of making a large amount of money. Under any circumstances this alone would allow me to live as I saw fit. It was certainly an illusory "bastion" of freedom.

I began to search for new approaches to organizing my business. Summer arrived, and along with it summer vacation. My partner and I looked at two new business opportunities. He suggested going to Irkutsk by train and selling masks along the way. I was inexplicably drawn to Moscow.

It was decided that we would go to Moscow. From the first, we got into some unlikely adventures. Our chief cause of distress was an ancient trunk girded with iron bands. A grown person could easily fit into it. It would fit nearly a hundred masks. Full it weighed 120 kilos which meant that the two of us could barely lift it. It is a mystery to me why it never occurred to us to use suitcases.

We headed out about an hour before the train was to leave. We had to flag down a truck because the trunk just would not fit into a passenger car. In the usual Russian way we sat for a bit before starting our trip. We then dragged our trunk to the door only to find that the door lock had frozen. Another half an hour went by while we chopped our way through the door and heaved the trunk out onto the street. We still had 40 minutes to catch the train. The streets were empty. Finally, a rattletrap, the kind you would see only in a museum, crawled out of a side street, picked us up, and barely got us to the station. At the station we feverishly sought out a baggage cart and rushed headlong for the train. The people standing on the platform saw our dinosaur and jumped out of the way. We heaved the trunk into the entryway of the train car and were off.

In Moscow we had no contacts. I had only the vaguest memory of the city. We came to an agreement with a grandmotherly sort from the house opposite a gift shop in Stolesnikov Alley—she promised to look after the trunk while we did our selling. We loaded up our bags and shoved off in the direction of the Central Department Store.<sup>7</sup> Gradually a feeling of terror overcame us. In Leningrad I had been selling in the suburbs, but here we were in the center of Moscow, and the police were everywhere. We kept our bags closed and took the metro northward toward the Park of National Economic Achievements. There was no one to sell to up there since the

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<sup>7</sup>A large department store just behind the Bolshoi Theater in the center of Moscow.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

exhibit was closed. Then something happened that led to my first big success. The minibus broke down between the exhibit and the metro. As a last hope we took a taxi. I felt the urge to vent my frustrations and sensed somehow that the taxi driver was a guy who had been around a while, and could give us some good tips. I cursed the capital, explaining that we were students hoping to earn something. No one, I said, was buying our masks. The cab driver got the point and suggested that we move straight to a store by the name of "Spring" right across from the Roman Theater.

We went into the store. Again that same cloying fear came over us. I took a mask in each hand and staked out a spot near a counter with some gifts. Thank God, the saleswoman kept to herself. That difficult moment had arrived.

When I had just about decided to call it quits, a self-assured, middle-aged woman came up and asked in a ringing voice so loud it made me jump, "Young man, are you selling these masks? How much do they cost?"

I summoned all my nerve and answered in a hushed voice, "Ten rubles."

Why I named such a crazy price, I myself do not know. We usually asked only five rubles for the masks.

"My goodness! Really just ten rubles? How delightful! Do you have any more?"

The crowd gathered around. In five minutes we had made 200 rubles.

We rushed back to Stoleshnikov Alley as if on wings, loaded up and went in another direction, to Kalinin Prospect. We sold our masks openly, unguardedly. In half an hour we had sold everything and had made just under a thousand rubles, 500 for each of us. If a billion rubles were unexpectedly to fall into my lap now, I would not feel the same ecstasy of that day in Moscow. We had discovered Eldorado! It was nothing deliberate or planned. In Leningrad our masks were feeding about 40 people, but in Moscow there was no one to look after! Our products sold well. By comparison to Leningrad's, the police here were less vigilant. When it suits them, people in uniform, even if there are ten of them standing there, will simply not see you. To take full advantage of this treasure trove was my next job.

Each person perceives success in his own way. My partner took off for the rest of the summer.

That fall my life became more clearly defined. Each week I followed the same routine—four days in Leningrad, then a night in the train, followed by three days in Moscow, then a night in the train back to Leningrad. On Thursdays I would load 300 masks into suitcases and drag them to the Moscow train. The passengers would be overcome by the smell

#### PRIVATE WEALTH—NATIONAL VISION

of fresh lacquer, and they would keep up a steady stream of complaint the whole way to Moscow. Finally I would reach the luggage room at the station where I left the suitcases. I would sell masks all along a well-trodden route: GUM, Central Department Store, Kalinin Prospekt. In a month I would clear 2000 rubles.

Despite these absences I was not a bad student. There was no point in hoping for mercy from the teachers or help from my classmates. I attended lectures only on occasion, would disappear for long periods of time. Then I would reappear sometimes dressed to the nines, sometimes threadbare. I earned my A's and B's with greater effort than other students did. My only difficulty was with English. As luck would have it, English class met on Fridays, my active market day in the capital. I wish the best of health to our "Englishwoman" who seemed not to notice my Friday absences.

December 28, 1975. Again I was in Moscow at New Year's, as in that memorable year, 1971. Only now I was staying at the Academy Hotel. We had been selling for three days. On the fourth day I felt awful, I had a temperature above 40 degrees Celsius and a stuffy head—it was the flu. Circumstances made being sick out of the question. If I did not immediately remove 4000 rubles from the apartment where we kept the masks, our earnings from our year-end sales might just be confiscated. In the emergency room, as I was undressed, heaps of money fell out onto the floor. The medics were in shock. It would have taken them about three years to earn that kind of money. Before losing consciousness I asked them to count the money and put it in safekeeping. At the last I remember the nurse's hand, extending a receipt to me.

When I came to, I was lying in a hallway surrounded by patients in flowery robes. Because of the flu epidemic, the men's wing of the hospital was overflowing, and some of us were put in the women's wing. That was the way I first met Olga, a medical student who was completing her internship. We started a stormy romance, and I moved permanently to Moscow.

Olga and I decided to get married the next fall. With the prospect of moving to Moscow, I decided that summer to try to make 20,000 rubles, which translated into about 3000 masks. For that amount I needed more than five tons of plaster of Paris.

The risk was fantastic. I began a high-stakes game and had to be prepared for serious consequences in case I failed. Now I had to beware of the police in earnest. If a business of such volume were discovered, I would certainly face a lengthy term on the plank beds of prison.

In Moscow I made arrangements with some workmen for keeping the goods in an abandoned house with easy access. The highway patrol was strict in covering truck traffic, especially at the entry points into the city. There could be no thought of certified transport. People in the know gave

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

me a tip about flagging down a truck going my way out of Leningrad. As luck would have it, the first vehicle I stopped was carrying cigarettes in boxes just like the ones in which we had packed the masks. Even the color of the cellophane tape matched, so we had nothing to disguise. The driver agreed to take the load for all of 50 rubles, although he was risking a year in prison according to current law. The driver answered my concern philosophically: "We only live once, and for a year one could even stand on one leg."

There was a lot of sense in that remark. The driver was not concerned in the long run with the 50 rubles, he was simply asserting his own independence. Our national attitude toward risk taking, our blind assurance that things will turn out alright, has saved us from slavery and preserved in us a taste for freedom. On one hand, there were the police and the courts, on the other, these bold people, disorderly, yet free. I was not alone.

Near the "warehouse" in Moscow, we got up a head of steam and turned off the motor. It was five o'clock in the morning. We made it up to the right entryway without anyone seeing us. We unloaded quickly in dead silence. And when we left, anyone, who might have awakened, did not have time to see who we were. Soon I was clearing 500 rubles a day.

I used this way of transporting masks to my temporary warehouse only three times. Finally, our good neighbors, like the true and loyal Soviet citizens they were, called the police, sensing that all was not as it should be with these piles of cigarette boxes. We had saved ourselves from serious consequences by a simple security system. We destroyed all empty boxes immediately. That way the police could not figure out the extent of our operation.

Plaintively yet sincerely I explained my situation to colleagues at the economic crimes department. I was getting married. I was selling a product of my own labor. I had bought the plaster of Paris in a store and had never had any part in stealing socialist property. A coupon from a store for newlyweds saved the day. In this whole story I lost only 200 rubles that the police investigator got out of me.

By August, 25,000 rubles were in my hands.

#### **The Moscow Seminary**

Back at my alma mater it was with undisguised glee that the officials handed me my documents for transfer to the Moscow Institute of Theater Arts. They now had one less pain in the neck to worry about. In the dean's office at my new institute in Moscow I was greeted with surprising warmth. The reason was that they were on the lookout for more men to study in the economics and theater administration department that I was now

#### PRIVATE WEALTH—NATIONAL VISION

entering. My letter of transfer was signed immediately, and I was invited to return in a few days.

My next encounter with them was less friendly. They explained to me in a tone of false concern that there had been a phone call from Leningrad from an anonymous caller who warned about the irksome pleasures of having a student like me. They announced that I would have to complete one semester as a non-degree student. Just like that, without warning you are told that you are "on parole." In the end, though, it was business as usual. They could not just ignore the fact that I had been admitted, and they found no formal grounds for taking that away. In the end they registered me as a regular sophomore in good standing.

I expected a holiday, the continuation of the relaxed atmosphere of the Leningrad institute, but I was caught up in a stagnant pool with its stifling atmosphere of mutual suspicion. Could it have been the proximity of the vast gray stone piles of the Central Committee of the Communist Party on Staraya Square?

Among ourselves we gave our department the nickname, "the cellar." It was indeed located in a dark cellar area, which amazed me particularly after the palatial splendor of the Leningrad Institute. That department was no temple of art. In a word, it was a holding tank for people who could not make it elsewhere. The institute was dead to the spirit of the theater, and this emptiness translated into mediocrity in the classroom and cynicism among the students. After graduation, almost no one from our class found work anywhere in theater life, much less success in any real sense.

Soon enough I became a headache for the dean's office, partly because I would not try and did not want to stick to the usual program. I was an independent spirit, who openly thumbed his nose at hierarchy. I could throw a party and pay everybody's way, and came to class only when I felt like it. In me they found themselves up against a person who, just by being there, challenged the most basic values of their profession.

It was ridiculous to hope for lenience if I failed, so I had to buckle down to my studies. On my first exams, which included higher math, I received all "A's."

The mechanism for producing masks that I had devised brought me a steady income, assuring a comfortable life. My everyday life in the capital was much like my previous life with its swings between Leningrad and Moscow, only now in the opposite direction. On the one hand, I had the demands of my studies, and, on the other, my absolute, almost Moslem, Friday ritual of picking up the goods in Leningrad. At the workshop the masks were pouring out. If I did not keep a handle on things, the business would be deluged with unsold masks.

Bit by bit, in the course of the year, I managed to move production to Moscow. First I gave up my weekly trips to Leningrad, instead hiring a courier to bring the masks. And when I managed to find new lodgings,—the

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

housing authority were glad to rent them to me for 50 rubles a month,—the umbilical cord with Leningrad was finally severed.

It seemed to my wife, Olga, that we had already reached our goals. Our income took care of more than all our needs, and the measured existence that we had created was plenty for her. I still do not understand how it was that even before the wedding—and we had been dating for about a year—she could not see that I march to a different drummer, that I could never live a quiet life. Increasingly, I retreated into the business, arranging my life around its demands. I was a free person, whom house, family, and government could bind as tightly as you like only when their values matched my own inner values. Nothing and no one can force me to accept anything without that. If I yield to temptation or weakness, it is never for very long. It has always been that way with me. My preoccupation with my business destroyed my marriage.

The business also complicated matters with the theater institute. My Zhiguli became the source of envy. The slew of conjectures and rumors turned into passionate hatred. Whatever bond might have existed between my professors and myself was broken during a chance meeting at the railroad station. A flock of professors was taking off for the Northern Palmyra<sup>8</sup> in a state of pleasant excitement. Greeting each other politely, we exchanged the usual small talk, that it's a small world, that we had just seen one another in class, and here is a pleasant surprise that we are traveling together, in one train to the “heroic city” of Leningrad.<sup>9</sup> The smiles disappeared when it became clear that the train was the same, but the cars they and I were traveling in were different. They were in the “hard” car with seat compartments and I in the “soft,” sleeping car. After that, I got through the spring exam period only through sheer perseverance.

During third year my relations with the administration became quite fantastic. The politics teacher—the evil genius of the institution and a terrible gossip—had just left the institute. For once, my classmates stuck their heads out, so to speak, and tried to get out from under the strict control of the dean's office. For a time the dean's office lost its hold on the situation. My influence over my classmates grew, and to annoy the administration, they picked me as class president. It was sweet. The dean's office had to deal with me as a grownup with full administrative responsibilities.

On the whole, the late 1970s was an odd, stagnant time. Stalinist pseudo-sciences—like that fantastic political science of the politics teacher—were flourishing, while, despite them, the country was living and growing in its own way, by its own laws, the natural laws of social life. The shadow

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<sup>8</sup>A facetious name for Leningrad, since 1990, St. Petersburg.

<sup>9</sup> Because of its 900-day resistance to the Nazis during World War II Leningrad was named the “Hero-City.”

#### PRIVATE WEALTH—NATIONAL VISION

economy, corruption, pillaging of natural resources—all this stood in shocking contrast to the alleged "economic laws of developed socialism." I never thought much about it, but my own economic dealings, that of an underground entrepreneur, consistently, each and every day, refuted communist wisdom, page after page. During that time, in the heart of each "Soviet person"—each one in and of himself—lived two diametrically opposed desires, the urge to support collective life, on the one hand, and an arrant individualism, on the other; a scorn for the model Soviet citizen and pride in victory during the Great War; obedience to Communist taboos and daily violation of them. In this sense, I was a typical representative of my time. I was at once a "socialized person" and an "antisocial element."

The conflict with the administration continued into my fourth year at the institute. Since they could not expel me for bad grades, the masters of the backstage decided to take revenge by sending me to a fifth-year practicum at the Drama Theater deep in Moscow Province. The director of the Drama Theater was Isidor Mikhailovich Tartakovsky. When I drove out to meet him, I explained that, although I needed him to give me an evaluation of my work, there was no way for me to attend the practicum.

Tartakovsky was quick to understand my predicament and asked for the memo from the institute. He thought a moment and then suddenly added: "You shouldn't even be here! You need to go to Noginsk! My theater is just a provincial theater, the Drama Theater is over there."

Here was a nice fix! Those zealots at my institute wanted to keep me well away from Moscow. The godforsaken Drama Theater was 50 kilometers from the city. Everyday there and back would take three hours on the train. To follow their orders would be sheer insanity. The strict schedule of my business would be broken, and I would have irreparable damages.

How was I to rework my assignment? I remembered a friend from Volgograd, who worked in a mirror-making shop, who not long before had been working on some mirrors for the director of the Moscow Variety Theater. The director, Pavel Makarovich, met with me and assured me, smooth as silk, that he would raise no objections if I wanted to join his theater, but that it would be impossible to change the assignment without the approval of the dean. Barring that, I would need the official stamp of the Minister of Culture or his deputy. Just one little ministerial stamp! The sons of bitches had ruined everything.

Still, I got ready for a visit to the Ministry of Culture. I dressed up and practiced an easy charm in which I hoped an experienced eye would be able to detect the style and habit of independence. I wandered about the building. There were clerks, but all the wrong ones, scurrying along the corridors. Finally, I noticed a person with a tired face, worn out by the continual stream of petitioners. Introducing myself, I asked the way to the

## THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

minister's reception area. He looked me up and down and asked, "What is it you need, young man?"

In two words I explained my business, at the same time nonchalantly setting a plastic bag with a block of Marlboros and a bottle of cognac on the windowsill.

To which he replied, "I am the minister's assistant. Wait here!"  
An hour later he brought out a letter signed by the minister . . .

My pre-graduation practicum was now coming to an end, and I received a stellar evaluation of my work. I went back to the institute where everyone was waiting on tenterhooks, anticipating the pleasure of tormenting me further. They announced that I had not even set foot in Noginsk. Ingratiatingly, they asked where I had been all this time. I showed them my letter from the Variety Theater.

"But we sent you to Noginsk," they answered. "You had a special program to put on there. You've been absent, Sashenka, for six whole months! We just have no other alternative . . . We are forced . . . Prepare yourself, my boy . . . for the worst. We are forced to expel you."

When they had had their say, I mentioned, as if by the way, "I have a document I'd like you to see."

"Oh, so what sort of document could you have?" They asked.  
"Let's have a look at your document."

When they saw the form with the signature of the Minister of Culture of the Russian Federation, they were struck dumb. They gulped air like fishes with their mouths open and still could not catch their breath. It was just like the silent scene at the end of Gogol's Inspector General.

For another half year the zealots left me in peace.

I arrived at the state exam in my major, armed to the teeth with information. A cheerless creature with straight A's had agreed to prepare answers for me on the cheap. These answers consisted of two or three formulaic truths to all possible questions.

How one defends oneself at an exam is obvious: one turns the execution into an intimate discussion. One strides onto the proscenium, as it were, in the middle of the exam. The state examining committee weakens and softens. I argued and disputed in merry despair, as if I was choking from too much information. In the end, they gave me the "B" I was looking for, and I had my diploma from the State Institute for Theater Arts in my pocket.

### Behind the Scenes

The prospect of working for the next three years at the job assigned to me after graduation did not interest me in the least. I was to work as a

#### PRIVATE WEALTH—NATIONAL VISION

clerk in some minor department of the Philharmonic.<sup>10</sup> This was not the right road for a “bulldozer” like me.

I wandered along Neglinnaya St. aimlessly, wondering what to do. Out of the corner of my eye I saw a sign for the “Cultural Offices of Moscow City Hall.” The workday had finished, and there was no secretary at the reception desk. I knocked on the door of the office of the personnel manager. At the desk sat a plump beauty right out of a Kustodiev painting. She was just a bit over 40. At first I just chatted with her, but then eventually told her what I was after.

“You’re in the right place at the right time,” she replied. “The job of chief manager at the Ermolova Theater has just now come open.”<sup>11</sup>

An offer like this comes once in a blue moon. The position of chief manager, a powerful controller of tickets, has always attracted the missionaries of culture. To be offered this position through public channels, without connections—for me, a person off the street, was a rare, almost impossible, bit of good luck. The doors that had been firmly shut had opened just a bit. For once, I had really been in the right place at the right time.

A number of events led to this job opening. First, Kirill Adamovich Sukhinich, a bureaucrat from the Moscow City Council, came to the Ermolova Theater as the new director. At one time Sukhinich had had a career in the ballet. Because of his connection with the arts the Party threw him next into the theater. In keeping with Soviet tradition, the first thing he did was to fire an able and experienced deputy director. The other administrative personnel left as well. The newly minted appointee promoted his friend, Kirill Sergeevich Bitelev, also a ballet dancer, a nice enough person, but as an organizer clumsy enough to drive anyone up the wall. Later he left our theater to become a doorman at a hotel but could not do even that kind of work.

Worries about his career (there was a road trip coming up soon) forced Sukhinich to use all possible channels, even the official one, the personnel office, to find a new manager. He had not been able to fish out a suitable sort from among his intimates. Still, a couple more days and the vacancy would have been filled. Such wonderful positions never stay empty. The appearance of someone with a diploma was clearly more than timely for the administration of the theater, and they welcomed me with open arms.

As I had been taught at the institute, I tried right off to familiarize myself with the volume of ticket sales over the last five years. In answer to my innocent request to see the account books the middle-aged birds from the business office flurried up from their desks, like frightened partridges,

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<sup>10</sup> In the Soviet system students who had finished their higher education had no choice as to where they went to work, but were assigned jobs.

<sup>11</sup>The Ermolova Theater is one of Moscow's most prominent theaters.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

bustling and lamenting. I stood my ground and reminded them of their obligations. In answer I got insults. In their eyes I detected a maidenly terror at the prospect of being ravaged. As if white hot, tearing myself from the grip of irons, I stomped out and headed straight to the director's office. I overplayed my part on purpose. To tell the truth this insult did not bother me in the slightest. It was against the law to fire a young graduate during his first three years on the job.

Kirill Adamovich did not quite understand why it was that the business office would not hand over the account books. He shifted from one foot to the other, sighed in a worried way, but could not make up his mind to go to war. It was only when he understood that people were hiding something from him, too, that he went into action. I received a written order giving me full powers.

Dusty folders were handed over in dramatic silence. Why had they taken fright? There was nothing special, no fixing the accounts, everything was kept in the appropriate order. It was a register like any other. The only odd thing was that for all these five years in any given month, no matter what the play, the theater seemed to have been filled only to 60% capacity. With inexplicable regularity, day in and day out, and despite its considerable group of loyal theatergoers, the theater was almost half-empty! And yet I could see with my own eyes that the theater was nearly full. There was the audience for everyone to see, but the books showed no record of them. Here was a problem.

I guessed what was happening only later. The ticket office was playing a game of lotto in which everyone would win. Our theater was not the only one. It is paradoxical that the less popular the theater, the more the scum that worked there rose to the top. If popular theaters are always full to the bursting point, in theaters like the Ermolova seats often stay empty. It is here that the chance to earn some money arises. The scheme is simple: have extra, uncounted sets of tickets printed up at the typographer's and make a deal with the ticket office in the theater. After the beginning of the show the tickets are stamped with the current date and put away as being unsold, some part of the ticket stubs from that day's performance are destroyed, and the money made from those sales is pocketed. In real life there were no inspector generals, and, if they had existed, they would not have bothered with counting empty seats. What is more, unsold tickets would be returned from various ticket booths on different days and were entered into the account book separately. As a result, it never occurred to anyone, either on the day of the show or later, to compare the number of tickets sold and the number of seats filled. A significant portion of the earnings each day settled in the pockets of those initiated into this scam. Since our new director had no clue what was going on, no one shared the money with him. And I had no idea what a hornets' nest I was stirring up.

#### PRIVATE WEALTH—NATIONAL VISION

The excited swarm from the ticket office together with Bitelev, who was still for the moment acting as assistant director, methodically tied nooses and set traps for me. To make up my mind to get into a fight without any allies meant to lose even before the game began. The vulnerable point in my opponents' position was that they did not have the support of the producer, Vladimir Alekseevich Andreev. Aloof and inaccessible, an Olympic god above the barbarians, he was the real master of the theater. In his presence everyone else in the troupe walked around on tiptoes and kept quiet. From this man I received unconditional approval for the changes that I had in mind.

The first bastion that I intended to storm was the ticket office. It was difficult to remove the main cashier from her pedestal. She was cold and distant, and extremely well connected with the world of high culture. I would have to take decisive action in order to bring their schemes to light.

The distribution of tickets started on the first day of each ten-day period with the so-called "free" sale of tickets at the theater's ticket office. Here people working in the theater could buy any quantity of tickets directly from the main cashier. This practice gave the main cashier power since she controlled the distribution of the tickets. It seems petty, but the favors that were paid to her turned this pawn into an omnipotent grande dame, almost a queen, and lowered the manager to the role of a page. How could I assure a sell-out on the first day, if I was left only the lot of tickets reserved for me, the manager? Indeed, the main cashier was interested in just the opposite, in having the tickets not be sold, and she nearly chased would-be theatergoers away. I managed to find out that schools, vocational schools, and technical schools had the right to pay for tickets by written order instead of cash. I started a war, I leaned on labor union members, and persuaded them to attend en masse.

The effect was remarkable. When the ticket office opened at 11 a.m., there would usually be several people standing in line. In an hour they had bought up the whole available supply of tickets. For reserve tickets everyone in the theater had to turn to me. Everyone, including the stage director and the director. I got them to agree not to make any exceptions. That was the main thing. That way I got the key to power in my hands.

It was not without pride that I reported to Andreev that tickets to our wonderful shows had gotten to be deficit goods in Moscow. In general, I continued, it could have been that way all along, but was not, all because management was set up the wrong way.

This two-minute conversation put me out of reach of the cashier's team. One improbable incident sticks in my mind. One of my friends, who was also in theater management, was visiting me and observed that, when Andreev asked that I come to his office, I gave the excuse that I was too busy. He was sure that I could have been fired immediately for this shocking disrespect for the producer. For us, that would have been the natural

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

outcome. But the producer trusted me, and my influence increased as attendance grew.

The conflict within the theater smoldered behind the scenes, now dying down, now flaring up again. I did have a number of lucky days along the way. In connection with the upcoming summer tour I was asked to travel through the Baltic republics to familiarize myself with their stages.

Meanwhile, I had gotten married a second time. My second marriage was completely different from my first. We spent much longer and had a harder time getting together, but to this day our marriage is strong and stable. I had met Galya back in Leningrad in the summer of 1977, when I had come back to sell masks, now made in Moscow. Further away from the capital there would be less chance for trouble with the theater institute, if I got caught. We spent the long, bright summer together and parted without knowing what the future would bring. Galya won me over with her gentleness and femininity. She was neither mercenary nor calculating. She stoically tolerated my rough, difficult character. I was surprised at the fact that she even agreed to go out with me at all.

The next time I came to Leningrad I invited Galya to come live in Moscow. Nothing had yet been decided or even discussed. And what kind of promises could a mere student make? She quit her studies, and her work, and left her cultured, educated family. Her parents refused even to see me. We took shelter in various rented rooms for two years before we became engaged and, then, for five years after the marriage, until we acquired an apartment.

Galya is a very perceptive, intuitive woman. She can immediately size up any situation. For many long years she has been and will be my first and foremost adviser. She is both coolheaded and understanding. I knew that it would be that way in the future, as well.

We have never parted for long. We set out on the business trip to the Baltic although she was almost due to deliver. Right before our return, just when we were leaving for the airport, she started having contractions. Just in time we turned back for the Vilnius hospital. We were given a little girl, our only child.

The Baltic tours were supposed to have been arranged by the assistant director Bitelev. He decided to take advantage of the opportunity to make a final, decisive attack on me. People had managed to convince him that I was aiming to take charge. It was absurd that he was being egged on by the team from the ticket office, who were making money from their dealings without letting him in on their secret. He knew nothing about their affairs, nor did he know that the creator and builder of the secret financial "empire," his precursor in the position, was still holding all the reins in his hands, even after his departure from the theater. So everyone was trying to

#### PRIVATE WEALTH—NATIONAL VISION

make me look badly by sending me to Estonia to embarrass myself and to fail in my mission.

Bitelev deliberately twiddled his thumbs and did nothing to prepare for the tour—even though a tour is the most important event in the life of a theater. Then, unexpectedly, he removed himself from the game, pleading illness. For every bureaucrat his main concern is for himself, and therefore he never really becomes attached to his work and never fully serves its interests. Let the theater go to hell, the heck with it—even at that price, throw the intruder out and keep the status quo.

In the fairy-tale city of Tallinn arranging the summer tour in three short weeks was something like cleaning the Augean stables. Absolutely nothing had been done to prepare. Not even the posters had been printed.

It was mid-July in this resort area. Because there were a lot of people in the city, there was no chance to get the troupe a place to live. There was no place for us even to spend the night. Some other guy just like me, a restless man on a business trip, invited us to share his room for one night. The only thing that I could obtain by waving my official, stamped travel documents was permission to stay at a nice hotel. The Estonians at their desks reacted to a request to secure a block of rooms for the theater with an ironic, if polite, "No understand." How could there be Russian theater here if everyone hated to speak Russian? I'd be fired, damn it all, for this breakdown in our work schedule.

I could not hope for support through the Party apparatus since I was not a member of the party. My last hope was to approach the mayor of Tallinn.

"Everything in your city pisses me off," I hammer out from the threshold. "If our theater tour in Estonia crumbles, it will be a political scandal. Our problem has already had a hearing in the Central Committee of the Communist Party. Write me out an official refusal, and I won't set foot in your city again. Six national artists of the USSR are coming to Tallinn for put on a performance for you. Six! Your own Ministry of Culture requested them. Give me a letter that you are now refusing them, and I will call the Central Committee."

"So, leave," said the mayor with Scandinavian drawl.

"Are you joking? These matters concern the good relations between our two republics!"

I turned and moved slowly toward the elevator and pushed the button. I was itching to turn around, but I hung in there. I was stepping into the elevator when I felt a tug at my sleeve. It was the mayor's secretary, lithe as a porcelain statuette.

"Let's not get all worked up," said the mayor, now in a more friendly voice. "What is it that you need, Aleksandr Stepanovich?"

I have to hand it to him. It was a masterful pause. He had left me hanging until the very last second. In the course of our conversation all my

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

problems were settled. My bluff about the Central Committee had worked wonderfully, and I was given all the best hotels, The Olympia, The Vira, even the Party hotel. I became the holder of a very large block of rooms at the height of the summer season. To unload the train cars with our equipment I was given a company of soldiers. My personal errand boy, a jaunty young man with a thirst for money, made sure that there would be record audiences for the Russian theater while it was on the Baltic Coast—all the shows sold out. It was magic.

It is funny, and perhaps a bit bad on my part, to remember that my quest for first-class hotels in this city with its neatly ordered gingerbread houses was almost the easiest part of the whole story. True genius was needed to determine who would room where—the actors, stage workers, and musicians—all in keeping with a byzantine theatrical pecking order. Unexpected complications arose with the arrival of about fifty so-called close friends and relatives of the leading gentlemen and ladies. I turned myself inside out to arrange nice housing downtown. Then this crowd started whining and demanded that the producer Andreev include them in all the celebrations at the Vira. At that point, we had to sweep them all out of the hotel rooms and offer them cottages 15 kilometers outside of town. At last, all those brassy theater people calmed down. In the mornings they would crowd into the vestibule in their colorful cotton robes and chant unctuously, "Oh, Aleksandr Stepanovich, you are a magician, you dear wizard, you. Ah, Aleksandr Stepanovich, we will pray for you each and every day."

Director Sukhinich appreciated everything I had accomplished. He could see the good feelings of the troupe toward me, and for a time he made his peace with the idea that I was unsinkable, and that his tenure in his comfortable director's chair depended mostly on the results of my efforts. Every other person he talked to kept repeating, "So what were you all in Moscow thinking? You sent him out completely alone, he's been all over the place, and you don't appreciate him." Far from keeping me from celebrating my professional success, Sukhinich locked himself up in his hotel room and entrusted the day-to-day management of the tour to me. When he came out, he stayed on the sidelines and did not insist on being the center of attention.

The theater finished its tour in Tallinn the last day of June, and the very next day we were to put on our first show in Vilnius. The administration had foolishly forgotten to ask whether there were trains going that day. In addition, air traffic was halted because of bad weather. How would we get there on time? I got some city busses taken off their normal routes and sent to Vilnius that night with all our baggage. All things considered, this tour was a complex but successful diplomatic operation.

After the Baltic trip Andreev, the producer, conducted a complete house cleaning of the managerial staff, removing the dead wood that had been there too long. Although Bitelev left, I was not promoted to the higher

#### PRIVATE WEALTH—NATIONAL VISION

post on which in my zeal I had been counting. Perhaps because of my youth I took this oversight as an undeserved snub. I lost all interest in the theatrical career that until recently I had so enthusiastically pursued. Things went from bad to worse when, at one point, I forgot to send out the tickets to be sold for one of our traveling shows. It was not out of spite. I had lost all respect for the theater and had come to dislike my job. The curtain opened to an empty, dead hall. There had never been anything like it in Soviet theater, and this incident was so much beyond the pale that I was immediately cast away as a detriment to the theater. I was no longer the gifted, young prospect. For my part, I no longer cared about any evaluations of my work at the Ermolova. That page of my life had closed.

On sober consideration, and on the advice of my wife, I returned to making masks. This decision was taken during the first days of Andropov's "terror," his campaign of 1983 to bring discipline into the work place. During working hours idlers who played hooky were picked up on the streets, in the public baths, at the movies. They even nabbed students who were skipping classes. We were just getting started, coming out onto the streets to sell our wares despite this avalanche of arrests. Was it not madness to leave my secure post among the Soviet elite and return to the square in front of the train station to sell my goods? A person must always be true to himself . . .

On the whole, looking back over my career as a theater administrator, I would say that I did not fit into that world. At the time the prestige of the theater was high, and Soviet Party functionaries secretly envied the popularity of the actors. This envy continually expressed itself either in crass patronage that was reminiscent of the way pre-revolutionary landholders treated their serf actors. It also came out in the form of censorship controls and through economic restrictions. I would go so far as to say that the Soviet regime had a "complex" about the theater.

Although I was generally attracted to art, I was also interested in real life and real relationships between people. The world of the theater seemed to me to be excessively layered with convention. In the actors I saw naive, overwrought people who were living a pretend life and, for all their doubtless stage talent, could not cope with the real world, or even with life in their very own theater.

I kept my ties to the theater. I was still employed with Tartakovsky as a ticket dispatcher. This connection was useful for arranging business affairs. For the first time in my life I had no direct obligation to governmental institutions, whether through study or work, and I could lead my life as I saw fit.

Now I see that snub of long ago in quite a different light. Andreev weaned me from the theater precisely because he understood that I did not belong there. As a person of that system, he was doing what was necessary in order to preserve the system. I should be grateful to Vladimir Alekseevich

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

that he broke off my administrative career. Deliberately or not, he forced me out of what at the time seemed like a golden cage. That path would have been a catastrophe for me. The clerks, many of whom I had crossed swords with, would have trumped up some sort of charge that I had ripped off something, and then turned me over to the Economic Crimes Division.<sup>12</sup> God saved me.

#### **Our First Cooperative**

After working in the theater—a state institution, albeit not a typical one—I was convinced that my own business must first and foremost stand above reproach. It must fit as much as possible within the existing system, but, most important of all, it must be aboveboard. One thing was the key to winning and surviving, to getting past the Scylla and Charybdis of Soviet law. All the basic materials for production of the masks must be purchased legally. In this case any transgression would boil down to a misstep in management. The other absolute and indispensable condition for business was to obtain individual work licenses, thus securing the legal right to work for oneself.

All the people who came to work with me first had to obtain a license that authorized them to work for themselves. In theory, this license was not difficult to obtain at the finance department of the district in which one lived. At the beginning of the 1980s this opportunity was such a well-kept secret that hardly anyone knew about it. All kinds of roadblocks were put in the way of this very tenuous kind of private production. Individual enterprises were weightless and elastic like a spider web, easily torn by any breath of air, but at the same time sprouting up everywhere like a weed.

My relations with the petty bureaucrats at the tax office were a bit of a joke. Trying to be more righteous than the Pope himself, I put on my declaration of income my real monthly profit of 10,000 rubles. I was prepared to pay the corresponding tax. When I showed up at the financial office with my declaration, the bureaucrats were astounded.

People of my generation will remember what this kind of money meant (this conversation took place in 1983). The financial inspector was less concerned about the scale of my private practice than he was about how he would explain to people higher up the administrative ladder that an individual in his region was officially earning a great deal more than even a person of ministerial rank. He insisted that I reduce the sum indicated to what seemed to him a more reasonable level. They were concerned about one thing, how to avoid undue attention from the bosses.

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<sup>12</sup>OBKhSS (Otdel po Bor'be s Khishcheniiam Sotsialisticheskoi Sobstvennosti) which means "The Department for Fighting Theft of Socialist Property."

#### PRIVATE WEALTH—NATIONAL VISION

"Just write anything, write 200 rubles," the clerk said in a strained voice, by turns nervously ripping off and pulling on his over-sleeves. "Listen, you aren't the only one in this situation. Look, you've darned near ruined everything. Everyone is moonlighting and doing business under the table. It just won't do to put down more than 200."

To my attempts to abide by the law he grumbled, "Young man, you're going to have big problems if you stick your neck out like this. Everyone wants money. Whenever they get the chance. The penalty isn't so much. So what if you violate the tax code? So you pay then."

The maximum penalty for failure to pay taxes was 500 rubles. In the end I was not allowed to be a straight arrow. That part would be played later in Gorbachev's time by his deputy Artem Tarasov who paid astronomically high Party dues out of his own income. To make this taxman happy, I wrote in my tax declaration whatever he said. Never again did he ask about my real income.

It is typical that this happened in 1983 during Andropov's drive to bring order to the country. By this time it had already become clear that the Soviet system was rotten through and through. Andropov was only strutting around the stage, playing the role of the executioner, using fake, cardboard tools of execution on a set that had long since become rickety.

If until then I had been groping my way through official barriers, trying to avoid direct contact with bureaucrats, then this incident gave me insight into what was most important for these people—their instinct of self-preservation and their desire not to be bothered. Any upstarts that went beyond the comfort zone were immediately cut down. Any attacks from the outside would be quashed. Leveling was the universal rule. Even their personal interests were sacrificed if there was a chance of trouble. They simply shifted around the honest people who might make a fuss. They slapped down people who could not resist and people whose hand had been caught in the cookie jar. It was simpler for them to pretend that my managerial missteps had never happened.

The approximately 50 people with legal licenses who worked with me were divided into two groups. One group worked at making masks, while the other group sold them. My functions were to seek out raw materials, study demand, and defend our work from police and competitors. Our concerns were the same: renting work area and studios and getting permission.

During work hours I often found myself beside the salespeople on our select and very busy bit of turf, in the underground pedestrian crossing between Yaroslavsky Station and the brand new department store, The Muscovite. This was an extremely lively area where you could find Muscovites as well as people arriving on the train. Although that one

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

location gave us the lion's share of our income, it also drew the constant attention of the police.

The police officer from the local station was particularly officious, even though we had obtained a license to engage in trade. At that time these documents of permission were handed out in many instances without proper notification, so the police on the beat did not even think of honoring them. Certainly once a day, and sometimes twice, this officer would visit us, take us down to the precinct station, do the paperwork for a violation, take our money and give us our receipt. He took a painfully long time reading us reprimands about the necessity of observing the requirements of the law. This tedious ceremony that he performed so punctiliously drove me crazy.

In 1983, following the new move toward regulation of trade, a decision was taken by the Moscow City Council to place all permission to conduct trade in the underground street crossings exclusively under the control of the government bridge building trust, "Gormost."<sup>13</sup> There were neither hitches nor red tape in the process of filling out the necessary paperwork and receiving official permission to carry on our trade.

Soon after, we were standing at our usual place. Along the walkway came the same police officer, very pleased that this time he had caught us red-handed. Sometimes we had managed to catch sight of him before he saw us and fold up shop. We had a kind of competition, who could clear out the fastest. This time he saluted us with a sigh. His face wore an expression of deep offense, as if the world had dared to go on turning without his say-so.

The little social and economic group that I had brought together started to mix with the rest of society. Little by little people started to accept us as a part of the larger whole. It was a small victory, but still a victory. In any case, we were very happy.

Although there were others beside us who traded in the underground pedestrian crossings, they were mostly craftspeople who would show up only for an hour at a time. Our business was open for two shifts, 14 hours a day. In comparison with the craftspeople, we looked like a well-established company. Now people like us are a familiar sight at the markets, in the metro, at underground crossings, and out on the streets. But at the time our little groups were like islands in the ocean.

As we stood there, we would take in everything around us—new raincoats, dyed hair, sleepy faces, bored or thoughtful faces. The expressions of laziness and complacency, the careless unconcern and good humor of thousands of faces, the whole multitude of qualities, peculiarities, conditions that reflected people's lives. We private entrepreneurs stood outside of this socially organized majority. People would peer at us, curious,

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<sup>13</sup>Gorodskoe mostostroitel'noe zavedenie.

#### PRIVATE WEALTH—NATIONAL VISION

but also cold and even hostile. Whether they wanted to show it or not, their traditional dislike for enterprise shone through. It looked as though they were certain that they had chosen a better road than we social outcasts had.

It seemed that most people even scorned whatever spontaneity they might have felt in their own youth. It was strange. As a kid, breaking free from home every morning, I would hurry to join this very thing, the crowds on the streets, the joy of commonality. Running along with the others, accomplishing something, putting in a good effort, being enterprising. Inventing a new business, inventing myself.

So we stood and waited for our chance. People reacted to us in various ways, but they all bought eagerly.

My team had come together quickly. We had begun by producing and selling the plaster-of-Paris dramatic masks. At the time there had been no competition. Our only concern had been to change production, keeping up with technology and fashion as much as possible. We perfect our product all the time. For example, as a result of some experiments I found a way to improve the quality of our masks significantly. By mixing the right proportions of a powder that one uses to polish furniture with latex glue one got a liquid something like jelly that we then put on the plaster of Paris before covering it with lacquer. That way we got a remarkably expressive surface that looked like the texture of wood.

Our biggest breakthrough was the discovery of a lacquer called "NC" that we used in place of acetone that was hazardous to our health. Until we found it, we had been working practically in gas masks.

At one point I went to the hardware store and saw a new polish called "Sparkle." I do not know why but I bought a bottle. I came back to the studio and poured the bottle of "Sparkle" into the lacquer mix. Before my very eyes the mask was transformed, acquiring the magnificent color of ivory. The main miracle was that this liquid had no smell! This chance find brought about a revolution in the quality of our product. More importantly, it helped to calm our rather heated relations with neighbors who could not stand the smell of acetone.

It should be said that if Moscow swallowed up the lion's share of articles made of plaster of Paris, then Piter<sup>14</sup> remained on the cutting edge of new trends. The old capital was an odd kind of legislator of fashion. During a routine trip to Leningrad in the fall of 1983 I saw that my acquaintances had changed over from masks to pendants—signs of the Zodiac. Thin plaster-of-Paris discs about one-and-a-half or two centimeters wide with a small hole for a string were selling for two rubles apiece. The quality of these miniatures was horrible, I thought. They were so fragile that it was

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<sup>14</sup> The popular name for Leningrad.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

easy to crumble them just by touching them, and you could see clear defects on the surface. They had not gotten it quite right.

Just two weeks later someone came up to me in the underground passage under Komsomolskaya Square and offered to sell me a bunch of these signs at 50 kopecks apiece. He needed money for his return trip to Leningrad. I did not buy them, but out of curiosity I invited him to trade next to us. He had sold the whole lot at two rubles apiece in about 10 minutes. People were not bothered by the primitive quality of the work and would buy three or four pieces at once.

This scene had the predictable effect on me. Quickly, in the course of a week, we put into production our own signs of the Zodiac. They sold very well, even though I was not happy with their poor quality. I was ashamed to be selling things that would crumble so easily, even if people would buy them.

I wanted to find a way of strengthening these delicate reliefs. One Sunday I came to the studio and started to experiment with mixtures for administering the surface covering. At last I found a two-step process. At the first short dip in latex glue a thin layer would be formed that filled in the pores. This much smoother surface was firmly set after a second treatment with glue. The background color remained ivory, and the dye highlighted small details, giving them more expression. Then the last thing was to dip the sign in "Sparkle," and we had a much nicer product.

Sales increased by a quantum leap.

#### **Butterfly Pins**

I soon turned away from the traditional production of masks that we had learned so well, and turned to the signs of the Zodiac. This decision at first seemed wrong but later turned out to be the right one. It felt as if a mountain had been taken off my shoulders. If it took about one and a half tons of plaster of Paris to make a thousand masks, which would sell out in two weeks, now a ton of raw material would last three to four months. The lot to be sold on market day could fit into two packets. For the first time in my business experience we could not sell all our products ourselves, and we started to sell them wholesale on the black market. The whole of 1984 passed for us under the sign of the Zodiac.

In the beginning of 1985 the surprising new fashion was a graceful pin in the form of a butterfly with antennae made of small beads. The frame was made of wire on which was stretched a piece of dyed nylon, and at the back was soldered a pin for attaching it to clothing. Although they seemed primitive enough, it took me the longest time to understand how one could mass-produce identical frames. I turned to some acquaintances I knew who worked with metal, and they quickly thought of a way to make the necessary

#### PRIVATE WEALTH—NATIONAL VISION

equipment. The whole body could be bent into shape from a piece of wire with only four movements, and we could use the same used for women's stockings. One pair of stockings was enough for four to six butterflies. It cost about a ruble to produce these pins, and we could sell them for three to four rubles.

Because four teams of artisans in Moscow were already working on butterflies, stockings, which were deficit goods in the best of times, disappeared altogether from the stores. The next move was to try to find defective hosiery. The stocking industry was monopolized by the Tushinsky Stocking and Sock Factory. I was not the only one with the same idea. My competitors beat me out by a few days and bought up the whole pile of rejects that had accumulated at the factory. This seemed to spell failure. But I decided that, if they could offer butterflies in a couple of colors, then I wanted to offer a choice of pins in fifteen or twenty colors, so women could pick out a decoration for any dress. To do that I had to have more than a few dozen pairs of stockings—I needed thousands.

In all Moscow one could not find that many pairs—neither in the city nor at factories close by in the greater Moscow area. I continued to search. Through friends in government I got lists of all the factories and methodically visited each one of them. Finally it came time to visit a small stocking factory in Noginsk. They made a ridiculously small number of stockings there, and, judging from their size, it seemed a waste of time to look there for the volume we needed, even if they did throw out a large percentage of their whole production.

Staying with my plan, against all logic, I drove out to Noginsk. I introduced myself to the director as the chief manager of the Ermolova Theater and said that we needed a delicate openwork curtain made of nylon for a show that was coming up. Again I was rebuffed. They said they threw away at most a couple of pairs a day. I said good-bye and turned to leave, wondering where to go next. Suddenly I heard someone say to the worker with me, "Valentina Ivanovna, I just had a call from 'Recycling.' Their car broke down, and they'll be coming tomorrow."

I asked what it was that they wanted to cart away to "recycling." They answered that they had rejects from the factory that had been gathering for nearly 10 years. My heart almost jumped out my mouth. There was my chance. Trying to look as cool as possible, afraid of blowing it, I asked what sort of rejects they might have. The woman said that they themselves could not remember but that I could have a look at what was there in salvage.

We went to the storehouse and opened the door. In the enormous, musty hangar lay stores like those kept by Gogol's miser Plyushkin in Dead Souls, hundreds of huge bales of rejected stockings that had been accumulating for years. The volume of production of stockings had been decreased because no one at the factory knew how to make them properly. In the first bag that I opened were about 40 kilos of exactly the kind of fine-

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

grade stockings that I needed. It was like Aladdin's cave, and I was standing in gold up to my waist. I imagined my competitors left far behind in the dust. They no longer worried me. Money was flowing. The trumpets sounded a fanfare.

In this storehouse there was over a ton of the material that I needed, tens of thousands of pairs of stockings. In my wildest dreams I could never have imagined such quantities. I asked right away when they would be handing over the rejects and how much they wanted for them. They answered that they would be getting rid of it the next day and that everything, all that junk, would cost only 200 rubles. I did not have that kind of money on me, and they would not have accepted cash anyway. I asked them to put aside a portion of the bales with the idea that the following day I would replace them with other recyclable junk. Salvage was transferred by weight only. The only reason the factory was giving up the salvage was to free some space in the hangar. Through this exchange I managed to get twenty thousand pairs of reject stockings for all of 178 rubles which at another time and place might have cost me 100,000 of those pre-perestroika rubles. That was how much the best theater tickets or the perfume that I bought for my wife might cost.

What we brought from Noginsk allowed us to set up production in three short weeks on a scale that our competitors could not even imagine. We dyed the nylon in a typical laundry-factory arrangement. These factories often performed such services for people.

The popularity of the butterfly pin is impossible to describe. Nothing, neither before nor since, ever sold so briskly. We sold almost 100,000 pins in six months without even resorting to wholesale marketing. We were limited only by our means of production. We simply could not get them out fast enough. But the butterflies' life was quite short. Six months after they had "flown" into fashion they just as suddenly flew out of fashion.

The next accessory to become popular were clip-on earrings made from poured polystyrene. There were a lot of major problems with production. One could only buy sheet polystyrene, but the artisans were preparing these clip-ons out of stolen granular material. To tell the truth, it was not hard to order clip-ons from them. The problems would begin, however, when we started to sell them. It would be difficult to explain where I got them, and I could not replicate this industrial technology in the context of a cottage industry. I could, of course, have followed the example of other people, given up production, and sold whatever I was given to sell. But that was too was a slippery slope. There would be charges of stealing, embezzlement, and speculation to contend with. I rejected that road, but it infuriated me that I could not find another way to solve the problem. In addition, the other producers pressured me—take this, take that, and they would shove their knick-knacks in my face.

#### PRIVATE WEALTH—NATIONAL VISION

In the end I had to invent a way to produce clip-ons from sheet polystyrene and under our conditions. This work turned out to be the cleverest of my whole career. I myself am still surprised that I managed to think of anything at all since I had no inclination toward engineering. The only reasonable explanation, I think, is that any person who is deeply engrossed in a problem, whether unconscious or not, will search, comb through, compare variants and, in the end, will find some suitable solution.

Since I was limited to using only sheet polystyrene, I had to choose the most primitive form of clip-on—a flat square with some sort of striking decoration and border. Here was my technique: onto the whole surface of a standard sheet of polystyrene three millimeters thick was glued a colored film known as "Oracal" which could be bought in stationary stores. On a small milling machine, also readily available, one person made parallel notches along the width of the earring. Another cutter made a beveled edge at an angle of 45 degrees along all the edges of the piece. The surface itself was the color of the film, but the bevel revealed a contrasting white edge. The only thing that remained was to glue a standard miniature clasp made in the Baltic republics onto the back. In the course of two months we marketed clip-ons at the rate of about a bag a day. They cost a few kopecks to make, but the selling price was three rubles per pair.

We were surprised to see how quickly the market was saturated. A flood of little hearts, ellipses, and shells displaced our rectangles, and they no longer caught the customer's eye. Our rigid geometry could not hold its own against the more graceful shapes made by the artisans.

We needed to find another solution. Another idea dawned on me. Why not try epoxy glue! That seemed impossible since epoxy stuck fast to the resin form, and the poured shape did not come loose from the form. I decided to try it, however, since there seemed to be no other option.

When my experiments failed, I decided to talk to the specialists. Acting the part of a theater ticket dispatcher, I visited all the Moscow factories and institutes connected with working with synthetic resin. In the course of these wanderings some one suggested another approach to me: not to look for material for a form but material that would keep the substance and the form separate and not let them bond together.

Production was at a standstill. The workers had nothing to do, and they were starting to grumble. I was losing this round of the game. In my zeal for a second try, I decided to turn to the top-secret military factories known as "mailboxes." Almost as if through hypnosis I invoked what it was that I was looking for. Although there might not even have been such a compound in nature, my single-minded siege did bear fruit.

At one such secret factory in a military aerospace complex I found people who had worked out a surfacing with the characteristics that I needed. I was ecstatic when I got the model to try out. The form greased with this pudding-like stuff was reusable and withstood unbelievably many pourings

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

of epoxy. Drips were taken off with a heated bar so the back surface would be smooth. And so it became possible legally to prepare earrings of any kind. Our workshop was soon busy again.

Nearly the whole year we worked on making exact copies in epoxy of the best designs that our competitors were selling. We did not design anything new. Here we had an advantage. Preparation cost the artisans 40-50 percent of the price, while our cost was only two or three percent.

To prepare the form we needed a sealant in large amounts. A kind elderly lady smuggled out in her handbag over 100 kilograms in two-kilo packets for us from the secret Tupolev aerospace factory. She wanted no money. What was going on? Why did she do it? Out of sympathy? Or curiosity? It was as likely as not that she was tired of the crazy conveyor belt of "socialist production" and was attracted to the prospect of helping a real human business.

For a short while, when we had survived that experience, we got into making exotic earrings from dyed chicken feathers, and bracelets out of thin transparent tubes with paper confetti inside.

We met the New Year of 1986 by adding to our line toy mice that ran on wheels. As usual, they turned up first with our competitors and were of poor quality. Really, these things were the brainchild of the artisans who then made them any old way. I invented a way to press mice out of sheet polystyrene. We heated the slices of polystyrene in the oven, put it into a stamp we had made and punched out the torso of the mouse. Inside the body we secured a roller with a rubber band that made the mouse roll around quickly. This toy was tremendously popular with boys who made girls shriek in horror at the gray mouse darting at them. No matter what the season we would sell more than a thousand of them at a price of two rubles (with a cost to us of 50 kopecks).

The complexity of this technology made it necessary for us to move production from the studio to workers' apartments. To transport the prepared pieces, the half-finished items, and the products ready for market I organized a transportation system. The workers were extremely pleased not to have to come to our studio in Sokolniki, and we enjoyed an idyllic period when each worked in his own home.

The profit was divided in the following proportions. The workers received 10 percent, about 40 percent were given to the salesperson, and the rest went to me. It goes without saying that I bore all the costs of production. One might ask whether salespeople were worth so much. To which I would answer unequivocally, yes, absolutely. Without making it worthwhile for them, the whole system would have broken down. They were the ones standing on the front line. These young people selling the mice and our other products in the underground walkways had to deal with the police and the hostile reactions of the Soviet public.

## PRIVATE WEALTH—NATIONAL VISION

Our next line of production was baby booties, which eventually led the way to my current career in clothing manufacture. It was the first time that I had experience with making clothes. It was early winter 1986, and we were already under the scrutiny of the Moscow branch of the Economic Crimes Division.

As a start, we took some warm material and sewed something like a little felt boot the size of an infant's foot. The inventor used "syndipon," a synthetic insulator that is often used in parkas. It was hard to get a hold of this material, so we resorted to natural cotton batting, the outside of which we trimmed with a picture made of thin synthetic material like vinyl, and the strip of syndipon was put in only at the top edge of the bootie. This way only a bit of syndipon was required. Sometimes we managed to find small pieces of syndipon rejects for sale in the stores. Batting I did not have to buy retail but could obtain in large quantities straight from the factory—we needed thousands of meters of it. To pay for it I had to use a new method that later gave the police investigators an unpleasant surprise.

The problem was that factories were forbidden to sell goods directly to the public for cash. They could market only through clearing accounts to commercial organizations. Since we were not a legal entity with a payroll account, there was no way of routing our payment through the banks. No one at the factory would accept cash. So we were stuck in a vicious circle.

But here was our innovation: we used a normal postal transfer of funds directly to the factory's bank account to pay for a load of batting! That way no money physically changed hands. For some reason this method did not attract the attention of the police, an oversight that saved me from prison.

It strikes me that a total ban on private enterprise is so unnatural that it is impossible even to articulate such a ban in juridical terms. The body of law that enclosed socialist society like a concrete wall would always have glaring loopholes through which one could pull out anything one liked. The only type of law that would assure the reliable functioning of socialist society would be a complete denial of all rights.

A whole generation of Soviet people remembers the handicraft goods that we sold on the streets of Moscow. Yes, it was a primitive assortment of things that today would make people laugh. Nonetheless, working as a cottage industry under the terribly difficult conditions of the late Soviet period gave me invaluable experience in organization and management. This experience of creating a flexible market mechanism did not just come in handy when Russia started to move toward an open economic system but basically gave me the strategic advantage over formerly Soviet enterprises of being able to develop and change quickly. These enterprises had and still have at their disposal vast resources that they still do not use to their advantage under market conditions.

## THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

This work environment also led to certain disadvantages. Since I had perfected the art of survival, I had never developed the skills for managing labor collectives and was forced to learn by my mistakes. It would have been more pleasant to learn by someone else's mistakes and not my own, but to this day I have not learned how to do that. I suppose that is my fate.

### **I Choose Freedom**

It was not just a strange twist of fate or some poetic logic that I ended up in a prison cell. They approached me toward the end of the third day after my arrest. The previous night they had left me alone. They had just taken away the decoy. A revolting little git who kept repeating one thing—"admit what you did, they'll give in a bit, you'll get off easy." He acted as if he wanted to help. He seemed very relaxed. The telltale sign was he was too pushy. He kept offering to transfer a bit of news. I played along, dropping him hints, talked a lot of nonsense about addresses, meetings, supplies, and gateways. I gave them a lot of work. They listened and listened, got wound up, and then took the decoy away.

By the third day I had grown more used to the prison. My feeling of despair had completely cleared away, and something else, a sober bitterness, had taken hold. My own fate would be a sentence of long years of miserable incarceration. If I had really fallen into the cogs of the great machine, then now I would not get free. No one would show me any mercy. Inwardly I settled down and grew calm. What was definite was definite. With this clarity of mind came a sense of relief, and I fell asleep.

On the very next day I got into a routine within those walls. I knew I was in the first layer of the camp zone and did not doubt that the funnel would suck me down. It had already sucked me in, and now I would go the whole way. I understood very clearly what awaited me. And I knew what I had to do—not to flinch, not to make excuses, but to hold to my position and not abandon it under any circumstances. I seemed to have that same clarity of mind that people have who survive torture. That did not mean, of course, that I myself could ever have survived such a thing, but I did find a certain inner support inside myself. If you give it up, if you ask for a glass of water because you are thirsty, you're a dead man. There is a choice—to go the end and meet your fate, in your own way, or to turn back and, seemingly, save yourself, in which case you will perish all the same, only not until you have fallen apart psychologically. For me that was a constant thought that lent meaning and strength.

#### PRIVATE WEALTH—NATIONAL VISION

All those months we had worked, hardly taking a day off. April 1, 1987—I do not know why—I decided to break off work for ten days and let everyone take a vacation.<sup>15</sup> I still have a hard time explaining this surprise decision, but for the first time in several years we were not at our usual trading places. It would seem that that is what triggered the mechanism for a police raid. Without realizing it, I had pulled the trigger.

The raid started on Friday, April 10, on the first day after our break, almost exactly at the time that we came out to do business. It took about an hour for the police to send the report out that we had returned and for the Petrovka to make the quick decision to start their raid.<sup>16</sup> During those ten days when we were gone the generals had worn themselves out with worry and clearly breathed a sigh of relief when we finally reappeared. But their impatience got the better of them. They were out to find money. When they arrested us, they got booties and bonnets, but no cash. If they had arrested us at the end of the day, we would surely have had a large sum of money on us, something that undoubtedly would have worsened our case.<sup>17</sup>

The cops from the Sokolniki Precinct tied us up on our beloved bit of turf, in the underground walkway between the three train stations. Familiar faces swarmed around, surrounding us, and with loud pomp and ceremony, humorous comments, and catcalls we were shoved into various automobiles and taken in a caravan straight to Petrovka 38.

Our pockets were emptied and our personal effects confiscated. Then came a string of visits to dressing rooms and other small rooms and offices. The conveyor belt of questioning started immediately. Methodically, testimony was taken. They tried to show that they had the odds on their side. On the whole, judging from the questions, our situation did not seem so hopeless. Gradually I got into my role. If at the moment of arrest my heart pounded, as if I had been running hard, later it quieted down. I could tell from the dispatches, nods, and winks where the danger points were. Intuitively, I knew to bide my time as much as possible. I tried to get used to my surroundings, not to say too much, to stay calm and, as time went on, to act in a conscious, deliberate way.

I had a number of things working in my favor. We had been working legally, with a license. They had found no money on us. The baby booties were there, but all the materials used to make them had been acquired legally. And soon, on May 1, the new law legalizing cooperatives would be going into effect. That was all on our side. What did they have against us?

At first I flinched inwardly when I was moved under convoy around the enormous building, when I saw dozens of our people nabbed from all

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<sup>15</sup>It would seem that the author is off by one year. The law on cooperatives went into effect May 1, 1988, not May 1, 1987, as he claims.

<sup>16</sup>Petrovka 38 is the Moscow Police Headquarters.

<sup>17</sup>The assumption on the part of the police would have been that such a large amount of money could only have come from an illegal source.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

over the city sitting on the benches in the corridors. They were all there. I could see anxiety and bewilderment in their eyes. Up until that time I had not considered myself to be very vulnerable. When the investigator stupidly threatened me, I nearly burst out laughing. But all of my workers? They had hauled in over 50 people. My people were sitting on the benches along the walls. One way or another they were all implicated. The broad scope of police prospecting was now becoming clear. It was an operation of major proportions.

I did not divulge what I was thinking, that I was worried what would happen to the others. The main thing was that they all get out. If at that moment they had offered me a deal—you stay and go to the camps, and they go free—I would have accepted without a second thought. It is a blessing that the inspectors figured me wrong.

The interrogations were carried out one after the other by investigators from various departments. What police administrator did not come to have a good look at me and to get the latest scoop! The interrogators hardly had a chance to get up and stretch themselves. And you could tell by their body language that this affair was taking a serious turn. Where was the snag? According to their standards we were small fry, but here they were taking us first before the head of the Economic Crimes Division, then to the head of Petrovka. What did they have to do with it? I am not talking about people of lower rank. Why were the bosses so partial to our case? Why was everyone milling around us?

As always, I knew that I was no criminal. Although all the pressure at times made me lose my bearings, eventually I succeeded in gathering my wits. The reaction to all the stress came in the second night when I was moved into solitary confinement. I could not sleep. The police headquarters were not sleeping. They still had to put together the information from the searches and interrogations of dozens of people. I could imagine their faces as they gathered at the big table, after comparing notes about all the information that they had fished out, how they realized toward morning that there was absolutely nothing criminal about our activities. There was nothing of any great proportions. And they had found no serious amounts of money on us. All in all they had gotten about 6000 rubles.

It became more and more obvious that this police organization, this cumbersome machine, was being forced to keep busy. It had to do its work to justify its existence. Since they had not left me in peace, they would now try to crush me completely.

I fell asleep between thinking over what had already happened and anticipating what seemed inevitable. I dreamed that my grandmother came into my cell. She came in without a sound and sat down beside me. She stroked me and disappeared again. It was as if I were both waking and dreaming. How quietly she had passed by. After this dream encounter I forgot my physical worries and stopped being afraid. I accepted that being

#### PRIVATE WEALTH—NATIONAL VISION

an entrepreneur, even being part of that world of underground business, might mean paying with years in prison.

By the end of the first day after my arrest, the investigators had not come up with any substantial results. Now they got busy looking into our channels for obtaining raw materials. After a sleepless night the operatives' zeal ebbed and they assumed a different tone. The verbal tilting of the day before had not paid off.

"Aleksandr Stepanovich, it is senseless for you to try to put up a fight," they announced straight off on the second day, "There are two statutes that we'll use to get a conviction, no matter what. The first one: the theater bought and then illegally wrote off the cotton batting. And the second: while you were working in the theater, you were receiving a salary, even when you were away from your place of work. So that means that you were getting state money. The amount for one year runs to qui-i-ite a lot. That will be enough to bring you to trial."

What did they have in mind? They knew that we used materials procured with the help of the Moscow Provincial Theater. They were sure that the raw material had been paid for by the theater through their clearing account and then later was written off, and that we had simply stolen it. For some reason, they had failed to check all these assumptions before our arrest. It would have been very easy to do so.

It came to them as a complete surprise to find out that my officially registered request to the director was in the main office at the theater, together with his agreement to help approach the factory for the cotton batting that we needed for our individual work. I had written: "I love my work, but because I receive an extremely low salary and I am in possession of a work license for individual economic activity, I request help . . ."

Because of the letter from the theater I could buy cotton wadding at the factory officially in my name. I had secured each step of the way in writing. The way we paid was also an unexpected surprise for the Economic Crimes Division. I was a private entity, and, it stands to reason, did not have a bank account for non-cash transfers. It was forbidden to give cash to the factory as a non-commercial organization. The corridor was shut at both ends, but I had found a legal way around this trap. I transferred the money by mail. Later this device became widespread among private entrepreneurs, but back then, it was the first time that Petrovka had seen this technique. The existence of the letter took them completely by surprise. It was then that they understood that I had taken care of all eventualities. This ignorance left them with egg on their faces.

For some reason they were also surprised to find out that I was no longer drawing a salary from the theater but was just a ticket seller working on commission. So this way, their second motive for bringing me to trial for theft of a sum of money equal to a salary was discredited. I was always

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

receiving different amounts. Thus, their case against me crumbled. There simply had been no theft.

On Monday, April 13, the last interrogation took place. They decided to use their last chance and explore the question of bribes.

They brought in the director of a firm that marketed leftover pieces of the insulator "syndipon" in the stores. He would inform me about these deliveries in time, and in return I would do small services for him from time to time. At some point I had helped him secure a small accessory for his car, and once, to show my gratitude, I had given him 50 rubles. And here they brought him all trembling for a confrontation. My director gave his testimony on the car part and the unfortunate 50 rubles.

The investigator noted down everything carefully and asked me in a calm tone of voice: "Aleksandr Stepanovich, do you confirm this?"

Without looking at the interrogator, I flared up, "Yes, but he has forgotten that he returned the money. That's one thing I don't understand. Have you made him drunk? A normal person cannot assert what is not true. How can a person in full possession of his faculties perjure himself with things for which he himself could get five years? He returned that money to me, and suddenly now he is writing his own sentence."

The director sat in silence, and when he understood what he had said, he howled wildly, "I did not say that. I don't know what you're talking about. I will not sign this! How dare you? I am sick, take me back home. I am a communist. I am a Soviet man and will have something to say to the prosecutor."

He yelled at the investigator until the poor man just gave up and called off the confrontation.

The first time that I noticed that I was being shadowed had been the previous October. I was paying the rent in one of the housing offices. As I came down the stairs, I ran into a young guy, all bristling and brawny. This was an early warning signal. He asked me for some directions, and then disappeared. He darted past me as if he were overtaking someone else. I soon forgot the incident. Then one day I came to my spot near the three railroad stations, and there he was, holding up one of the columns not far away, looking at me. They had come. What an awful feeling.

The next morning I looked around: no one was there. Then a couple of days later there was a commotion all around. It would have been impossible not to notice it. Some guys with solemn faces and bags slung over their shoulders were keeping about 15 feet behind me, and a bit further away a car covered with antennas was creeping along. All this was more like a psychic assault than like covert observation.

It seemed as if creatures from another world were trying to swallow me. The Soviet world was hostile to me and was trying to use me as a way to

#### PRIVATE WEALTH—NATIONAL VISION

resolve its own problems. It was lying in wait, ready to take sacrifices. This was serious. I had no illusions about my situation. Their machine had been set in motion, and they were firmly on my tail. The roller was moving closer, and I could not get around it. In order to carry on open observation on this scale, they needed permission from higher up. I was about to meet my fate. They would stick me in jail as easily as giving me a drink of water.

How could I resist them? Should I quit everything, close up shop, and curl up my toes? A normal person would certainly have left. No one was forcing me. I had already earned my bundle. I had half a million stashed away in various savings accounts with loyal friends. I had everything I needed. A wife, a child, an apartment. An ocean of money. I could have anything. Still, something, I still do not really understand what, pushed me to take their challenge and continue with my business.

From a rational point of view my decision made no sense. Was it not madness to earn a hundred thousand more and rot in the camps—in a bottomless pit from which there would be no return? At the time it was impossible to escape the grasp of those paws. What drove me to such a risky game? It was not the money. Now I know that I simply was saving myself by standing firm. To give in and quit would have meant to commit suicide. If I had left, what would have awaited me? When a person's spirit is broken, all the rest is meaningless.

My choice was a strange one, I chose for myself the lesser of two evils. And this choice saved me. Without these kinds of choices today's post-Soviet changes would not have come about.

There was no family conference on this question. It all seemed very strange to my wife, but she would hear no more of my not-very-insistent thoughts of leaving. Like me, she felt that to quit would be my downfall. If I stopped here, I would never get up again.

For the first while it was unbearable to carry on my existence under the yoke of surveillance. Then somehow we got used to it. The people who worked with me and I felt that it would now be impossible to stop us. The others hung in there because of my encouragement. We had no desire to be obedient rabbits whose will had been paralyzed by the boa constrictors.<sup>18</sup> One cannot discount the power of obstinacy and just plain angry ill will. In fact, we were in the right: we were not stealing, we were working in the sweat of our brow, and our licenses were in order. At the same time, we no longer fit into the same framework as before. Our business activity had become a focal point for the attention of the police. A private production line and lively trade in the capital, and on such a large scale—it was just too

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<sup>18</sup>This is a reference to the novella, Rabbits and Boa Constrictors, by the Abkhazian writer, Fazil Iskander. The Stalinist boa constrictors hunt down the rabbits, hypnotize them, and then strangle them. As it turns out, the rabbits are the willing victims of the boas.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

much for them. People at the top in the Economic Crimes Division figured that we were ripe for some prison time.

We had crossed the Rubicon. As always in such situations, I myself started to bring matters to a head. Outside pressure always gives me new strength. Fully realizing the hopelessness of the situation, I made up my mind. I cannot say that I had some well-thought-out plan. I did not analyze anything, but rather struck out with all my strength. I hid nothing and, even while being shadowed, broadened my reach to what for those times was a large scale. In lots of apartments all over Moscow craftspeople working at home were cutting, sewing, decorating, pressing, gathering, packing, while others delivered the goods, tying the most varied seekers after happiness with a thread of self-interest. The eternal motor. Everything worked by will and desire, not by calculation and control.

The attempt to remove us, a handful of artisans, to some more distant location became one of the most fervently run operations of the Moscow Police during those months in 1987. Tens of police officers, encouraged by our daring, worked hard to patch together a criminal case. They staked their professional reputations on it. Under normal circumstances only a few operatives were involved, and they worked according to a fairly standard scheme. They would determine at which factory there had been misappropriations and would then follow the movement of the illegal goods. In our case, they were up against people who were acting on principles that they, the police, did not understand. They started to study us, the way scientists study strange insects under a microscope. While I went on expanding my business, the powerful Petrovka seemed to drown in its investigation.

Following us step by step—we were working in the open—Petrovka could have ascertained a hundred times over that our operation could not have relied on thievery. They chased after us with the instinct of a borzoi. It was still unclear why they were so interested in us. The Ministry of Internal Affairs could easily expend this kind of effort and get an impressive amount of misappropriated materials by investigating the usual kind of shop worker. In the end the answer lies probably in the spirit of those perestroika times. It is possible that we became the victims of an interdepartmental game. Everyone who paid attention knew that the new law legalizing cooperatives was on the way. It is possible that in this affair certain ideologues secretly wanted to create a name for themselves by showing where freedom for the cooperatives would lead. It is by no means outside the realm of possibility that someone was trying to create an explosive situation in the courts in order to halt the planned changes in economic law. Who knows? I have no definite answer even now. I only know that we were standing on the cutting edge of change, and that that is a very uncomfortable place to be.

#### PRIVATE WEALTH—NATIONAL VISION

We won time through sheer aggressiveness and bravado. We eagerly waited for the enactment of the law on the cooperatives. It seemed that now that whole era of underground dealings would be put behind us.

We should remember that those were times when amounts of money over 10,000 rubles were considered to be extremely large and could bring one literally to the firing line. There would be unpleasant consequences if the extent of our cash holdings were revealed. The traditional Soviet juridical assumption of guilt would work against us. It would be impossible to prove that one was not a camel to an investigator or judge who knew only about camels.

The Most High safeguards those who follow their predestined path. Do not diverge, and everything will come out well.

A whole series of unlikely events played a role in our deliverance. To begin with, on the eve of our arrest a friend asked to borrow quite a lot of money. Since I did not keep that kind of money on hand, I gave him all the cash that I had at home and took the rest from everyone who had some. In a word, by the evening of April 9 none of us had much money on hand. The only salesperson who kept a lot of money had received a telegram inviting him to visit his relatives in Kiev. Since he had left Moscow at five o'clock in the morning, the police had not found him at home when they went to search his apartment and, luckily, they had not entered the apartment.

The detectives showed the greatest enthusiasm in searching through my place. They moved their bus right up to the entryway in order to carry out all the possessions that they supposed they would find. They were dumbfounded when they found nothing but the sparsest furnishings—chairs with the upholstery worn through and an ancient clothes chest. We lived in an unpretentious way. It was less than modest. We slept on a sofa that we had bought in a second-hand store long before, that we had upholstered with a child's blanket. We just did not spend anything on ourselves. We had long since lost interest in the high life.

"So where are his things?" They asked Galya.

Galya showed them a torn sheepskin coat that was good only for running away from the tax collector.

"What was he wearing when he left?"

"A light coat."

"Doesn't he have anything else?"

"No."

They riffled through all the corners of the apartment, pinching and poking every possible thing. They expected to find gold and precious gems. Beyond our video player and our library we had nothing. Not one ruble. The sum total that the police confiscated was my one and only suit and my wife's rather modest fur coat. They could explain neither to themselves nor to their bosses what was going on. If I had been in their shoes, I would not have been able to either.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

They muddled this case because they could only see the world in one dimension and they assumed that I was the usual kind of wheeler-dealer. They were sure that since I had cash, it would certainly burn holes in my pockets. According to their scenario, I should have bought furniture, antiques, and gold. They could not understand that I have always been drawn to non-material goals that at first sight seem unreachable. I existed in a world that was parallel to theirs, so the arrest was nothing more than a dream for me.

On Monday morning, during the umpteenth inquiry the investigator put on the table a piece of thick sketch paper with colorful graphs and designs. At its center was my name. Solid and dotted arrows, bows, and lines linked tens of squares, triangles, and circles to my name. The drawing was so complex, colorful, and voluminous that it was immediately clear why they could not have worked through all the details. They drowned in their own stereotypes and could not understand that this whole construction was in no way a path leading to greater wealth, but rather something quite different, something spiritual. It has long been recognized that Marx's Capital is filled with theories, pictures, and tables, but that one thing is lacking—the personality of the capitalist. Capital is an abstract thing for Marx, faceless and for that reason also dead. Marx took a mollusk and for thirty years studied the pattern on its shell without ever figuring out why the mollusk is actually alive. It is living there in its shell, and it has its own life, its inner world, its own dream. Physical life is always driven by spiritual concerns.

For an entrepreneur, a pragmatic person, with his feet planted firmly on the ground, there is danger lurking in Marx's theory. A concrete business, personal success, and family wellbeing are all vulnerable. But for a creative person, the most important thing is the process, the game, the enjoyment of change, not the what, but the how.

The evening was wearing on. My prison cellmates had grown quiet. The fourth day was passing. The fourth day of how many years? Suddenly I was called out to the investigator.

"It has been decided that you are to be released," the investigator said.

"What? Are you joking?"

"But only if you pay your taxes."

It had all come down to this nonsense. They were grasping at straws. I signed my name, but still to the very end did not believe it. It just could not be. I was convinced that I was faced with a prolonged incarceration. Yes, true, we had not stolen anything. But let us go? It was unthinkable. They would still have to put us in jail.

When I returned to the cell, I asked my cellmate whether they might be joking with me.

#### PRIVATE WEALTH—NATIONAL VISION

"They don't joke around about those things here."

In another hour there was a knock at the door: "The guy from Krasnodar, go to the exit."

I did not take offense that they called me "the guy from Krasnodar." You cannot change your biography. And there is no reason to. The system was already tearing at the seams. Against all expectations they had released me, but the criminal case was not yet closed.

I stepped outside the prison gates. It was an unforgettable feeling. The city was just going to sleep. The wind whirled along the streets, covering the trees with a black dust. It groaned in the entryways and the open vents. I imagined how just the day before I had tried to hear this dull sound of the streets through the walls of the prison. It was so real to me that I shuddered.

I climbed out of the car right by my house. Surrounded by gloomy, faceless high rises with their dimly lit windows, Vorontsovsky Park welcomed me like a wonderful gift. The crowns of the park's strong, old trees were wrapped in a faint green mist of new buds. The wind had grown warmer toward nightfall. I heard the birds trying out their voices after a winter season of silence. I had already prepared myself not to see or hear all of this for a long time.

The news of my release spread quickly, and people started gathering at our apartment. We sat up until morning.

But the danger had not yet passed. For all my caution there was a serious threat which I could not deal with as long as I was behind bars. The two 14-hour searches of my apartment had yielded no results. Part of our savings was kept at another apartment rented specially for this purpose. The police found out about the existence of the apartment, and at the moment of my arrest the key was taken from me. This was a very serious development because that apartment held the largest part of our cash reserves. Of course, I would have stoically foresworn them. It could have been anyone's apartment. All the same, the police would hardly have accepted that argument.

After my release I needed to decide right away what to do. They had returned the key, but I could not know whether there had been a search. Perhaps they were waiting for me to return to the apartment for the cash. I let a few days go by. On Sunday, April 19, after taking all the necessary precautions, I went to the apartment and found that the packets of paper money had not been touched. It was a miracle that there had been no search during my stay at Petrovka. I had barely uttered a sigh of relief when I realized that I had a problem. I had no place to put the money. If I took it out of the apartment and was detained, I would be lost. I would be returning to Petrovka after just getting out. Several times in the course of an hour I

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

tried to leave the apartment. I would close the doors and go over to the elevator. Each time I would hesitate to step inside. It was as if some force brought me back to the apartment. While I was sitting and trying to figure out what to do, the doorbell rang. I jumped out of the chair like a shot.

I crept up to the door and spied some thickset men through the peephole. Out the window I could see the familiar police cars. They had come! They had tracked me down, called the station, and now the police troops had arrived. I began spasmodically to burn the bills in a basin. I could not see any other way out. Here I was expropriating myself.

All the same I was not fated to return to prison that day. I waited for three hours, and then left the apartment when everyone had left. I left the entryway. There were no cars. Perhaps they thought that the big one had got away. Much later, when I received a discharge decreeing that my criminal case was closed "for lack of evidence of a crime," the investigator informed me that they had come to the apartment on the day of the arrest. They could not enter because their colleague who had the key had gone on vacation for a week. And that Sunday they had in fact been following me in order to search the apartment. They had lost patience. Just try and not believe in fate. Whether you like it or not, you become a believer.

I went to work again the day after being my release from prison. It was very difficult to gather everyone together again and persuade them to keep working while the criminal case was still open. My friends, the delivery people, and the police on the beat acted as if they were seeing a dead man walking. By hook or by crook our business got rolling again. The law legalizing cooperatives went into effect May 1. Up until the last evening of the last day in April they continued methodically to track me. As usual the police followed me to the door of my house. At the moment when I raised my hand to wave good-bye, as I usually did, they turned on their high beams, which blinded me, and left suddenly, laying a patch of rubber behind them. That was their way of bidding farewell.

#### **A Cooperative Named "Shuttle"**

After everything I had been through—the seven months of being shadowed, then the arrest and the time spent in prison—I needed another half year to get back to normal. Much had changed during this time. The boldest people had already gotten over their fears and were now opening new businesses. As if their spirit had been broken, party and government ceased cutting everyone to the bone. The police and security organs had lost their bearings for the time being, losing their taste for iron as well.

Gradually all kinds of people followed suit and openly and eagerly got into business. Almost overnight there appeared a new group of people in society who until recently had been outsiders. Many of them were people

#### PRIVATE WEALTH—NATIONAL VISION

who not long before had worked in the underground shadow economy. Others had been economic managers working for the state's planned economy, who now found themselves unemployed. And there were still other sorts, as well. They had long kept themselves on the sidelines and now suddenly acquired a legal status. What was happening was almost a revolution.

The flood was rising before my very eyes. I looked at the spectacle and felt alienated. I justified my passivity inwardly to myself. For example, I said to myself that history would inevitably repeat itself. Any time the ebb could become a flood. The receding wave would roll up again and cover all the people hurrying to get into business. Inwardly, I felt myself hesitating. I felt a kind of animosity toward all those new people. It was as if I had lost that old drive to beat my head against the wall, to go toe to toe with the authorities. And yet I had been the first when in 1983 I had left the theater and stepped onto the rickety stage of private enterprise. I had made my start at a time when everyone else had been against business and the market.

I closed my eyes and persuaded myself that things were not really going so badly. The registration of cooperatives had not promised any really new advantages. Legal status? So what? The right to open a bank account? That would be important for those working with non-cash transfers, but we dealt in cash. What was the point of getting involved with letterhead and stamps? Just to boost my ego?

I squandered my time while around me new cooperatives were forming. I had been quick to take action just a short while before, and now I was dead in the water. The war I had survived without a real chance of survival—that whole experience still held me in its grasp. I was still getting used to the idea of living in a new space. I had made it out of all those scrapes, but I no longer felt alive. Everything around me was wearing a new cover of green, and here I was holding onto old times. It took me about a year to get over the shock of the new.

By early 1988<sup>19</sup> I came to. It finally dawned on me that if I did not develop my own business, it might suddenly be too late. Opportunities would have passed me by, and I would not reach the goal toward which I had been moving for such a long time. I forced myself into action. As if recovering my sight, I saw my real advantages, which others had started to use to their benefit. Everything that once had been inaccessible now came easily to hand. It was even possible legally to rent non-residential space. That was what got me moving.

As long as I was in this state of denial—of hibernation, as it were—everyone around me tried to shake me out of my lethargy. Vladimir Ivanovich Oseyuk, the director of the Menzhinsky Factory, where we had bought a great deal of knit fabric, kept urging us to establish a cooperative at

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<sup>19</sup>Again, this date would seem to be off. It should be 1989.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

his factory. The business environment in the country had changed, and he, like other directors, had to respond and show development of a cooperative movement. He spent a long time trying to convince me, and I spent a long time resisting. Opportunity was falling right into my lap, and inexplicably I refused to take advantage.

"What do you need?" He would ask.

In the end Oseyuk started a cooperative project with another of his acquaintances. By the time I had gathered my wits, a cooperative with the poetic name "Hope" had been put into place at his factory.

Only in February 1988, did I finally get around to registering my cooperative. Yesterday they had been begging me, and today they had already lost patience. Thousands of people were rushing to do the same thing. The bureaucrats put up barriers, and one could get around them either through bribes or by wasting a huge amount of time. At the same time, it was not completely clear at what address we should register and where we would be working.

The late 1980s were extremely favorable for people starting a manufacturing business. The country was still in that era of chronic shortages of consumer goods, inflation was all but non-existent, and everyone had money enough for things other than just food. Without spending too much time over it, I picked the name "Shuttle" for our new cooperative. Of course, I did not mean the kind of shuttles we have today that rush across the border with trunks, but rather the basic piece of equipment for weaving, something ordinary but indispensable.

The first weeks after we became a cooperative we were ecstatic about the prospects that had opened before us. We had that naive faith that whatever we dreamed would come true. We walked around intoxicated, drunk but without wine. We were dazed with happiness. The dam had burst, and finally we were really independent.

We were so happy that we let down our guard. It is funny now to think that someone could have cheated me so completely, me, a person who had grown up on the streets. And who could it have been? A political prisoner recently freed from the Gulag. At the time there was absolutely no market for equipment, and it was impossible to buy sewing machines abroad—that was out of the question. In order to get a hold of the machines we needed we had to contact one of the factory directors, in other words, people who were not eager to help people like me. Having tried this and that, I decided to entrust this matter to the ex-convict. Imagine, he had promised to get me nearly 100 machines through acquaintances from the zone where they had held sewing jobs. I wanted so much to believe him and finally have those sewing machines in my possession that I gave him 8000 rubles and innocently waited for the trucks to come. It was that easy.

#### PRIVATE WEALTH—NATIONAL VISION

We eventually purchased industrial Podolsky sewing machines. Our crowning achievement was to buy six thirty-year-old machines that were no longer in their prime. These industrial antiques were the cornerstone of our future. Real success came when we managed to rent a 30-square-meter room on the Arbat.<sup>20</sup> Our adventure was under way.

Our start-up costs amounted to all of two thousand rubles and were covered within a matter of days. Of course, though I had large resources at my disposal, it is worth mentioning this sum because that was all one needed in those times to get an enterprise going. Having the money was not the main thing. Of course, that was necessary but not sufficient for success in business. In the end, will, know-how, and ambition were the decisive factors. And experience did not hurt. By that time, I had gathered enough experience to run an independent business. It was the kind of experience that few possessed.

The first employees in our firm were six garment makers, our all-important supplier, Aleksandr Kapul, and I—eight people in all. While I got results through straightforward action, making payments here and there and doing favors, Kapul had an incredible method for acquiring raw materials and equipment under conditions of severe shortage. He would go to the very factory that had everything we needed and ask the people there, "What do you need?" For example, he might learn that they needed backhoes. He would call the factory that made backhoes and would find out about their needs. Let's say that they let him know that they needed lengths of pipe. Next he would go to the pipe factory. This process would continue, taking Kapul to a whole chain of factories, until eventually someone would need metal. Here was where Kapul could help out, since he had very strong connections in the metal industry, the Central Planning Commission, and various other enterprises. Following his scheme backward from the end to the start he would get us what we needed.

Using this logic Kapul built connections with the "Malyutka" factory on Plyushchikha Street. When he announced at one point that 12 imported sewing machines would be coming in a couple of days, I laughed. It would be more likely that we would be receiving a delivery of gold. It was like a fairytale. Sure enough, three days later we were unloading sewing machines. German and Japanese edging machines, even if they were second-hand, looked wonderful to us. This was our first breakthrough. Somewhat later we bought some more sewing machines at the Malyutka factory. All these acquisitions happened through Kapul's efforts. Thanks to him we carried out our first serious technical upgrade.

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<sup>20</sup>The Arbat is the central street of old Moscow. It has a kind of mythic existence from song and poetry, much as Broadway does in New York or Nevsky Prospect in St. Petersburg.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

With our experience of sewing traditional handicraft assortments of baby booties and bonnets we quickly learned to use this high-tech equipment to sew things that were not much more complicated and were in very short supply, knit underpants and undershirts. We did not have any professional designers among us, so all our new designs came from the garment workers themselves. The work situation at the state factories was still good enough, so designers had no desire to leave their safe, stable jobs for something in some cooperative. Still, we could judge the demands of the market by our sales. Consumers swept our products off the shelves. On some items our cost was returned by nearly 700 percent. It was a golden age. We got the maximum possible out of the business climate.

Sales of our jersey clothing went through our old channels, through people with licenses for individual work, using hawkers' trays. Already by the summer of 1989 I began to build kiosks at our favorite places. After I concluded an agreement with the Moscow Bridge Building Authority, that had control over the underground pedestrian walkways, I began methodically to move from hawking to kiosks.<sup>21</sup> This was an important change because customers mistrusted the hawkers and the quality of their goods. The first step toward real control of the market was to sell goods in a fixed place and to guarantee the trademark of the firm.

We built the kiosks Cossack-style. That is, we strove to make the situation irreversible and to do it very rapidly in order to leave as little time as possible for a negative reaction from the bureaucrats. All the parts of our pavilion to the last nail were gathered together beforehand, and we assembled the whole thing in one night. Naturally, we did everything late Friday night and early Saturday morning. Starting the following Monday, the authorities tried in a half-hearted way to figure out where this edifice came from and whose it was. They spent several days thinking about whether we had any right to build there. Strictly speaking we were within our rights, but we did not yet have the paper trail of official approvals. At that time everything was happening for the first time! Time was on our side. Customers quickly came to like the kiosk. If we had gone around to all the authorities, it would have taken us a year or more to get our pavilion. At the time these kiosks were very alluring. We had asked the designer Zhenya Markov to design ours. Seen against other commercial establishments of the time, which mostly looked like coffins, ours looked like mansions.

What we did was in keeping with the spirit of the times. We were living during an interregnum. The old society was dead, but there had been no fair distribution of socialist property. There were no rules for dividing the big socialist pie. There were not even thieves' rules. Under these conditions the person who took action first would win out, it did not matter how.

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<sup>21</sup>Moskovskii gorodskoi mostostritel'nyi trest.

#### PRIVATE WEALTH—NATIONAL VISION

Our first legal store was put in place at what for me was a historical crossroads, at the place where the police had twisted our arms—the underground walkway going to the Moscow Department Store. The second was in the walkway leading to GUM, and the third in the Arbat walkway to the Khudozhestvennyi Movie Theater.

The business of our cooperative was to sew clothes. One of our most serious problems was how to become independent of our textile suppliers. For a certain time yet state factories, acting by inertia, would be willing to sell us fabric at very low prices, in accordance with the central plan. But this golden age was quickly coming to an end.

The unwieldy state industries were growing more and more intolerant of the small, quick cooperatives that had risen from new yeast and were made of a different kind of dough. The salaries were incomparable. The antagonists were growing in strength, and the directors of state enterprises were itching to knock them down. The factories were always keeping the cooperatives on a short leash, and we in the cooperatives were constantly trying to anticipate their next move. At the first opportunity they tripped us up. Gritting our teeth, we had to assure our benefactors repeatedly of our complete loyalty. Even if they did accept our gifts, state factory directors could not long buck the general tide of hostility to the cooperatives.

In order to free up our hands and lower our overhead costs, we stopped buying ready-made fabric and went over to distributing our orders for finishing the cotton thread that we provided, knitting the cloth and dyeing it among several state factories. This way fabric became much cheaper. In order to assure our independence, we always worked with two or three state factories at once.

We had been born outside the state structure but still were able to find a niche for ourselves. Although it was hard at first, we turned out to be agile. Our first year of work in this new capacity was very successful indeed. For the time being, inflation remained unknown to our customers. Repeated overhead expenditures were kept to a minimum. There was no thought even of a value added tax, and we paid taxes only on our profit. At the time many cooperatives were making clothing similar to ours, but there was no competition since all of our production put together was just a drop in the bucket of consumer demand.

Our huge profits gave us the capital that we would need for future growth. This environment of explosive accumulation of capital lasted for all of three years. It was on the basis of this super-profit that somewhat later I would be able to acquire new Western equipment.

In a word, what we started with was a small, congenial cooperative. All our success was due less to our enterprising character than to the clumsiness and wastefulness of state knit-fabric factories with their design councils and their long-term agreements on standards and price setting. If

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

we had not changed our strategy soon, we would have lived like sheep in clover for two more short years until our collapse. Our commercial successes were due mostly to the fact that the borders were still more or less under lock and key. There were no imports yet to contend with. This was a state of affairs that was temporarily to our advantage. However, the structural foundations for further development of our production did not yet exist. Although we were trying to improve the quality of our products, we were not changing and expanding effectively, and we had only minimal results.

The rental contract for our room on the Arbat was unreliable at best. The person who given the place to us was playing some game of his own. The district had given him the right to ownership on the condition that he put a sewing shop there. We were acting as his buffer, but he wanted us to become part of his firm. My plans for the near future obviously did not fit with his plans, so we were forced to look for new lodgings immediately after moving in.

A few months later, still in 1988, a problem, that until recently had been no problem at all, now became extraordinarily difficult and beyond our powers to resolve. At first, zealous economic planners had followed directives and had been eager to report the growth of the cooperative movement. Now, seeing where it was all leading, they seized hold of properties with the tenacity of a bulldog. All the reports went up in smoke, and district executive committees became very sticky about making non-residential space available. Without the proper connections it was downright impossible to get even a square meter. There was no one to turn to with even the smallest request. Without connections it was useless to hang around reception areas. One needed a benefactor in order to break into higher bureaucratic circles.

My only thought was to break down barriers. As motivated as I was, I used every opportunity to build connections. I listened to every ripple and rumor. At some point, the director of a certain Moscow theater let on that his theater was looking for a new building. They were operating through one of the theater's leading actresses who was married to the chief architect of the Moskvoletsky district. That director helped me more than I can say.

An inspection of the theater was scheduled for the next day. I invited myself to attend and made the acquaintance of the chief architect. He in turn recommended me as one of his own men to the head of the department in charge of non-residential space in that district. That way I got to the central nervous system of the old, creaking machinery of the Soviet housing authority.

Sometime later, toward August, he picked out 180 square meters in a building at 40 Lyusinovskaya Street. A bit later we were able to rent 150 square meters down the street at building number 27. He asked for nothing, and helped as if he were an ally, although he probably expected some gesture

#### PRIVATE WEALTH—NATIONAL VISION

of gratitude in return. To thank him, I gave him a video player—which pleased him immensely.

Our first square meters of space were in a building that once upon a time had been a two-story communal apartment building. It now housed some small offices of the Forestry Institute. When they rented us one entryway, it became clear that it would be impossible to work in that shack. It was downright dangerous. The building was a fire trap. The outer wall was leaning outward at an angle of ten degrees. We had to put up buttresses. Repairs and renovation took about two months.

Still it was our first home. It was a great feeling. So what if the walls were rotting and it did not look very good. No matter what, it was our place. We could stand firm and look back on our homeless past. We took a deep breath and greedily got to work. We gave up our rented space on the Arbat, and managed bit by bit to move over to Lyusinovskaya. The seedling had finally taken root in a place where it could get stronger.

From January 1989 on we had more than 20 garment workers. Even though the sum total of management was three people—the supplier, the bookkeeper, and I—the embryo of our present firm had already come into existence.

With time it became clear that the attitude of professionals working in state enterprises was changing. The technicians were already starting to prefer Shuttle to the other cooperatives, to take a close look at us as a possible future employment opportunity. Soon we had our first textile engineer who began to put our business on a much more solid footing. Andrei Nikolaevich Pavlovich had been working as the chief engineer at the Menzhinsky Factory where back in 1986 I had first obtained knit fabric for children's hats. I had wanted to get away from sewing the hats from underwear fabric, as the small-time artisans were doing. He impressed me as a creative, if not very realistic, person, always enthusing about something. Still, Andrei helped us in many, many ways.

It was already 1990. Pavlovich, a talented engineer, was earning about 300 rubles a month at his current place of work, and earning less than his wife who worked as a garment worker at a cooperative. He was sick of his old job and had decided to leave. He had the choice to work at a cooperative at the factory or to join my business. He decided to come to us for one obvious reason: my business was more independent of the whims of the directors of the factory, with whom he was in conflict, than the other cooperative might have been.

After settling on this job change, Pavlovich prepared himself for the move to Shuttle. He got rid of some bad habits, like smoking, and he took a vacation. For me it was very important that he change his outlook. It is no easy task, when one has built one's life around one set of rules, to change to

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

another, especially when one cannot see where it will lead. But he already saw our cooperative as his special project.

In fact, at the beginning, Pavlovich made some deep changes in how Shuttle worked. He made it his first priority to move gradually toward higher-quality goods. He wanted to broaden our production goals to include dresses, sports outfits, and shirts. For us that was an enormous step forward, one that required the development of all facets of our technology. We purchased machines for knitting collars, sewing on buttons, and for making buttonholes. Eventually, if slowly and painfully, we began to change our fashions. Flexibility became part of our production method. The arrival on the scene of such a creative person improved everyone's morale, allowing us now see beyond our old horizons.

At the next stage, Pavlovich introduced yet other modifications. He literally forced us to pay attention to seemingly small details, such as the embroidery of a picture onto the cloth and the use of labels and other accessories. A new stage had begun, and we were gradually gaining our own distinctive character. The quality of our goods improved and with it the work climate at the factory. New perspectives came into play. Honestly speaking, all this was a revelation for me with my streetwise ways. Andrei was the first person to explain to me in concrete terms what cost price was, where one can economize and where one cannot. I had never known these things. Up to that point, we had overcome difficulties without having to be innovative, but that could not continue forever. If before we had developed by way of enormous profits, now I understood that we had to use other mechanisms. I had met my first real organizer of production on a larger scale and managed to learn a great deal from him. The pieces were coming together to make a new, larger whole.

Pavlovich started a whole new production system. My ability to respond quickly to ideas found resonance with him. He was full of creative ambitions, bordering at times on a willingness to take bad risks. There was a difference between my thirst for action and his risk-taking. If I, who had to answer for everything, risked money and myself, he, who had come over to us from the socialist system of production, knew no limits. As soon as he got away from narrow problems to do with production, he would lose his head and would not know when to stop. At times, he would be willing to risk too much. I had to resort to various dodges to limit his enthusiasms and avoid bad decisions.

We quickly began to move forward along two roads—toward technological improvement and higher-quality personnel. Pavlovich's solid reputation in professional circles among Moscow knit-clothing producers made our business seem more reputable. People began to expect a lot of us, particularly of Pavlovich, and they began to study our development. Since all this was happening during an economic recession period in the state

#### PRIVATE WEALTH—NATIONAL VISION

economy, we started to find high-quality technicians knocking at our door.<sup>22</sup> These people would guide the development of our production. In particular, this first wave of professionals included Petr Melnichuk who later became Pavlovich's replacement. The position of deputy for production went Larisa Elezova, who now leads our sewing department. Lyudmila Buneyeva became our chief technician. Galina Sukachova joined us to run the dyeing and knitting departments. We began to move rapidly, becoming more of a modern, rationally organized enterprise.

The shortage of production space put real limits on how fast we could expand. After we had rented the dilapidated spaces at Lyusinovskaya 27 and Lyusinovskaya 40, our first job was to focus our efforts on renovating space and putting all the subsidiary spaces—the dining room, coatrooms, showers, toilets—on the upper floors. To the 25 garment workers already working for us we added another 30. The earnings of our workers were far better than the wages of people working in state factories or other cooperatives. For that reason, they were willing to put up with various kinds of discomfort—the horrible working conditions and the ugliness of the walls in this dump. We got through the first stage with piecemeal reconstruction.

Looking back, one would have to say that we really were pitifully small. What were twenty, thirty, or forty seamstresses? Nothing to boast about. Still, in this simple, unpretentious environment the backbone of our company was forming. At this embryonic stage—by comparison to state enterprises—the urge to build and create was increasingly strong. We paid no attention to the poor outward impression we made.

With each state factory at which Shuttle placed orders for knit material and finished fabric, we secured a troubleshooter who would take care of any confrontations and would build good relations with the employees. I would contact the directors myself. Officially there were already contracts, but any second the directors could sever relations without warning and without any ill consequences for themselves. On the other hand, it would be hard for them to yield completely to their secret desire to blackmail us, since we had wrapped them very firmly and tightly in a spider web of diplomatic favors. So they tolerated us grudgingly.

I had left the theater, firmly resolved never again to be dependent on other people. Now, as it turned out, I had gotten myself into a still tougher snare. They had me by the throat, me and the nearly 100 people who were working with me. I took this situation very much to heart and could only think how to break away. And when the factories with which we worked began a game of cat and mouse with us—now they would start to strangle us,

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<sup>22</sup>During the early 1990s, state factories were receiving increasingly fewer orders for goods. This is a situation that in 1998 has not remedied itself in the same factories, now in their privatized, post-Soviet form.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

now let us go, now permit, now forbid. At times we wanted to howl in frustration at our helplessness. Despite all our accumulation of capital we were defenseless. It became obvious that in a few months this vassalage would bring us to ruin. We had to make up our mind to change the situation.

We were in complete command of the last, clothes-making stage of the knitted-goods cycle. As long as we lacked the extra room needed to expand our own production base, we could not assume control of the earlier steps of preparing the fabric. In a normal economy, one would not under most circumstances have to get into this part of the production since the offerings of suppliers more than covers the demand. However, under the socialist system of centralized control, to stay independent I would have to establish my own control over the whole chain of production, from the raw materials to the sale of ready-made goods.

Here was how I came to the key idea for structuring my business. I could only move on to a new stage by acquiring the latest technologies and my own space for production. If not long before we had had occasional difficulties with the state factories, now with each week it was becoming more difficult to come to terms. Directors were causing us trouble at every step. Soon all the cooperatives would be destroyed by the state industries. Nowadays you will not find a single firm except ours that grew from the cooperative movement and stayed afloat.

By midsummer, 1990, it was obvious to me that if we did not escape the trap, we would not be in business much longer. Our choices were either to find a new way or close up shop. Since we would not be able to come out from under this dependence in both areas of knitting and dying, our first practical step was the decision to put into operation our own knitting machines. These machines weighed several tons and required the appropriate housing.

We looked longingly at the buildings around us. Next to our place at Lyusinovskaya 40 was a warehouse that belonged to that politically weighty institution, the state publishing house "Soyuzpechat." Sergei Nikolayevich Lebedev, the representative from the local executive council, who was responsible for the cooperatives and had been watching us for quite a while, answered my pleas to "give me more space or let me die" by procuring the warehouse for us. He contrived to get it despite the wishes of its proprietor. As strange as it may seem, he was not the only official I met who was willing to help our cause. Only two weeks before "Soyuzpechat" had closed down the warehouse. Nothing was to be delivered and nothing sent out. We were lucky. We rushed to the local housing authority and begged them for any old document certifying that the building was occupied by homeless people and was a firetrap, and there was no objection to transferring occupancy to Shuttle. The appropriate committee gave their agreement. A week after this decision we had cleared all the bureaucratic hoops. The authorization was in our hands, and the building was ours. And

## PRIVATE WEALTH—NATIONAL VISION

although representatives of Soyuzpechat resurfaced and objected to what they saw as the abuse of their rights, they did not take us to court. Apparently they had no real need of a mere 100 square meters. All they did was to complain to the local executive council, which was not so bad. Once again, we had scraped through. We had won by sheer exertion of energy.

The building we had gotten from Soyuzpechat where I had wanted to put the knitting machines, was a one-story affair. Before we installed the mountings, we thought about adding a second story. We did that. And while we were at it, we decided to add yet another. We had gotten into an expansion mode. In the end we added four stories and enlarged the building to about twice its original length. We ended up with 800 square meters of additional space. We enclosed the space quickly, moving ahead by guess and by God, without an architectural plan.

Four months later, when various inspectors paid us a visit, the situation had become irreversible. What could they do? Without connections in the party elite it would have been impossible to stop a renovation of private property once it had started. The only way to expand was through unauthorized construction. So we did it. It was most improbable, in the middle of Moscow to embark on a knitting enterprise with only the poorest of workspace.

The ingenious Kapul performed one of his miracles to make an exchange agreement with the Leningrad Vulcan factory that had the monopoly in the USSR for the manufacture of knitting machines. For one crane they gave us two knitting machines that were in very short supply and months ago had been promised to someone else. Right off the trailer we set them up in our new building. Somewhat later, we added fifteen units to the first two.

We had one foot in the grave and had barely made it through the last two months: the Kosinsky Factory had raised its prices for knitting ten times the original price, all at once, without warning. Although the economic situation with knitting deteriorated, we managed to stay alive. We had taken one further step toward freedom.

Despite all the worries with construction, the political and economic situation in 1991 remained favorable for us. As later would become clear, we had only a few months to gather all the machines we needed. It would be just a short while yet before the rush started, before Yegor Gaidar set his reforms in motion, and the old order was overturned.<sup>23</sup>

### Miracles

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<sup>23</sup>Yegor Gaidar was one of the young designers of post-Soviet privatization and monetary reform. Under his plan, prices were deregulated ("liberated") in January, 1992.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

We should have been celebrating. All seemed to be going well. Money was pouring in—you could just fill up pillows with it. The big problem was that there seemed to be no way through the impasse with the state factories. It was impossible to predict what would come next. Perhaps another six months or even a year—and then curtains, and we would not be able to save ourselves. I could not escape the thought that all our expansion and improvements were just prolonging the agony. No matter how much money we took in during the year, that alone would not save us.

We climbed and climbed to move one more step forward. Then we would pause and take stock of our situation. We could see no prospects for the future. Wherever we went, we were confronted with obstacles. There seemed to be no way through. State industry was bent on destroying the cooperative movement by controlling access to raw materials and resources and by ignoring orders from the cooperatives, their direct competitors.

For the time being we could work, but would we be able to in the future? If so, then only in this same kind of bondage. We could expect nothing more. We had climbed as far as we could and now would be swept away. The path we had been following had ended, and there was no new path in sight. If there is no excitement at the prospect of the future, then life becomes boring. Depression hit us.

The atmosphere all around us was very unstable. The new motto of the day was: grab it and scam. People had begun to switch from manufacturing over to trade and finance. I wondered whether I too should make the change.

Suddenly, as if in answer, the law on joint companies came into force.<sup>24</sup> I stayed my course. I seized onto this chance and understood that this law provided a slim chance of breaking free of our dependency on the state monopolies. My salvation would be in creating a joint venture and in acquiring the technology I needed to control the whole manufacturing cycle. I needed to buy western equipment. In that one decision lay the foundation for what we have become today.

I never saw the written law with my own eyes, but listened closely to the rumors. A joint venture, but with whom? What could I offer a partner, how could I attract him? By offering him antedeluvian equipment? Or a couple hundred meters of manufacturing space? No one would want such a thing. Still, we had to try something. Since no well-meaning foreign partner was anywhere in sight, I got the idea of opening my own firm in Germany and creating a joint venture with myself. The idea was innovative and not so crazy.

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<sup>24</sup>The Russian law on Enterprise and Entrepreneurial Activity was passed December 25, 1990. It allowed the existence of sole proprietorships, partnerships, and joint-stock corporations.

#### PRIVATE WEALTH—NATIONAL VISION

Realizing this plan was difficult, even on paper. The Soviet border patrol was powerful. I had never met a foreigner in all my business dealings. Joint ventures were being created by the nomenklatura for their own people in order to pump money and resources out of Russia. The ministries were blocking all avenues for everyone else. It is hard nowadays to imagine the depth of the well we lived in at the time. Even to get into the embassy was a problem, and what a problem! I had no idea how to do it, but the idea had already set me on fire.

Through a German acquaintance from West Berlin I found out that Soviets could get into Berlin without a German visa because we conquered Germany in World War II. My first visit to the embassy was like discovering a new world. In one corner stood a fax machine, which opened up innumerable new possibilities. And in another was a copying machine. Even two years before we would have been threatened with prison if we had even used a machine like that without permission.

The first embassy worker I had ever seen came out to talk to me. Patiently he listened, quiet, only answering in short phrases and giving brief bits of advice. Step by step, like a blind mole coming out from underground, I came up to the surface. I found out a lot of new things. It turned out that you could do lots of things I never thought possible.

After that conversation I got myself to Berlin. There was so much that I did not know. Everything was so clean and tidy. I had that expectant feeling that a holiday was just beyond the barely opened door. The Germans have an esthetic sense that is different from ours. We each hold to a different standard of beauty. In fact, Germany is a wonderful country, just foreign to us. The orderliness and stability of daily life in Germany was encouraging to me. It is not so simple to orient yourself in an unfamiliar country, but on this first trip I managed to rent both an apartment and an office.

The second time, in November 1990, I returned in order to open my own German firm. Even with all the legal tricks, my main difficulty was merely to deposit 50,000 marks in the firm's bank account.<sup>25</sup> Russian emigrants who had settled in Germany offered me all kinds of help. I knew that no one would rush to welcome us. Things like that just do not happen. Still, one Russian woman showed up from nowhere and did a great deal to help. Believing my story, she transferred money to my account, and thus helped me to found the German firm, "Paninter." The fact that someone actually believed in my enterprise was just as important to me as the credit and money that I needed.

In order to become established in Germany, set up shop, and pay off current expenses, I started to import matryoshka nesting dolls. I bought up half-finished dolls at the Semyonovsky Factory, and organized painting the

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<sup>25</sup>Under Soviet law, private citizens were not allowed to exchange rubles for foreign currency.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

matryoshkas in Moscow, in the same old way, as a cottage industry. At that time, Russian kitsch and Russian themes were much more popular than they would be later. It was as if I had dived back into my youth—we hawked matryoshkas right there on the street in various German cities. Somewhat later we used a run-down microbus that we purchased with our first earnings. We moved about constantly, now trading at Brandenburg Gate, now driving to Potsdam. The police looked askance at us, and would sometimes come up and start asking questions. Once again we had no permission. What saved us, as it had 20 years before, were zeal and bravado. Eighteen months later the trade in matryoshkas ebbed, but we had already made ourselves at home in Germany.

On December 30, 1990, the Ministry of Finances of the USSR registered the joint Russian-German enterprise, "Paninter." I had joined forces with myself. In my hands, like a brand new nickel, I held a new instrument, even if it was purely administrative. I had acquired the ability to convert rubles, to import equipment, to cross the border freely. I had the official status of an international businessman. It was not a minute too soon. The Soviet cooperative movement had only one more year to live.

In order to decide which knitting machines to purchase, I did some research, studied catalogues, and went to trade fairs. And here again was a sign of fate. In 1991, the city of Hannover hosted the world textile exhibition where one could view the most advanced weaving and knitting machines available. It was a trade show that took place every four years, each time in a different country.

I was intoxicated the minute I set foot in Hannover. We had left behind all those baby bonnets, booties and undershirts, and before us lay wonderful new opportunities for expansion. I knew exactly what I wanted and where I would like to go.

The salespeople eyed us mistrustfully. Here was some Russian, a private person, who wanted the very best machines money could buy! At earlier exhibitions they had done business only with solid-looking ministry representatives and Soviet export associations.

Thanks to Pavlovich, it took us only eight days to put together the whole technological package from knitting to dying to finishing the fabric. We signed contracts with leading Western European firms, Meyer, Monti, and Brozzoli. I remember that week as a particularly hard one. Ultimately I had to answer for everything. Pavlovich gave me advice, but I had to make the decisions. I probed and worked through many possibilities and came to the conclusion that I had to stake all or nothing. Since I was no expert, I sifted through the fine points, juxtaposing and comparing. It is this ability to resolve problems, without necessarily possessing expert knowledge, that is the essence of any true organizer. Define what you need and then make up your mind.

#### PRIVATE WEALTH—NATIONAL VISION

That trip I fell in love with Germany for its cleanliness and with Germans for their good will and friendliness. In their methodical, well-measured order is the key to their stability. Sometimes it may seem foreign, but at times it is very attractive indeed.

Before departing I paid 15 percent of the value of the contract for half a million dollars. The second payment of 200,000 dollars would be easily collected. The rest I was sure I would earn.

We returned to Moscow in August, 1991. It was the time of the attempted coup. The country was disoriented and looking for a leader. I knew one thing. It was precisely during this prickly fall season that I would have my only chance at knocking a hole in the wall. For the dye works I needed a huge building, many stories high with all the plumbing necessary for steam, water, and removal of waste products. We needed new shops for knitting, finishing, decorations and for sewing—and all of it at the same time. We would need thousands of square meters.

If we did not complete the whole plan all at the same time, and quickly, we would be unable to bring in the new equipment and the whole project would fall through. Since we could not get land rights and the permission for new construction within the necessary time limits for the money we had on hand, we used the same old method. We built on new floors over the old ones in which we were housed. It was a brash decision, to build without building permit right in the center of Moscow right under the noses of all kinds of inspectors and bosses. I was taking a risk, but during those first months after the coup of August 1991, even the bureaucrats did not know how the new system of city administration was supposed to work.<sup>26</sup> No one knew what the new rules would be. I took advantage of the confusion and used all my resources to consolidate floor space and machines.

Something awoke in me that was not to be denied, and I decided to stake everything in order to expand and to purchase the knitting machines. The bureaucratic paper pushers circled around like crows, popping in on me from time to time. Seeing something of interest, they pecked at it. On the next visit they brought me the usual order to cease construction. But they could not make up their mind to confront us, so our building went up before their very eyes.

Work at all the sites went briskly. The most impressive was the construction of a four-story sewing factory at Lyusinovskaya 27. The third and fourth floors were being built even as the garment workers made clothes on the first and second floors. Everyone felt that something exciting was happening. There was the same kind of enthusiasm that we all had seen

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<sup>26</sup>On August 19, 1991, conservative Politburo members in conjunction with a segment of the army summoned tanks into central Moscow and tried to overthrow Mikhail Gorbachev's regime. At this time, Boris Yeltsin, the president of the Russian Federation, came to the forefront and supported Muscovites as they faced down the tanks. This was the beginning of the end of the Soviet Union.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

when the Dnepr Hydroelectric Plant was being built a long time ago.<sup>27</sup> You could not explain it, but people who came to work with us dropped the bad habit of drinking on the job (although they never did quit sitting in a circle under five-ton slabs of concrete that were being moved over their heads). Soon three hundred square meters of floor space had become 1500 square meters.

After six months of hard labor, by spring 1992, we solved the problem of space for both knitting and garment making. Only dyeing, which required water and steam plumbing, boiler houses, and the appropriate connectors, went on in another place. We would have built this, too, but after Gaidar's reforms prices for construction materials increased over tenfold.<sup>28</sup>

Then came the uncontrolled deregulation of prices. Suddenly all the cooperatives collapsed. Our manufacturing on which we had been relying and which had been profitable also failed. Raw material cost as much as our finished products. We could not pass the cost onto the consumer because the consumer had no money either. Our suppliers whom we had spent years carefully cultivating saved Shuttle by offering us credit in goods for four months.

Just ten more days remained before the second payment for the equipment was due. We were at another crossroads. We had the means to pay for the equipment, but then there would be nothing left for building the dye works. I should either stop now and lose the first down payment or dig in, stand my ground, and probably lose my shirt.

To add insult to injury, Pavlovich left the company. He could see how badly my plans had been pieced together. He decided that we were headed for a crash. I would not be able both to pay my next payment and build the dye works, considering that the Gaidar price reforms that were about to go into force. In such an anxious and unstable environment, when no one knew what would happen next, Pavlovich became increasingly doubtful that we would really pull through and correct our situation. The inspiration that had been his trademark now weakened, and he became skeptical. He turned away and left us. I was alone. The only solution was to stop and sacrifice the incautiously paid 15 percent. Then, in a couple of months shut down my business but be left with the money. But I simply could not admit defeat.

Daily worries continued to grow and demanded my attention. I now took on Pavlovich's job of placing the orders for dyeing fabric. I did not know the directors of the dye works at Sokolniki. I talked to the chief engineer. Straight off she refused to extend our agreement to the next year.

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<sup>27</sup>The large hydroelectric dam was built in 1964 in Dneprodzerzhinsk.

<sup>28</sup>Panikin is referring to the same price reforms of January, 1992.

#### PRIVATE WEALTH—NATIONAL VISION

There was nothing to do about it. They were the monopolies, and now even any relations with them, however poor, were becoming problematic. The advantages were all on their side. The factory now took zero interest in our cooperative. Our orders were tiny pieces in the larger picture of their total business. Still, we refused to go away.

As I was leaving, I asked in a flat voice, just to be polite: "New Year's is coming soon. Might there be any wishes you have for a New Year's present?"

"Oh, yes, I need a ceramic table lamp."

This answer gave me the opportunity to come by again and to talk. The next meeting we got to chatting about books. Somehow, we warmed to one another and soon were chatting in a friendly manner. She could see more in me than just her economic competitor. I came across as a normal human being who was struggling along with his cooperative. In some sense, even though she represented the socialist state machine, she could feel some sympathy for our situation.

Perhaps it is not so surprising that we came to an understanding. Socialism in normal human interaction will always lose out to capitalism. Socialism in and of itself is something artificial, forced. There is no such thing in nature. Socialist man is artificial man. He continually perceives reality indirectly, through the prism of ingrained concepts. Capitalism is natural. No one thought of it, it came about on its own, just as human speech did. It needs no special theorizing or propaganda or dissemination. It grows of its own accord, since it is grounded in that natural and obvious quality of human nature—material self-interest.

This seemingly unapproachable director offered our business a chance for survival. Our relations began to improve. The business had been salvaged, and we were still working with the only factory in Moscow to do quality dyeing of jersey material.

By some miracle, during those last few days before my payment I managed to convince the director to give me the factory's old furnace house. I made the arguments that we had lots of contacts all over, and we could help them with foreign replacement parts and chemicals, and cash, as well. Taught by bitter experience, I emphasized that the contract must not be broken. I also impressed her when I said that I had solid German partners who would demand guarantees. The words "joint venture" sounded impressive which also helped. The factory directors ended quite incredibly by staking all the factory's holdings to guarantee the contract for 10 more years. That was a fabulous guarantee for those times. By giving us their boiler house, they were placing us firmly under their wing and even assuring the agreement against all their holdings. Everything had gelled, and my plan was coming true.

Life changed for the better in the next few days. We had gotten our hands on the ancient boiler house for our dye works. The breakthrough had

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

taken place. I was sleeping only three or four hours a night and never getting tired.

In June 1992 when the equipment arrived no one had started with the repairs on the boiler house. The process of assembling the new machines went on beneath the open sky. The experts who had come from Italy to help us were horrified at our Russian ways. Cranes were swinging over their heads, large tubs with solution were being moved about, and stucco was crumbling all around. Under these conditions they were expected to mount finicky electronic apparatuses. At first they refused to go to work, but after long sessions of tea drinking we converted them to our faith. They were intrigued and agreed, despite all their instructions, to assemble the equipment out in the open. They adjusted and tested out the machines to the highest standards and in much shorter time than such things are usually done.

It had seemed to me that just as soon as we would get the new machines up and running, we would start getting first-class fabric. Since I had no idea that the whole line had to be broken in and worked through, and I tried to solve technological problems through acts of will. But the mess was just beginning. Our machines were turning out rejects, and the volume of material produced fell sharply. Poor Petr Nikolaevich Melnichuk who directed the whole production process worked miracles, but was in no position to point out how ignorant I was. I could not understand that and put more pressure on him. How dangerous amateurishness, impatience, and the desire for quick results are in a director! It was a good thing that I soon went on vacation and gave Melnichuk the chance to set everything straight. With great effort we got the technical side of things running smoothly by the end of autumn and began to get high-quality fabric.

Under the tenuous conditions of liberalized prices we managed to start up the big sewing plant at Lyusinovskaya 27. Using a Japanese license, one of the former military factories in the city of Azov had been converted to make edging and seam-making machines. Their brand name sewing machines could be purchased for 7000 rubles apiece. Really, almost for free.

We played out our hand in a situation in which one mistake could have meant ruin. Borrowing money wherever I could and mortgaging our apartment, I paid the last installment for the knitting equipment, one day before the payment was due. In my bank account there was nothing left, I had been totally drained, less than zero. The payoff was that we had pulled off our plan to expand and capitalize.

#### **The Fire**

#### PRIVATE WEALTH—NATIONAL VISION

If I were to say in a word what we accomplished in 1992, I would have to say that we had just about done the impossible. We managed to complete construction of the plant and get the machines in working order. If yesterday we had been just modest handicraft workers, then today we had left that scenario far behind. We were suddenly in possession of a new kind of knowledge. We had assimilated it and had adapted ourselves, slipping out from under the post-Soviet state. What had once seemed so oppressive in the Soviet Union had now returned in a new form and had crushed the cooperatives and all the other reforms that had not so long ago seemed so promising. We were just about the only business to move beyond cottage industry and that tenuous existence. We now settled into a regular and routine life of manufacturing. It was as if we had left one century, the century of handicrafts, and come into another, that of industry.

Unfortunately, inflation, that Western butterfly, had come east and turned into an all-devouring locust. Production and profit became much harder. All the same, we managed to stay afloat and to lay the groundwork for the most modern knit-clothing production in all of Russia.

Again we managed to keep our heads above water. Our machines were the best, but we were incredibly naive. We proceeded without any clear plan, without calculating profitability or cost. We worked in a closed environment, almost like a medieval guild. There were already about 500 people working for us, but the production process was still largely unmanaged.

Despite everything, the volume of our production burgeoned. Although I wholeheartedly subscribed to the principle that all the profit should be ploughed back into production, it was still only a principle and did not explain how we managed to grow even under these conditions. Our foundation was our passion for change and development. It is as if one were on a cliff—if you keep moving, you will survive, but if you stop and freeze, you will fall.

For the greater part of the following year, 1993, work progressed in a normal, stable fashion. We were completely independent. We had every aspect of the chain of production under control. Everything seemed balanced. It may have been somewhat premature, but once again I felt that old urge to try for another breakthrough.

One of the chief difficulties in producing jersey was finishing the fabric. Our own dye works stood on the territory of a state dye factory that had become mired in old habits and backward management. For the moment, all this was helping it to prolong its life. Whatever we initiated was invariably met with antagonism. We picked our way cautiously, avoiding confrontations. Deliberately yielding to the factory director, we used our wits and waited patiently, the same way that cautious villagers put up with arrogant city folk.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

The process of privatization of state enterprises opened up new opportunities for us.<sup>29</sup> The time was ripe for a merger with the dye factory and the formation of a joint stock company. We would transfer all our factory dye orders to a new plant, much like ours, so that we would not have to put up with ancient technology. Their building, and our equipment. But no one was interested in the idea. Meanwhile, tiresome negotiations dragged on, the possibilities were studied from this angle and that. People deliberated and pontificated. I am sure that everyone understood that, if they accepted my proposal, the quality of fabric would improve immediately.

At first the group was attracted by the simplicity of the idea. Then suddenly a rift opened up, and the air thickened. The plan was to have the factory join the firm Rostekstil. When the ministry heavyweights and other directors learned that Paninter would hold 50% of the shares, you could imagine their reaction. They clearly felt threatened by my idea. All they could see in my proposal was maniacal acquisitiveness on my part. Both the director of the old state dye factory, who had been supporting me, and I had overplayed our hand. Something had to happen.

Then came the fire that nearly ruined us. In the middle of the night, the blaze broke out on our lot of land in the former boiler house. There were no sparks. The cause was something quite different. This fire could easily have taken the factory with it. However you slice it, it looked as if we were to blame. We should have been kicked out, no matter what the contract said.

The phone rang at five that October morning. We helped the firefighters break down the door. We got in. I will never forget what I saw. Fifteen meters up metal girders hung like twisted braids, ripped apart by the high temperatures. A sweet, almost rotting smell saturated everything, and swirled around like a blue ribbon. The October morning sky froze in a fixed cupola through the roof. A sense of doom hovered in the corners like black soot. We stood there silently, in a state of shock. Somewhere in the depths of my consciousness, in the icy cold of a dead desert, a little icon lamp had stayed alight. I knew I had to get busy.

By some extraordinary luck the fire that had torched our boiler house had gotten up to the roof of the factory building through an unused ventilator shaft. As strange as it may sound, our machines were saved by the way that the fire had burned. The factory roof burned through, and they had no money for repairs. Without us they would not be able to cover the costs of rebuilding the roof. The factory could not kick us out, for, if it had, their production would have stopped altogether.

Surprisingly, if the firefighters had put the fire out even 15 minutes earlier, the factory would not have suffered, and it would have been curtains

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<sup>29</sup>The process of selling off government property started in 1991.

#### PRIVATE WEALTH—NATIONAL VISION

for us. And if it had burned a bit longer, one of the walls would have caved in, and our equipment would have been destroyed.

Everything was as if spellbound. A half-ton concrete slab hung literally by a thread right over our main dye machine and could have fallen any minute. Next to it, a wall was wobbling, about to collapse. During the next few minutes we just barely managed to take it down before it fell down itself.

The official reason given for the fire was a short circuit. Right next door was the factory gas distributor, that was hooked up to the boiler house. However, that was not the reason. There was nothing to burn at that location. Everything was walls and metal. Although I knew as much, I did not argue. Although I was sure it was arson, I wasted no further thought over it and signed the official version. I was resigned to leaving the case open, and instead got right down to rebuilding what had been destroyed.

The first few hours after the blaze all our mechanics, builders, loaders, and drivers gathered together. Without any urging, they started right in, picking apart the rubble. Although they had no special insurance, the workers paid no attention to me and climbed aloft, harnessed in ropes. They cut the metal, taking care not to touch the equipment.

In two days, working around the clock, the shop was completely cleared out. It took three more weeks to build a new roof. We were blessed with an Indian summer.

The whole affair cost us 100,000,000 rubles, but who was counting? The production line did not stop even for a day. It would have been a real catastrophe if production had ceased. Each day we would have lost 20,000,000 rubles, which would have been impossible to recapture.

As I stood in the ruins and watched the work around me, I was certain that, once again, we would come clear. However much the old Soviet system destroyed the desire to work and to do one's best, it had not succeeded in stamping those things out entirely.

While 1994 passed uneventfully and there was little to tell, a new crisis was welling up, this time because of my position. I had never become a typical manager but remained something like a Cossack chieftain, an "ataman." How was it that we could survive so long without a system of accountability, analysis, and management?! Our operation was becoming too large and complex for us to carry on as before.

From autumn 1994 on, Paninter began a new phase of its existence. Once we got over this newest crisis, we became a truly modern enterprise.

To this day I am convinced that if we had managed to realize the idea of a merger with Rostekstil at that time, the whole garment industry in Moscow would have been rejuvenated. We would all have had the right kind

## THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

of fabric from to sew high-quality clothes. As it is, a whole branch of this industry is dying out.

### **Crisis and Restructuring**

Although it was hard to see, by the end of 1994 we confronted new problems. That year, one of very few, had proceeded smoothly, without any unpleasant surprises. The summer drifted on. In October, when I was in Berlin, away from the day-to-day management of the firm, a problem came up. From telephone calls to Moscow I could tell that something was amiss. As usual my decisions were being carried out, but things were not quite normal. It was suddenly clear that the company was short of funds.

Another question was bothering me. It had become common during the last few years to associate the fall season with forecasts of doom. One could see these moods more easily at a distance, from another country. The unending war in Chechnya, the financial shock of Black Tuesday,<sup>30</sup> and the feverish mood of the newspapers—all seemed like ill omens. This worrisome picture put me on my guard. It seemed that something might be wrong in my company, as well. Nonetheless, I did not see anything really wrong, so I stayed on in Germany. I took my vacation and did not see how much trouble we were in.

Only when I returned did I look around and see the mess all around us. All my shortcomings, mistakes, and sharp tempers were getting us nowhere. They had created problems that had never been resolved. For long years we had accumulated and increased, gathered and expanded. Behind this screen of success smoldered other problems brought on by my haste, negligence, and sloppiness.

The way in which I had conducted business had outlived its usefulness. It had never been my first priority to get the product out and make money. I had always seen business as a way to innovate. It was a way of creating my own world. For the times we lived in, that had been a good approach, and the only possible one. If at that time I had built my business rationally, I would have gotten nowhere under Soviet conditions. What did develop could only have happened through these surges of activity. I had gotten the most from what the times offered. At base I was a fanatic, and the legislator of my own ideas. I could break new ground and lay foundations that might later grow into something more. What I was doing could only be done through a powerful current of creative inspiration. But this inconsistency was also my weakness as a leader of a real firm. Being charged with energy did not allow me to devote myself to careful calculation and routine management. Force of will and courage are not needed for the

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<sup>30</sup>On October 11, 1994, the ruble collapsed on currency markets.

## PRIVATE WEALTH—NATIONAL VISION

smooth maintenance of a company. If I had not gotten down to serious calculation, I would have come out on the short end.

The management of a production process already involving over 1000 people requires a complex organizational structure with precise and steady, continued attention to all operative systems from start to finish. It requires an objective system of monitoring, and secure, careful planning. These things cannot be based on likes and dislikes. My general smarts, intuition, and will were not what we needed to deal with problems of this sort. A difficult situation had arisen because I did not have these things.

What is more, the conditions in the country as a whole had become much tougher. Russian society was losing its orientation, and people were badly off. The life of our company was in some ways in keeping with that larger picture. By the end of 1994, inflation had risen to 10-14 percent per month. Our expenditures for materials and retooling were leaving us in the red. Unsold goods were accumulating in the warehouses, and we had far too many remainders. Because we had ceased to be sensitive to consumer demand, the connection between production and the market was breaking down. Along with slowing sales, our income fell sharply, and we ran out of working capital. Purchase of materials demanded greater and greater outlays of money. Our warehouses were bursting with half-finished items of clothing. Locked in isolation, production swelled with mounds of cut outs and half-finished clothes.

If we could not reverse these trends, we would soon be out of business. The next step we had to take was to sell our products at cut-rate prices in order to cover the inevitable bills. And then would come the painful death of our business. We could first lay off our workers, then sell our equipment, and finally lose our sales network. It was one big crisis. In the end, if we successfully sold off everything, we could come out with a big round zero, and lose everything. It would be a sad outcome for all our efforts of the last six years.

We needed to gather our forces. It was a time for belt-tightening and harsh truths. No detail was too small for our attention. I began with a careful analysis of our sales channels. Clear price lists, new designs for our shop windows, inexpensive advertisements, strict adherence to our schedule of shipment—all quickened the pace of our turnover. Loads of clothing started to move.

Then I made a serious mistake that led to large losses. When our products were not selling and there was a threat of a surplus, I decided that we needed to start firing workers. I would not be able to feed everyone. At first we sent workers on unpaid vacations, letting them stay home. Garment workers, of course, started to leave, and at that point I understood to my horror that, instead of getting rid of all our old production and bringing a new line into the production flow, I was just creating new difficulties. Now the production of the old line of clothes was being artificially prolonged.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

What we needed to do was to finish this line as quickly as possible and sell it off at any price. We needed to get rid of the old collection, to pay our people, and, as fast as possible, announce new models that would appeal to current taste. Not to discourage and fire our workers. Soon enough, the process of updating of our fashions showed that we did not have enough workers. We had to hire and train new employees, which wasted still more time.

At the time I was still moving ahead by simple trial and error. It was important to correct my mistake and do it deliberately and calmly, without agonizing over how much authority I enjoyed and without spending too much. Indeed, in the business world if someone does not understand and does not want to understand that his actions are wrong, then reality will catch up quickly. The business world operates by a harsh law of natural selection.

In politics it is different. Let us suppose that we lost the war in Afghanistan. Politicians concluded that the “troops had completed their task.” Then they got themselves into Chechnya, and they lost the war in Chechnya. Again the corresponding conclusion was articulated that the “peace process has come to a successful end.” And now the situation in Russia was getting worse with each passing day, but typically no single politician was being held responsible. Political processes happen on too large a scale and develop too slowly. In politics the guilty parties manage to step away from the political arena in good time, leaving others to pay for their mistakes. In contrast, in the world of business a person feels the brunt of his own actions on his own skin.

In our hunt for a way to increase turnover, we lowered our prices. As a result, profitability fell to a critically low level. For the first time in years we had almost no funds for research and development. Overcoming our difficulties a bit at a time, balancing like a tightrope walker, I was constantly behind on my strategic planning. Month after month, while we solved smaller problems, we lost sight of the fact that clothing fashions were changing with the seasons. In March it was time to be putting spring clothing on the racks and to be preparing for our summer line. Here we were still messing with our old patterns and making who knows what.

The market hit us hard, like a good shepherd, and turned us to the only possible course for survival. We discussed how we thought the firm ought to work. We decided that we could not get along without strategic planning for at least a year in advance. The task was to be able to anticipate changes in the market, to satisfy all its demands fully and to be devoted to it as a slave is to his master. There was no alternative: either you get into the market game or you give way to stronger and more successful people. In principle there is no other choice. There is no room for illusions. In the future, advertising, construction of models, a full array of colors, and all the other details we needed—all would go toward meeting our goals.

#### PRIVATE WEALTH—NATIONAL VISION

The final universal law is inventory and control of each operation in real time, that is, the daily balance of the enterprise. We equipped the shop floors and the warehouses, the stores and offices with 70 computers that were linked to a general network. We needed continual analysis, conclusions, and decisions. And then more analysis. We created a market-consulting group that maintained contacts with clients, conducted sociological polls, calculated the day's total sales, analyzed current trends in fashion, and generated ideas for future collections.

Generally our calendar includes work on two collections, one for spring and summer, and one for fall and winter. In March we are already prepared for production of a new line that corresponds to fresh trends in fashion. Our company's basic strategy is to keep about six months ahead of the game. Potential wholesalers are invited to our fashion shows. After assessing preliminary demands and considering the statistical data about the volume of sales from our trade network, we come up with an actual production plan that we use to purchase raw materials. We then organize our advertising campaign. In August the cycle is repeated now with the fall and winter collection. We sell off all of our seasonal remainders even if it means selling them below cost. From that extremely tough scrape we had been in, we learned the importance, indeed the absolute necessity, of planning work in the long term. This is the only way to get into a rhythm in the capricious world of garment making, which produces a seasonal product that is constantly changing under the pressure of new fashion. All serious clothing producers have to work this way.

As of 1997 we are probably the only live, developing unit in light industry in Moscow and perhaps even in all of Russia. As we develop, we pull others into our orbit. We place our orders with enterprises that have fallen on hard times and can offer work to people who had been going without for a time. Only through enterprises that have adapted to the market and have proven their vitality can there be a rebirth of Russian industry. If the government and its policies support this process, then the chances become greater that Russia will emerge as a full partner in the global community. We must take this path if we want Russia to remain a player in today's harsh world order.

In our day, when the state is involving itself less in everyday life, when it is destroying itself—all the while making feeble attempts to articulate a new sense of nationhood—we are discovering that our national idea and our cultural memory resides not in the state but inside each and every one of us. For all of us, this national idea is now the key to our wellbeing. My experience is a witness to this very idea. The point of my life lies neither in money, nor in material pleasure. Knowing that meaning of life is within each one of us has been the main stimulus that motivated most of my actions.

### **My Klin**

As I reread these chapters and relive the atmosphere of the last several years, I see that there is still a bit more to add. One important project in my life does not quite fit with the rest of the story and is not really linked to my main business. Although there were no practical incentives to get involved with this project, I have spent a lot of time and energy on it.

All of us have our roots in our childhood experience. I grew up between the city and the country and was raised in suburban ways. Until I moved to the capitals, I was like any kid, climbing around in the hills, taking my bumps and bruises. Nothing could quench thirst like clear spring water. As an adult, my hidden peasant beginnings made themselves felt, and I began to long for the country.

By 1990 the desire to walk on my own turf in the country had become almost insurmountable. I wanted to be in nature, but not to vacation. I did not want to make a living from it, but to put more of my efforts into the land. I dreamed about July days with the afternoon haze high over the steep roofs of a cluster of houses on a hill.

In the village of Tishkovo, not far from Sergeev Posad,<sup>31</sup> I became acquainted quite by chance with the director of a nearby resort area, Boris Alekseevich Beglov. We had gone to his place to vacation for several years in a row, and I had vague dreams of building something like his house, isolated, out in the middle of nowhere.

I lured Beglov away to come work for me. He drove around the province, looking for just the right place. We poked around a great many villages, but nothing quite answered what we were looking for. Either they were too civilized, too crowded and noisy, or too far away and unappealing. Either the roads were too bad or the railway was too close at hand. We just could not find that convenient, yet distant, place just waiting to be discovered.

Only toward the end of winter, 1990, our second year of searching, did we find the right place, Mashcherovo, which stood right by the Zavidovsky Reserve. We did not pick out any one lot in particular, but our sense of anticipation did not deceive us.

We went out on a clear, snowy morning. Since there was no other way to get out to the land, we rented a tractor. We picked our way through the snow banks, guessing where the main road should be. When the risk of getting stuck became too great, the tractor driver stopped and refused to go any further. We climbed out of the cab and walked on through the snow.

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<sup>31</sup>Sergeev Posad, otherwise known as Zagorsk, is the location of the famous St. Sergei-Trinity Monastery.

#### PRIVATE WEALTH—NATIONAL VISION

Beyond the next dip was an ancient wood. It was as if a window onto a Russia of some deep past had opened before us, a thousand years of patience, silence, and hope. My heart jumped. Here was the place I had been looking for.

I invited the director of the local state farm to Moscow to visit our factory. We even became friends since we were both interested in business prospects, even if we did not always agree how to do business. Out of sheer good feeling he was prepared to cut us a lot right next door to the village, in a place where both gas and running water were already accessible. What else did we need! We rented two hectares<sup>32</sup> to start with. Surprisingly, as we later learned, a gentry estate and a large village had stood on this very ground before the revolution. It almost seemed as though this scrap of land had also enchanted the people who lived before us. It was as if, after so many years, we had again landed intuitively at the heart of another kind of life, one we knew nothing about, that had been swept away in the course of history. All that remained now were two dilapidated shacks belonging to some old women.

A little later we became the owners of one more hectare that we would use for construction. Public opinion by that time was favorable for this kind of plan. There was a lot of talk about giving the land to the farmers, and all over the place there were new efforts to reconstruct the villages.

In 1991 a law was passed allowing the transfer of land into private hands but without the right to sell it. The administrative head of the Klin Region got me interested in rural production and offered me the opportunity to take 300 more hectares of land as a kind of limited ownership. I did not delay and made up my mind to develop a good-sized farm business. I was tempted because this place is the pearl of Moscow Province.

That was how in the course of events I felt my present, past, and future united into a whole in a piece of property that was my own. I had always wanted that.

Once again, I was onto a new project. Seeing the freshly dug pits for the foundations, I was itching to get started. I stood and guessed that in four or five months we would finish the first thing on our list, the houses. In my naiveté I supposed that we would be able to build an estate and set up a farm just as fast as one could a factory. But I was quite wrong. The land does not tolerate such sudden attacks. We had managed to acquire the land quickly, but it would take time and patience to adapt it to our needs.

We methodically laid down a road, dug wells and started pumping water, put up an electric station, and set up telephone lines. Fortunately, 1991 had not yet ended, and these communications cost us relatively little.

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<sup>32</sup>A hectare is almost 2 1/2 acres.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

The wave of limitless liberalization of prices that swept the country the following year would have made this work much harder.<sup>33</sup>

The whole economy of the country, like an enormous concrete block, was covered with a spider web of cracks, and everything pointed to a great collapse. The old order had gone to ruin, and the new had not yet emerged. During this process of demolition, we somehow managed to secure some surplus supplies. We bought a lot of farm machinery for next to nothing, more than twenty tractors, combines, as well as construction machinery, cranes, backhoes, concrete mixers, welding tools. We acquired heaps of saw timber, bricks, cement, and pipes. It was only this quickness that assured us the chance during that most difficult of the last five years to construct a whole small town on the Zavidovsky slope—my own "Klin." Our country home was made up of a few houses, a farming residence, a guest house, and gym.

In our first efforts at farming it became clear how poorly structured Russian agriculture is. Although we had planted potatoes, carrots, and alfalfa in our fields, in the fall we were paid a price for them that was several times lower than the real cost. There was no market logic in it. Farming just was not worth the trouble.

We learned that there were no milk factories in our region to process the local milk. It was a long way to Moscow, and no one in the immediate neighborhood needed all the milk that was being produced. Here I saw a new opportunity. The construction of the milk factory was moving ahead rapidly when in 1995 we had to go through the whole modernization and reorganization of our textile operation. It was a terrible time to start something in milk processing. A new building is very nice but ahead of us lay construction of sewage facilities, setting up the communications network, and purchasing modern equipment. I spent a long time worrying whether to continue or stop, but, as usual, decided to persevere against whatever the odds might be.

Today we have installed Belgian equipment, and yesterday evening's milk is already in our stores in Moscow. Several years of effort gave us good results. Our milk production is returning to many people what I wished had been returned to me—the taste of real milk.

And now, after establishing the plant, comes the most difficult dream to realize. Remembering Abramtsevo, Plenovo, and many other centers of culture, I would like to bring to life that long-forgotten atmosphere of the Russian estate.<sup>34</sup> I have no idea whether this dream will ever become

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<sup>33</sup> Again, Panikin is referring to Yegor Gaidar's reforms of January, 1992.

<sup>34</sup> Abramtsevo was the famous estate of the Aksakov family, not far from St. Sergei Trinity Monastery. Here 19th-century Russian nationalists, the Slavophiles, gathered to discuss ideas. In 1870 it was purchased by the leading railroad and textile

#### PRIVATE WEALTH—NATIONAL VISION

reality. I dream of artists and other creative spirits coming here, not for formal symposia but for what is most valuable and genuine—informal sojourns when one can lay open one's soul and let the genuine life of a culture come alive.

I was lucky. Like a wanderer coming upon a spring, I was able to start building this kind of oasis. I could reorganize a desolate bit of land, neglected for decades, and make something like the places that from century to century have been the sources of our cultural life.

#### **Making Sense of It All**

Much of my life has passed. Considering where I came from, I probably should not have achieved anything or gotten anywhere. Personal daring and a bit of talent are not enough. I got lucky, of course, and I was suited to our times that brought the overthrow of the certainties of socialism that so many had taken for granted. These times required a completely different kind of reckoning. Long periods of searching for oneself were a part of it. There is no clear answer as to how all this became possible, what it was that forced the collapse of Soviet life. Any answer is sure to be more clever than true. As a person who has built a measure of wealth, I ought to have some answers, the golden key that will open up new worlds.

It could be said that I am a believer, but not in the strict sense of someone who observes church rituals. I believe that there is something in this world higher than we, that there is predestination. If this faith helps one to find one's own way in life, then one can use predestination to go still farther. But first a person must find himself through action, loss, and acquisition and, most importantly through understanding himself and his possibilities. I have followed my fate to the very end.

Everything I have talked about here has been my personal fate. There is also the shared, social, public aspect of our fate. "What kind of people we are" flows from one source—from our Russian culture and traditions that for centuries have tied the worth of a person to subordination to the common cause. However much I tried, I could not fit into the communist communality. It was not on purpose and not out of spite, it was just that I could not be any other way. Their "common cause" drowned all of us, and one could salvage oneself only in one's private life. This dilemma touched each person individually and the country as a whole. For us, Western communism turned out to be the same thing as Eastern despotism. Russia got bogged down at the crossroads. Just as Russia stretches out from

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entrepreneur, the merchant Savva Mamontov who established an artists' colony there that became the seedbed of Russian modernist art.

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

the West to the East, so now it is stretched between word and deed. Who are we—Europeans who have extended into the East, a kind of outpost of Europe? Or are we Asians, ultimately alien to Europe? It is the resolution of this national contradiction, a different resolution for each new epoch that is at the crux of our fate.

Today in our country people live in the most different ways, but for the most part they are disoriented and impoverished. We will not be satisfied with just a small role to play. What is worse than the absurdity of such an existence is the fact that there seem to be no prospects for the future. We are losing ourselves and becoming beggars in spirit. But I do not believe that such a country can vanish. I simply refuse to believe it. What is happening today is neither the first nor the last trial on our way. There are no prescribed solutions, but the link between historical epochs cannot be broken.

The surrounding world is too complex for anyone to force it to fit some Procrustean bed of theory. Only the devilish Lenin could try. Some people, like Lenin, impose systems by force, while others, understanding that an numerous different interests will inevitably clash, strive to moderate the forces of confrontation. Development is in and of itself full of conflict. What is important is that the level of conflict not become destructive, that it not threaten the attainment of a chosen goal.

The historical process is a cross between higher predestination and concrete human actions. History is always what has already happened, and therefore it does not have a subjunctive mood. Millions of possibilities, intentions, and desires make up the fabric of history and in some way can be said to create history. That gives us hope because today while our country is falling apart, and there is no civil society, national consciousness lives on in the heart of each individual person.

Our national spirit, which each of us cherishes, cannot be destroyed. It can only be destroyed if people are destroyed. That feeling of belonging to Russian history and culture, that spirit that Russians have carried with them through the centuries, now gives us strength. It brings us a particular view of the world and a special understanding of our own essence. That is what makes us Russians.

Today a new act of our Russian drama is playing out. During perestroika reforms had been initiated from above and accepted with hope. But the enthusiasms of perestroika had not yet grown cold when we all once again ended up in the same old rut of lying and cynicism. If tsarism boasted of stability, and the Soviet State oppressed through ideology, then those in power today, who began with the inevitable destruction of communism, cannot help themselves. Having brought about the collapse of the country, the situation now is becoming genuinely dangerous. The realities of today

#### PRIVATE WEALTH—NATIONAL VISION

did not come about by chance, and one can no longer write them off as the heritage of 70 years of communism.

Today's rulers have lost their bearings and are chasing after the illusory promises of private property, privatization, and profit. But the market possibilities that they offer are not a panacea. The market is at most a necessary instrument for rebuilding the physical world around us. Having destroyed the government that was stifling all of us, the new power has put nothing in its place. Having made their way to marvelous profits, these vultures will feed until they burst.

Meanwhile, the country is nearly drained. We are just starting to recover from decades of communist mismanagement, and it will take a while to become strong and healthy. Industry, built up over generations, is nearly in ruins, while in other sectors a very few people are getting rich, taking for themselves wealth that by rights belongs to everyone. For the more able, the only chance for survival is to work illegally in the shadow economy.

The government has lost its former hold on the country. At first this situation allowed people to create an economy that was beyond the bounds of state control, a shadow, criminal, black market. For now, this new economy is ugly, and all efforts of the people working in it are directed either toward survival or toward senseless accumulation of money. And yet, as unattractive as it may be, a free economy independent of the state is the chief positive outcome of the last decade.

It seems to me that there has never been a time in Russian history when people have belonged so fully to themselves. While Soviet law created circumstances under which millions of people became criminals for doing business, current, post-Soviet law still inhibits the people who otherwise might become the driving force for active, economic development.

The time of rampant disintegration is ending, and we must put into place conditions that will allow the creative impulse that is given to people by God to develop fully in Russia. A creative person cannot keep himself from building things. This means that our salvation lies in the path of self-realization. This is my deepest conviction, and, if you like, that new idea toward which we are all finding our way.

Our real future lies with active-minded people who wish to work. It will be only through their labor, mind, and energy that a truly free economy and national government can come into being, one of which we can all be proud. The state sector of the economy is still the biggest. It secures the functioning of the basic infrastructure and organizes the receipt of profit from property taxes and its distribution in the interests of the whole nation. It can help in the creation of powerful national corporations that will be able to participate on the global market.

On the other hand, the private sector is developing on the basis of private property. On an even playing field real, very strong talents will come to the fore. This economy will select the winners, and those who are

#### THE MEMOIRS OF A NEW RUSSIAN MANUFACTURER

successful in their own business and have overcome the desire simply for a life of luxury will become the ruling elite of Russia. They will realize that service in the government is service to the nation as a whole.

After we restructure our economic life, we will lead Russia into the ranks of the strongest countries. But that is only one part of the picture. World problems are multiplying and growing. Western Christianity taught us to perfect the physical world, and on that grounding industrial civilizations were built. What we desire has already been attained there, although the abundance of material wellbeing still has not resolved the contradiction between the part and the whole, between wealth for some and a paltry existence for others. If this problem was previously primarily social in nature, now, in the interconnected global community, it is increasingly crossing over to the level of interrelations between governments. Inasmuch as humanity is exhausting natural resources this situation is becoming increasingly critical. Change and consensus is coming not through coercion but through changes in attitude. In this century we Russians have tried to force ideals on people and have paid for it in full. Having faced defeat, we are obliged to continue our search for an answer.