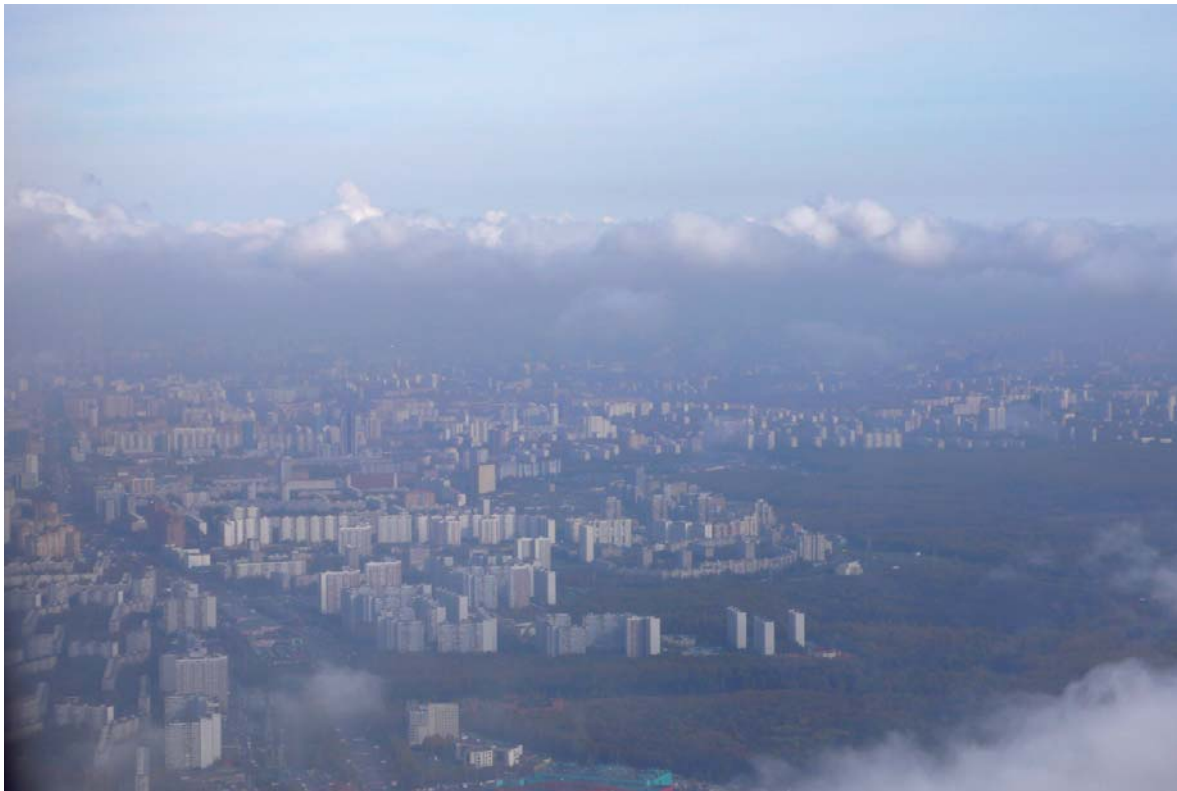




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One year after Lehman: in Moscow

Does the fog fade away?



The crisis arrived in Russia much faster and directly in comparison to Germany, where the recession had been absorbed by the support of the German government for the banks and the assurance of the German Chancellor that the savings of the population were safe. The development of the crisis in Russia was much stronger keeping in mind the growth of the GDP was on average 7% in the last years. Germany had to be satisfied with a very low rate for a long time.

Many rich Russians who had profited from the boom and had put their money in bonds and stocks on foreign bank accounts and they lost substantial value overnight. Capital for further growth was reduced dramatically. For some people with the gambling mentality of Dostoyevsky “all money in one play” it became destiny. Like some avaricious Germans who were looking for the highest profit-rate which was against any economical possibility. But at the end nearly everybody East and West were suffering.

A question regarding the effects of the crisis had been answered by a Moscow employee at those days. “We had nothing, we could lose nothing”. Nevertheless the Russian population suffered by the shortage of salaries and the still racing inflation. “Ups & downs” and the opportunities to consume or not to consume aren’t exceptionally in Russian economy since centuries. This, in combination with a hedonistic culture, led Russians to enjoy life just in the now. But after every party there will be a hung over. The pendulum from “sky cheering to melancholic” is moving very fast in the Russian soul. “The show must go” is a sentence known all over the world when the blows of fates happen. Those emotions are reflected well in the sold out concerts in Moscow at any time.



Tchaikovsky Concert Hall with the Moscow Philharmonic Orchestra

A lot of Russians are proving that they are “masters of survival” even one year after the crisis. Concerning the question “how do manage daily lives”, a lady with experience said: “Muscovites partly switch to markets with dealers from other eastern European states. There they get first price products in reasonable quality.” The polarisation in “have and have not” and a shrinking middle class of the market are slightly similar to Western Europe.



Sellers of second hand cloth in front of a shopping mall

Before the crisis the people could buy some western brand products for special occasions. That's not possible to the same extent as previously. Importers have to calculate the devaluation of the Rubble and give discounts in order to reduce stock. The fight for liquidity has started all over the world. Those who have cash have opportunities to gain pole position for the reactivation of the economy. There are chances even for those you had missed to get "claims" during the period of perestroika and when it was to expensive in the times of the overheated market. The cards are mixed now again. Today much more than yesterday, "who dares wins!". Who finds suitable partner and is willing to finance the growth will have a future. Where else are mass markets with such a demand for decades and the security of the raw materials of a continent, in these dimensions?

Giant projects like Mosc-City seems to be stopped. But they will be finished at least for reasons of prestige. Airports like Moscow-Vnukovo and the infrastructures are growing.



Building site of airport Moscow Vnukovo

Investments in infrastructure are essential. The collapse of the street traffic seems to be postponed as if nothing will happen. On the permanently jammed chaussees of Moscow there are pimped up luxury cars but it is mainly Asian cars which will be seen. It was definitely a failure of the German car industries in the past. This year VW became number three in the market with 72.000 sold cars from January to September. They even got a better position when they started to manufacture cars in a recently opened factory in Kaluga not far away from Moscow.

It has been said that the Moscow Metro has 500.000 people less every day compared to last year not because of the people who haven't bought cars. It could be that people from the urban doesn't have work in Moscow city. That could imply that the situations in the regions are different in comparison to Moscow.



People in the Metro

Nevertheless, every second an uncountable mass of people can be found consuming in one of the many shopping malls like Mega. Even taking into account that western European products aren't sold in the same way as before the crisis it's still a giant market. It's even visual that there are permanent discounts in the market, which did not exist in that development before. People get used to it the discounting and don't accept any standard price anymore. The result is a drop down in margin for the vendors. Those will win who have reduced costs and organized structures and processes as well. A stock broker of Moscow said these days: "I've my doubt if the Russian industries have learnt from the crisis and have structured their companies". All the more it is official policy to establish new industries in Russia. But there are also many German companies who believe that to reduce the numbers of workers without having previously restructured the company are a solution. The unemployed aren't good consumers, are they?

The weal and woe of the Russian economy is still strongly dependent on the world wide prices for oil and gas. The global market and the crisis haven't stopped at its borders. A recovery of the economy will happen unilaterally in Russia; it is a challenge of all industrial nations. The level and the speed of revitalisation can be the only differences. A foreclosure of the markets is not possible or not helpful at least. A small and good example is the singing and banjo playing musicians in the Metro of Moscow with the Mercedes star on once jacket.



Musicians in Moscow's metro

Over Moscow the fog is clearing. Maybe it will be brighter earlier than in Berlin. An inestimable prosperity of resources is abounds in the land or deep in the sea: and the hunger of the Russian bear is tremendous. But it works together only, without recovery there is no sustainable increase of raw material prices. Those who will initiate a development now won't get punished for the future. The growth won't be free of charge; it needs people in East and West who work professionally together.

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