Trust, Chance and Disappointment

Real Estate Business in Russia's Far East

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Abstract
This chapter examines the role of trust in buying and selling housing in Russia's Far East. It argues that ‘trust’ can be distinguished from ‘reliance’ by virtue of the fact that its breach calls forth different emotions: a feeling of betrayal as distinct from annoyance. Trust in this sense is not involved in the initial decision to purchase an apartment, which is attended by a host of other considerations, including attitudes toward chance and luck. But it briefly appears when a buyer reaches an agreement with a specific developer and starts to pay installments on the promise of a future apartment. The chapter examines the case of a Chinese-financed development company, showing how its attempts to create trust fail in the Russian market, and it discusses the phenomenon of ‘cheated shareholders’, whose anger at their betrayal by construction firms has given rise to a protest movement across Russia.

Keywords: real estate, chance (avos’), speculation, trust, ‘cheated shareholders’, public protest

Economists write that trust is central to economic life and many of their models assume that a rational agent will simply decide not to make a deal with a person held to be untrustworthy. In such a situation, potential trading is projected not to happen. However, ethnography disproves this idea. It is widely agreed that Russian public life is pervaded by mistrust, particularly in economic affairs (Oleinik 2005; Radaev 2004; Shlapentokh 2006; Safonova, Santha, and Sulyandziga this volume; Namsaraeva this volume). Furthermore, the mistrust of individuals, firms, and institutions in Russia is difficult to disentangle from persistent general uncertainty – the
unpredictability that can be attributed alternatively to plunging exchange rates, sudden price hikes, or simply to ‘the crisis’, whether this refers to 1998, 2004-5, 2008-9, or 2014-6. And yet economic activity goes on. Deals are still made, not only with persons from categories such as ‘businessmen’, ‘foreigners’, or ‘the Chinese’ – all held to be untrustworthy –, but also with specific undependable persons. As Russell Hardin (1992) and Partha Dasgupta (1988) observe, trust is a three-way relationship in which A trusts B to do some specific X; and yet, even when a customer is far from certain that X is exactly what B will do, he or she may well still make a deal. This chapter attempts to understand the kinds of knowledge, objects of concern, attitudes, and affects with which ordinary people engage in precarious transactions, taking the example of purchase of housing in Russia. I will suggest that trust is strictly temporary and time-specific within the overall process of a transaction. In the absence of reliable observance of the law, and amid widespread cheating (feared or real), non-professional economic actors who are first entering a speculative enterprise cannot trust someone they do not know. Rather, as I will show, they entertain a host of other heterogeneous considerations. People differ in whether they start off on the basis of mistrust, in the form of circumspection and suspicion, or whether they throw caution to the winds and go ahead based on the mere chance of success. However, once the lengthy process of purchase is under way, the buyer and developer have no option but to trust one another in the midst of a generally untrusting environment. If a relation of trust comes to grief, the betrayal, I argue, has different and stronger emotional repercussions than the reaction to mistakenly assuming the reliability of a partner. When trust is breached in the real estate business, these emotions have notable political consequences. The thwarted purchasers’ anger spills over, blaming not only the developer who let them down but also the entire system – the state and its institutions – that enabled the situation of default to arise.

In their preface to a special issue of the journal HAU entitled ‘Cultivating Uncertainty’, Berthomé, Bonhomme, and Delaplace observe that ‘opacity

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1 Dasgupta (1988, 50) specifies that a person may be judged generally untrustworthy, but is still trusted to carry out some specific task: ‘You do not trust a person to do something merely because he says he will do it. You trust him because, knowing what you know about his disposition, his information, his ability, his available options and their consequences, you expect he will choose to do it’. Trust is thus linked to reputation, and reputation has to be acquired (55–59). If a customer expects the salesman to sell him a defective item, he will not enter the salesroom and a transaction will not occur (60). Hardin, providing a more descriptive account of how trust and distrust work in economic life, observes only that a salesman with a reputation for dishonesty will have fewer customers and fewer opportunities to demonstrate trustworthiness (1992, 170).
(considered as a formal property of some contexts) may proceed from various causes, such as inscrutable intentions, strategic dissimulation, double binds, or critical knowledge-gaps between participants, and that ‘interactional uncertainty is not always reducible to accidental misunderstandings, but can also be a constitutive or “built-in” element of various social settings’ (2011, 129-30). These observations are highly pertinent to real estate business in Russia, which is organized so as to create its own cloudiness on top of the general capriciousness of the economic environment. One way of appreciating this situation is by comparisons with other societies noted for a lack of trust between strangers. An example is the everyday economy of Ancient Greece, as documented by Steven Johnstone (2011). As Johnstone shows, the Greeks had little need for inter-personal trust: through legislation, the use of common measurements, accepted methods of deliberation in courts, self-declaration for tax purposes, agreed standards of honour, practices of collective liability, and so forth, the Greeks had devised many ways of reducing the scope for, and consequences of, default and trickery. In post-socialist Russia, by contrast, these measures are weak; when it is matter of transactions with Chinese firms from over the border, they are absent altogether. Nevertheless, as I shall argue, it is not ‘blind trust’ that people take recourse to when transacting with someone they judge to the untrustworthy.

The idea of ‘speculation’ can provide anthropological insight into such situations, taking speculation in its broadest sense to include all of the fore-images and anxieties that concern people when considering whether to make an investment involving a highly unpredictable outcome. Conceiving speculation in this way, anthropologists can address what makes such ventures a viable mode of action for a broad swath of the population – not just the narrow category of professional financial risk-takers so ably analysed in the anthropological literature (Maurer 2006; Miyazaki 2006 and 2007; Riles 2004; Zaloom 2003). It will be argued that trust is one element in a spectrum of motivations involved in speculation, and for that reason it is worth defining ‘trust’ rather precisely as a moral expectation of known others (this will be discussed further below). Defined thus, trust has a minimal role in the initial speculative decision. However, this decision is far from all that needs to be taken into account. The transaction stretches

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2 Russians themselves use the word spekulyatsiya (‘speculation’) negatively to refer to dishonest and/or illegal profit seeking deals – a hangover from the Soviet era when spekulyatsiya was a crime. When talking about themselves, they prefer these days to refer to ‘investment’ and risk (a direct borrowing of the English word).
over time, from its imaginative preconditions to the playing out of the relationships it engenders, which in the case of Russian real estate can stretch over years. In the Russian housing market, the written Agreement (договор), obfuscating as it tends to be, not only ties previously unknown people (the purchaser and the building contractor) into an interactive relationship involving trust, but also in cases of difficulties and delays serves to transform these two positions into public roles with opposed social-political identities. This situation forces us to acknowledge that what is usually thought of as a ‘thin’ market relation between a seller and a buyer should instead be seen as an infinitely richer, longer-lasting, and dynamic ‘attachment’ (Savransky 2015), albeit one that can turn hostile. The identities of ‘contractor’ and ‘purchaser’ are more or less publicly elaborated by means of the website forums devoted to each housing development. When things go badly wrong, open-air demonstrations and raging face-to-face arguments about ‘cheated’ purchasers of housing lay bare, without resolving, conflicting attitudes regarding liabilities and responsibilities in the capitalist market.

The narratives of people in the process of acquiring property enable us to think about trust not only as a sociological reality but also as a cognitive category, one that plays discursive roles both for the Russian actors and for anthropology (Corsin Jiménez 2011). The unruly diversity of the populace requires a broad conceptualization of all that might be relevant, including ‘outworn’ and ridiculed ideas, as well as the heterogeneous mundane factors that people take into account. For this reason, I take up Martin Savransky’s conception of the ‘living economy’ as an ecology, consisting of the patterns and densities by which beings of different kinds – persons, things, feelings, forms of knowledge, calculation, and anticipation – are bound to or untied from one another in late capitalism (2015, 1-2). This is an almost dizzyingly spacious conception, yet it is helpful when contemplating the multiplicity of the ideas and relations prevalent in speculation in real estate. Amongst these is the age-old Russian idea of avos’ – a lackadaisical attitude toward chance – which operates as a kind of widespread ethos that has an affinity with popular speculation. Avos’ is a familiar mode of contingency thinking and interaction with others that certain actors may find themselves adopting when deciding to make a purchase. It is a way of taking the plunge and ignoring the question of trustworthiness. However, other Russian citizens scorn avos’, having absorbed since the 1990s the idea that the market demands strategy and calculation. In fact, the same people who pride themselves on their rationality are also likely disdain довериye (‘trust’) as naïve, instead giving preference to ostorozhnost’
(‘canny mistrust’), which is seen as self-protective vigilance. This attitude of suspicion, which registers both general uncertainty and the probability of a specific danger, does not in fact preclude economic action and may engender a certain cautious market virtuosity: indeed, mistrust can be both rational (Hardin 2004) and a virtue – see Introduction and Allard, Carey, and Renault (2016).

Thus, the market in Russia has become a battlefield not just of economic interests, but also of value judgements about the kinds of relations actors think they are engaged in. Avos’ (‘chance-it mentality’) has become a particular object of dispute, largely because it has come to be linked with the identity of ‘cheated’ contract holders/speculators, and this colours it affectively and evokes sharp reactions. These unfortunate people are a significantly vocal, restive, and oppositional presence in Russian public life; they write complaint letters, brief the media, and stage sit-ins and hunger strikes. The Internet has become a crucial medium for debating the locus of responsibility for the whole phenomenon of these tens of thousands of ‘cheated’ people. The finger of blame shifts from the purchasers themselves, to development companies, municipal officials, state agencies, the government, and the President of Russia himself. Other people’s pleas or self-justifications are hardly ever taken at face value. Was it not in Russia after all that the poet wrote, ‘A thought once uttered is a lie’?3 To summarize, real estate has become an arena of high, yet contested, emotions, and one of its most potent charging energies is the feeling of betrayal at being let down in a situation in which trust has been brought into play.

Attachment to the house

In any capitalist environment, the house materializes opposing orders of value. On the one hand, it is someone’s home: here is precious privacy, hopes, memories, and the familiarity of intimate relations. Its existence is the material and aesthetic effect of a particular way of life, and that is how visitors immediately sense its personal atmosphere. On the other hand, the house is an alienated commercial thing. Measured abstractly by price per square metre, it is the plaything of fortuitous economic and political events and all of the many non-human forces that might affect its monetary value. There is also the plain need for somewhere to live.

3 Fyodor Tyutchev, ‘Silentium’ (1830).
In Russia, the necessity for people *themselves* to deal with this need suddenly became acute with the ending of the Soviet allocation of almost costless housing as a right, usually by the place of work. Now, bitterness attends the thoughts that one’s meagre savings must meet rising prices, that commercial interests or sequestration for one’s debts might snatch one’s home from one’s hands, or that rich people have been able to buy strings of apartments as an investment. Yet these antimonies meet in every experience of the housing market.

The kind of home that will be the concern of this paper is an apartment in a large block of flats, this being the typical residence of the vast majority of Russians. These days there is housing crisis in the country. The old Soviet blocks are crumbling, and there is a massive, pent-up desire among younger, educated, and employed people to move out of the crowded accommodation shared with parents and other relatives, or from shabby expensively rented flats, into their own, newly built, clean and modern homes (Zaviska 2012). The cities have been overwhelmed by streams of incomers from rural areas and small towns following the collapse of Soviet economic institutions. To meet this demand, every Russian city has experienced a construction boom. Rows of high-rise blocks stand like ramparts, forming whole quarters and new districts, some more attractively arranged as elite communities, others bleakly rising half-finished among the ruins of former industries and surrounded by muddy and yet-to-be-built roads. Fortunes have been made by some developers; others – and sometimes the same ones – go bankrupt one after another, only to perhaps appear again under another name (see Namsaraeva, this volume). A Russian *dom* (‘house’) may contain hundreds of one, two, and three-room *kvartira* (‘apartments’). It is one of these – with its own layout, view, and surroundings – that is the desired goal, the home to be. How, though, to acquire one?

**The ordinary speculator in Russia’s housing market**

Let me first describe the volatile conditions with which the buyer has to contend (see also Humphrey, in press). In the housing boom of 2000 to 2007, the market prices of re-sale apartments skyrocketed by 436 percent while new build prices rose by 362 percent. Since then, prices have zigzagged up and down. Recently (2014-2017), despite yet another economic crisis, increased costs have meant that house prices continued to rise by around 1 percent per quarter in many areas of the country and prices per square metre in Moscow
and St Petersburg were still very high by the standards of prosperous world cities. Russian critical opinion attributes these extraordinary prices to monopolies in land and construction markets set up by ‘mafiosi-municipal clans’, which enable certain well-connected speculators to amass property in housing, while competitors are kept out of the market, new construction is slowed down, and prices kept artificially high. Though the massive new supply began to bring prices down, especially in Moscow, nevertheless there was a burst of buying activity in 2014-15. According to Russian real estate specialists, the surge was most probably because of the Ukraine crisis. ‘Demand has grown significantly – it is clear that buyers are seeking to get rid of the rouble,’ commented the portal ‘Mir Kvartir’ (The World of Apartments). ‘In part this is an emotional reaction, the anxiety caused by noticeable weakening of the Russian currency’, as one realtor put it. Russia’s key interest rate rose six times during 2014 in an attempt to counteract the instability caused by high inflation and the EU sanctions against Russia, but fell again during 2015. In 2016, prices for new houses were definitely on the downturn. Still, whatever these swings, ordinary people look at property as a safer haven for their money than banks (‘They’ll always find some way to extract money out of you,’ as I was told). Until recently, venturing into property had been encouraged by the expansion of the mortgage market to around a quarter of all sales in the country, but the volatile interest rate has turned people away from mortgages. In any case, many older Russians dislike the whole idea of being tied down by mortgage payments for years into the future, which they call kabala (‘debt bondage’) (Zaviska 2012). They would prefer to scrimp and save, or take a large personal loan, in order to pay outright as quickly as possible and become the sole owner of the property. In short, although demand has fallen there are still plenty of purchasers. Surveying a turbulent financial landscape, most people decide to jump into the market with their own money, or with credit borrowed on their own account, and quite often this money is cash: wads of notes in a briefcase.

6 Quoted in http://www.globalpropertyguide.com/Europe/Russia/Price-History.
7 The Russian government has tried to support mortgage purchases through lending support programmes. It also provides a lump sum to mothers of three or more children (‘maternal capital’), which might in principle be used to provide the first instalment on a home. However, the ratio of mortgages to GDP rate in Russia is still (2015) by far the lowest in Europe at 3.5 percent. In the Netherlands, it is 108 percent. http://www.hypo.org/Content/Default.asp?PageID=414,
It would seem that the ‘attachment to the house’ would be very different for the investor with an eye to re-sale or rental value than for the person who is interested in the apartment as a place to live. Except at the two extremes, however, it is difficult to make this distinction in practice. Many middle-class Russians buy extra apartments for a mixture of reasons, and these can change according to circumstances: ‘Perhaps my daughter will live there,’ people might say, or ‘It’s the best way to preserve my money. I may need to sell it when I move to Moscow and have to buy something more expensive’, or ‘It’s for my old age, but I’ll rent it out now’. Nevertheless, around 70 percent of apartments are bought to live in, as the sole dwelling of the purchaser. The risks are indeed great for these people.

Most of the pitfalls arise from the most prevalent form of purchase, which is called dolevoe stroitel’stvo (‘shared construction’). The client negotiates directly with the developer to buy an apartment ‘off plan’, i.e. when the building exists only on paper, often even before there is a kotlovan (‘foundation-pit’) on the site. The idea is that the buyers join with the company in the venture of building the apartment block, and once it is completed each purchaser will acquire a dolya (‘share’) in it. The prices of apartments-to-be are significantly lower than those of finished dwellings: only one third in some cases. This why well over 90 percent of purchases of new build housing are through shared construction schemes in Russia; low salaries and widespread household indebtedness mean that most buyers cannot afford any other method. Construction companies, meanwhile, especially small ones, have to rely on the incoming payments to cover their costs, because banks are reluctant to give loans for such a risky business. This situation is what makes the deal speculative in several ways: the dol’shchik (‘buyer’) is betting first, that the notional apartment will be built, second, that it will be handed over to him as his property, and third – the usual speculative bet –, that its market price will rise. Meanwhile, the zastroishchik (‘developer’) is speculating that the incoming payments from buyers will both cover the costs of construction and make a profit. With the unpredictable seesawing of the value of the rouble, interest rates, and oil prices, this is a gamble indeed for even the largest companies. Since a developer must make payments before a scheme can be legally advertised

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8 This was the view of a developer in Vladivostok in 2015. The proportion is different in other cities, especially Moscow where the purchase of housing for investment is more prevalent.

9 This is different from the ‘equity sharing’ or ‘housing equity partnership’ (HEP) schemes designed to assist in the acquisition of low-cost housing in Western countries. Unlike the latter, it does not involve public subsidies, mixed purchase-lease arrangements, or legal caps on payments.
for sale – for the purchase or rent of the site, planning permission, payments to sub-contractors to order materials, etc. – a new development is often financed by payments made for an earlier one, which itself may still not be finished. In the scramble for ready cash as bills become due (and for money to put in their own pockets), developers acquire new sites to garner more income, a process that can be repeated again and again. Any halt in these onward payments may cause the company to go bankrupt and building to cease down the line, which is why Russians call them pyramid schemes. In the first half of 2016 almost 1,600 building contractors went bankrupt in Russia, creating a new burst of 45,000 ‘cheated dol’shchiki’ (Torocheshnikova 2016). In effect, the dol’shchik and the zastroishchik are speculating on one another, amongst other imponderables. The dol’shchik is gambling on the financial soundness and honesty of the zastroishchik, and the latter is betting that his schemes will attract sufficient buyers who will actually pay up, cover his costs, and allow him to make a profit.

This is a Russian comment on the buyer’s situation:

‘De-facto’ the apartment does not exist, ‘de-jure’ it exists on paper – but even then, only in the future. In other words, the apartments are virtual, bits of a castle in the air, but the money you pay out is real. And when will the dol’shchik receive his share? Obviously, when the house is built. While the house is being constructed he does not have a share, only the right to receive a share in the future.10

These virtual apartments-to-be often themselves become means of payment: the developer may pay his sub-contractors for their work with a number of future flats, and he may even pay himself with them (investing his own money in the block for the right to acquire a future share in it himself). Significantly, the zastroishchik also frequently use apartments to pay the municipal authorities. This can be in addition to, or one of, the ‘administrative rents’ exacted during completion of the bureaucratic procedures (acquiring the land; registering the contract; obtaining safety, fire, hygiene, and cadastral planning permissions; registering the building itself; and so forth) that so frequently hold up the final handover to clients. Potential buyers are warned to check that their contractor has made some such compact with the officials, although it is acknowledged this is difficult given the secrecy of such divvying-up arrangements. Otherwise, the clients’

dream homes are likely to be frozen and become a *dolgostroi* (‘delay-build’), often for years.\footnote{http://realty-obninsk.ru/Статьи/Есть-ли-жизнь-на-стройке-/6596/?set=exchangeRateCNY}

Venturing into this quagmire, purchasers rarely seem to start with what economists might assume would be their priority: checking on the credentials of the developer. This is the account of Yevgenii, a young professional who ten years ago sold his apartment in Irkutsk when he moved to Moscow for a new job, but lost his money when he went into a ‘shared construction’ scheme. When asked, ‘The organization that you paid into, did it have a good reputation? What was the main reason you trusted it?’, Yevgenii replied:

There was no reason – for me, it wasn’t a question of trust. I first looked at the place that I liked, the house itself, the whole area around, the transport to the city, and the price. I saw a house going up and I wondered if I could get a flat there and so I found the company on that basis. The firm had been in existence for some years, had built other houses, and people had received their flats there. Still, I knew it was risky. I understood that the firm had been set up more or less on the principle of the pyramid – but, ha ha, I hoped that the firm would collapse only after I received my flat.

It is evident from this and many other accounts from *dol’shchiki*, that many people ‘speculate’ while sharing the general mistrust in building firms. Yevgenii understood that the company was not to be relied upon – but he still *hoped* that he had seized the right moment.

Well, today, having lived through this sad story, of course I can’t say that it was a rational decision. It was on the same level of rationality as for example taking your hard-earned income and putting it on the horses or into the casino in the hope of winning. But like any person, I willingly convinced myself of what I wanted to believe.

Another way of putting this is that Yevgenii was betting on his own hopeful intuition about timing. This recalls Olav Guenther’s description of traders in Central Asian borderlands, who operate by spotting the exact moment and place in which they can make a killing. Guenther calls this kind of operation a ‘Kairos economy’ – Kairos being the Greek god of the opportune moment – and he argues that such economies involve no long-term planning and little calculation. ‘Kairos cannot be part of a plan but has to be a part of the disposition of the actor’ (Guenther, n.d., my...
emphasis). To put the question of dispositions into a comparative capitalist context, we can note Miyazaki’s discussion (2007) of the distinction made by Japanese financiers between what they see as the ‘rational’, systemically ‘helpful’ operation of arbitrage and the disparaged ‘intuition’ involved in speculation. Even though the practice of arbitrage was actually no less risky than speculation, financiers were determined to identify with arbitrage’s theoretical and assumed absence of risk. Their professional disposition was to reject the notion that they might go down the ‘easy’, ‘default’ path of speculation, which relied on intuition and impulse rather than on calculation. In principle, Russian purchasers can also make a choice: there is the option of buying an already-built apartment outright, though the higher prices make this ‘unrealistic’ for any but the very prosperous. However, a widespread disposition is not to avoid risk, but rather to accept it.

In the ardent desire for a home a great variety of factors are taken into account, and when a buyer prioritizes one of these the other considerations retreat into the background. For Yevgenii, it was that the ‘low price of the flat corresponded to my monthly income’. Rather than looking at various prices as informational signs about the state of the market, his consideration was his own circumstances now and projected into the future – the thought that, since prices were rising steeply at the time, he would have to buy immediately or forever give up the thought of being able to acquire an apartment. The temporal coincidence was one that crossed his own financial situation with his intuition (mistaken, as it happened) that the pyramid would not collapse. The opportune moment was not general – it was the right moment for him. Further accounts reveal that purchasers can become fixated on other elements, to which they devote months of searching. For one man, it was the location of the apartment: this had to be on the desirable side of Moscow, no more than ten minutes’ walk from a Metro station, distant from industry, with windows facing south, on a floor above the 3rd, and having a view of the countryside. In Vladivostok, buyers agonized over the position of a house in relation to the sea winds, or its potentially intermittent electricity supply, or its likelihood of being enveloped in fog, or the prevalence of landslides at the site. Many obsessed about traffic jams and whether they would be able to get to and from work. Others focused on promised schools and/or shops, or car parking slots, or bus routes to the new development, and the probability/improbability that the municipality would actually supply these services. For some, the character of the other people buying into the house was important: would they be lowly folk in tiny one-room flats, or would it include some
Figure 12  A young couple negotiates a purchase in the ‘Eastern Breeze’ development, Vladivostok, 2013

Photo: C. Humphrey
celebrities who would raise the tone and increase the likelihood of the house being built? Many purchasers also take seriously the lucky (e.g., 7) and unlucky (e.g., 13) numbers of the floor on which the flat-to-be is situated (Antipov and Pokryshevskaya 2015). The reputation of the developer comes somewhere among these concerns, but relatively few people seem to regard it as decisive. An economist might assume that such multifarious considerations are the market and should immediately reflect in the prices of apartments, but in practice in the inelastic and idiosyncratic Russian real estate business this tends not to happen. As for the purchasers, to judge from their conversations on online forums, it is as though price could never be a summing up of abstract ‘demand’, but instead can only be seen as one factor among others specific to each buyer. Thus, speculation is an action that takes place amid a particular concatenation of ‘attachments’ with things in the world, each of these appearing as separate variables, chaotically unrelated to one another.

12 The exception is ground floor apartments, which tend to be cheaper because their disadvantages (security, noise, lack of a view, etc.) are so generally recognized.
Avos’

Yevgenii’s nadezhda (‘enabling hope’) can be better understood in light of the idea of attachment. This was not general hopefulness in the benign workings of global capitalism or in the improvement of the Russian economy. Rather, it was his relation to a specific housing opportunity. As Miyazaki (2006) argues, in a capitalist context a hopeful relation is always situated, and hence is not one (universal) hope but many kinds of hope. This suggestion allows anthropological comparison between the ideas of social theorists and the various concepts of economic actors. A similar point has been made by David Graeber when writing about ‘fortune’ and luck. He observes that concepts such as mana, sakti, baraka, and orenda might best be considered ‘grappling with the same ambiguities and antimonies of temporal existence that all humans, even social theorists, have to confront in one form or another’ (2012, 25). I draw attention to the Russian avos’ as another such concept. Avos’ expresses the hopeful idea that ‘it might work out for me’, with a low degree of probability. The subject is understood to be present in a world of happenings, objects, and processes over which she has no control. Her own actions partake of the same fortuity, since whether they achieve a desired goal is subject to the same maverick conditions. Calculating in terms of probability is foreign to avos’.

It might be tempting to attribute the avos’ attitude to the lasting reach of Soviet governmentalism, which took so many life decisions out of the hands of citizens and imposed its own (often seemingly arbitrary) regulations over practically everything. But avos’ is better understood through a longer genealogy. Centuries ago it entered the stream of Russian vernacular as the alleged disposition of the ‘passive’ and ‘careless’ muzhik (‘peasant’) (e.g., in the folk sayings, ‘the Russian muzhik even sows his corn na avos’ [on chance], or ‘the Cossak mounts his horse na avos’, and the horse na avos’ gives him a kick’). The idea became a sacralised abstraction, both in folk sayings (‘avos’ is the Russian god’) and in literature (Pushkin called avos’ the ‘Russian shibboleth’). In Soviet times, the poet Voznesensky wrote, ‘When Ave Maria is powerless, there breathes through us, through atheistic Russia, supernatural Avos’.” With this supernatural ‘breathing through’, the responsible subject almost seems to disappear. Avos’ can be associated with the passive reflexive verbs that are so pervasive in the Russian language, verbs that express the idea of something happening of its own accord, often to itself (e.g., sbudet’sya, ‘it will be realized’). Such usages often omit a noun

13 http://www.lib.ru/POEZIQ/VOZNESENSKIJ/avos.txt
subject. Yet etymologically *avos‘* is an abbreviation of *A vot, seichas* (‘There it is, right now’). This buried visuality in the philology suggests that the *avos‘* disposition implies a certain ‘speculative’ subject, one that looks around for a chance; in other words, *avos‘* suggests a perspective internal to itself that one can adopt and use as a launching pad for a certain kind of chancy action.

The appropriate attitude with which to bear the unpredictability of *avos‘* is *terpenie* (‘endurance‘), the highly valued patient acceptance of hardships and misfortune.\(^{14}\) *Terpenie* implies waiting, either with hope or without it, but in any case it is not totally passive: it requires conscious acceptance and moral fortitude. *Terpenie* is ennobled by the religious value of *smirenie*, which could be translated as ‘humility’, or the patient acceptance of one’s fate achieved through a peaceful loving attitude toward other beings (Gladkova 2004, 5). Both *avos‘* and *terpenie* presume that one is living in a potentially hostile world ‘which cannot be rationally controlled’ (Wierzbicka 1992, 435). Furthermore, the constant reiteration, in the case of almost any misfortune, of the idea that one has been *cheated* (Shevchenko 2002) indicates the suspicion that malignant intentions roam through this world, which can only be dealt with by *putting up with* disappointment and treacherous other people.\(^{15}\) Few situations could more require *terpenie* than the anxious waiting during the time between signing up to buy an apartment and actually getting one’s hands on it. This wait is beset with, and depends on, a thicket of documents, which generate what Olivier Allard (2012) describes as ‘bureaucratic anxiety’. The papers may be technically legal, pretence-legal, or legal substitutes, but in every case they hide the likely outcomes in deceptive verbiage. Yet, as the following section will recount, this very opacity is what conjures up a certain evanescent trust as a condition for proceeding.

**Trust and the *dogovor* (‘Agreement’)**

I have suggested that making opportunistic economic decision amid uncertainty involves diverse motives and concerns, but not trust. Of course, such a statement depends on how ‘trust’ is defined. Amongst the numerous

\(^{14}\) This is seen for example in Dobrolyubov’s sentence, ‘The majority of people when trapped under the domination of a tyrant prefer simply to bear with (*terpet*) it, in the blind hope that *avos‘* the circumstances will change’, quoted in Gladkova (2004, 5).

\(^{15}\) *Terpenie* is a positive value: single women looking for partners on websites often advertise *terpimy* (something more than ‘tolerant’) as one of their desirable qualities, indicating not just an attitude of acceptance of other people, but calmly bearing with their probable bad behaviour (Gladkova 2004, 9-10).
delineations of the idea (see Introduction and Ryzhova, this volume), I have chosen to use that of the philosopher Katherine Hawley (2014) because it enables me to discuss the social outcomes of the difference between reliance (that something will happen as expected, that someone will do what they usually do) and trust, which involves gauging another’s obligation, sincerity, or commitment. I shall suggest that breaches of this kind of trust generate emotional reactions that can be the springboard for public action.

Trustworthiness, Hawley states, is a virtue. It is something we aspire to. Thus, trust has a normative dimension, which is not the case with reliance. This can be seen from the different responses to a breach. If I have mistakenly relied on you to do something you usually do, but did not do on this occasion, I would feel disappointment or annoyance; if I have mistakenly trusted a person, I feel something different: betrayal or hurt. Trust involves the idea that the other has an obligation or commitment to accomplish the given act. Hawley similarly argues that distrust is not the mere absence of trust: it involves something stronger: the expectation that a commitment will not be fulfilled (2014, 1). Some advantages of this conception of trust are that it copes equally well with trust and distrust, allows the possibility of trust in strangers of whom one knows little (Hardin 2002, 5), and yet posits both the one giving and the one receiving trust/distrust as moral persons inhabiting the same normative world. Hawley’s formulation is especially useful for considering a generally sceptical and pessimistic market situation, since it does not require the person giving trust to impute benign motivations to the one who is trusted or to expect him to ‘encapsulate one’s interests’ (Hardin 1992).

To return to Russian real estate: clearly Hawley’s kind of trust is not involved in the initial decision to buy, when the developer is only one factor amongst other unknowns. But trust becomes an issue during the process of making an agreement. Hawley’s discussion enables us to distinguish reliance on a document of agreement from trust in a person, the zastroishchik (‘building contractor’), who is held to have an obligation to fulfil it. Trust comes into view as soon as the purchaser and contractor sign a preliminary soglashenie o namereniyakh (‘agreement of intentions’). This document has no legal status and is not a thing to be relied upon. Indeed, advice websites warn that preliminary agreements are one of the ‘grey schemes’ by which unscrupulous contractors extract money from the unwary and then fail to fulfil their side of the bargain. With such an agreement, the zastroishchik promises to provide only a flat in the future, not any particular one; since all of the apartments remain his property there is nothing to prevent him from making similar agreements with
other purchasers for the same item.¹⁶ No sensible person would rely on this document in itself, and yet a certain trust has appeared – and may be all there is to go on – since an agreement of intentions signals a moral obligation. Before signing a buyer will usually have made several visits to the contractor’s sales office, talked with a representative, looked them in the eye, and made a judgement about their human trustworthiness. This is a mutual assessment, since the purchaser agrees to hand over payments but is not required to provide legal proof of his or her creditworthiness when signing.

There then ensues a period of further steps: the buyer pays to reserve a particular flat, gathers the legal and financial documents proving that she qualifies to sign the proper Dogovor (‘Agreement’), has them notarized, waits for the contractor to issue the Dogovor, books a date for its official registration with the Rossreestr, makes further payments according to the specifications, bides her time while the building is completed (during which years can tick by), hangs on even when the block stands ready for occupation while it is checked and certified by various inspectors, and finally waits for the municipal authorities to give permission for it to be sdan (handed over) as private property. As for the Dogovor that regulates these steps and their timing, delays in construction frequently make revisions necessary, which buyers reluctantly have to accept. Furthermore, although online websites provide model samples of dogovor that comply with the latest law, all large construction companies have their own legal departments that draw up their own variants (including, of course, loopholes). Yet, most purchasers do not take legal advice, which is expensive, nor do they scrutinise carefully the text of the paper in their hands – one word or omission in which can spell their doom.¹⁷ The managing partner of the realtor Spencer Estate commented:

It is common to find sad cases of avos’. When buying flats with obviously suspect documents but a price well below the market rate a considerable proportion of our citizens continue with arrangements, even though any foreigner would have long ago fled from such fishy schemes. Sometimes when searching for a flat for clients I have to push them away almost by

¹⁷ ‘Hoping “na avos”’ is based on the legal illiteracy of the clients and their absolute unwillingness to get involved in the legal aspects of real estate. [...] They skim through the papers and sign without attending to the details,’ said Mariya Litinetskaya, director of the real estate agency Metrium Group. http://riarealty.ru/affordabletrends_analisis/20130809/401091712.html.
force from dubious offers that seem extremely profitable. Sometimes they even get angry with me.18

The contractor will try to get away with whatever he can, and to conceal behind the written obligation the extent or way in which he is insured and subject to penalties. But to the purchaser the Dogovor is something simpler. It is primarily an interpersonal promise, since the extent to which its legally binding nature could ever be realized is a matter of doubt and conjecture.19 This document does one thing, though: it establishes the client’s identity as a dol’shchik, the co-constructor and owner-to-be of a share in the building. As a paying dol’shchik, the person feels entitled to feel indignant, harass the constructor with phone calls, join online groups of other buyers in the apartment block, share photos of faulty elements in the building process, or join with others to bewail the discovery that a rubbish dump is to be located right under their windows.

It is as ‘cheated dol’shchik’ that the status has flowered in public. The obmanutye dol’schchiki are those who have paid and hold contracts, but whose apartments lie uncompleted or, if built, not handed over to them. There are tens of thousands of these unfortunate people in Russia; they exist in every city and, unusually for the country’s normally quiescent citizenry, many of them have joined strident movements of protest (Humphrey, in press). Their anger is based, I suggest, not so much on plain disappointment that their risky decision did not pan out – for which terpenie would be the common reaction – but on the sense of betrayal that a promise had not been honoured. Betrayal (obman, izmena) demands a response: vengeance or punishment.

From an economic point of view, this puts the thwarted buyers into a double bind. On the one hand, they want to hit out at the errant developer, to get the authorities to force him to finish the building, or to pay high penalties as well as return their money, and they invoke ‘moral harm’ as a legal concept that could entitle them to compensation for their years of useless waiting.20 On the other hand, these very actions greatly increase

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19 See Torocheshnikova (2016) on the slim chance of getting adequate recompense in the courts, even after new legislation aimed at supporting clients.
20 After the passing of law 214-FZ in 2004, a legally registered Dogovor gives ‘cheated dol’shchiki’ the right to sue the company for the return of their money. However, many signed Agreements are not in accord with this law, rendering their rights insecure. In order to sue, clients must be registered as ‘cheated dol’shchiki’, which means they have to fulfil various bureaucratic criteria not attainable by the majority of claimants (http://www.m24.ru/articles/80962). This situation,
the chance that the developer will simply declare bankruptcy – or flee Russia, taking the money with him – in which case the dol’shchiki have almost no chance of getting either their apartments or their money back. The zastroishchiki understand this dilemma all too well: firms have been known to pressure their dol’shchiki, telling them that public outcry and ‘false accusations’ will ruin the firm’s reputation, making it impossible to garner the future sales on which the completion of the buyers’ flats depend.

The non-coincidence of reliability and trust

As we have seen, a reputation for reliability is not the first priority for either developers or buyers at the ‘quick buck’ end of the market. However, some companies do have a longer-term view, and it is instructive to see how they manage relations with their dol’shchiki. The Armada group in Vladivostok is an example, showing that the relatively successful establishment of a reputation for reliability does not imply the presence of either personal or public trust. Armada has several developments in the city, headed by three high-profile apartment blocks called ‘Scarlet Sails’. The firm has had to overcome several disadvantages. First, it is known to be ‘Chinese’, with Russian podstavnye litsa (‘figureheads’) as its public face. Online forums record clients’ scepticism that the declared 49 percent reflects the true degree of Chinese ownership. It was not so much the camouflage that was an issue – this being seen as probably forced on the company – but that until very recently in popular opinion ‘Chinese business’ meant only one thing: shoddy quality. The town council decided that the Scarlet Sails apartments advertised by Armada as elite ‘business class’ were standard products and would turn out to be only premium or ‘ekonom klass’ and that it would be better for the company to choose another, less resoundingly romantic name for them.21 Hostile media in Vladivostok then declared the development to have a ‘bad name’ on the grounds that a scandalously corrupt scheme in Moscow also called Scarlet Sails had treated its foreign construction workers harshly, and many had died and been secretly buried on the site.22 Perhaps not entirely by accident, potential buyers into the

as well as the high legal costs and uncertainty of the outcome, deter many from having recourse to the courts. Legal redress is best obtained by group action, led by activists prepared to tackle the necessary bureaucratic-legal legwork.

Vladivostok blocks soon began to wonder about former graveyards on Egersheld, the narrow peninsula being dug up for the building of Scarlet Sails. What heroes, ancestors, or ghosts might be disturbed there or in the vicinity? Websites erupted with a profusion of photographs of half-buried gravestones, the names and places of cemeteries, people whose remains had perhaps been moved, destroyed churches, and the like. All of this was par for the course and posed no insuperable problem to an avos’ buyer. But the owners of Armada were operating with a different rationality in which the forward planning needed to operate a Chinese-financed firm in a Russian environment must have played a part – one in which they would charge higher prices, and in which creating a good reputation and actual reliability mattered.

As a foundation, they spent two years cultivating the local officials and securing legal documentation. Next, unlike other companies in the city, they got rid of the problem of fallible sub-contractors by setting up their own departments to manufacture the building materials: cement, walling blocks, heat-retention bricks, pipes, and wooden components. This combination of networking with known authorities and relative independence in construction gave them a good basis for completing the buildings. Armada’s website also draws attention to its superior concern for quality: its architecture, interior design, and landscaping departments.²³ None of this, it has to be said, was remarked upon by the potential buyers, but they did notice the company’s performance of transparency: it publishes all of the updated prices for the various categories of apartments online, a far from universal practice. Comments began to appear on websites such as, ‘I am glad the Chinese are constructing this house – not our [Russian] builders.’²⁴ Still, the hard-won reputation for reliability did not amount to trust. Misgivings that the company would pull out of their obligation resurfaced, along with other contingencies. Someone commented on the Scarlet Sails forum: ‘Is something thinking of tying themselves into this development? BEWARE: business is slack in construction these days; won’t the building be frozen? Won’t the Chinese take away their capital in connection with the present [Russian] default? And I’m also worried about the presence of old burials on the site’.²⁵ This was despite the fact that Armada had evoked ‘trust’ as they saw it. They attached a gigantic glowing heart in red lights to the façade of the most nearly finished of the Scarlet Sails blocks, visible

²³ http://armada-vl.ru.
across the city at night. This symbolic gesture was to be a binding of, and pledge for, the loyalty of the dol’shchiki. The manager explained: ‘Today you can see the first of three houses of the Scarlet Sails complex, which we are planning to bring into use already in 2015. We have placed on it a glowing heart as a symbol of life and love to our clients, who trust us and are just as much participants in the construction as our company, understanding that the final result will depend only on our joint strength, and then no external shocks are to be feared’. However, popular readings of symbolic acts are difficult to control (Ohnukey-Tierney 2015), and in this case the glowing heart was a foreign gesture to the citizens, no more than a curiosity, and certainly not taken as a pledge of commitment. Clients warned one another that the zastroishchik’s promise of ‘electric central heating’ would not mean central heating, but only a few electric heaters here and there, which anyway would be subject to outages – a doubt seemingly confirmed one day by the heart going out, or being turned off. Either way, it did not bode well.

Smaller companies dispense with establishing reliability and general ‘public trust’, and instead work with the face-to-face kind. But when the agreed handover time is shifted again and again this personal trust melts away and turns into a feeling of betrayal. Numerous YouTube videos record the acrimonious meetings between infuriated dol’shchiki and the representatives of the contractor, usually junior staff sent to explain the situation. The staff bluster, they offer further solemn promises. And yet sometimes the clients look somewhat cowed, as if they realize that behind all of this is some constellation of power that is beyond the reach of anyone in the room. This leads me to a further paradox. If Armada is regarded as relatively reliable but still not trusted, there are also cases of the reverse, when a company (or rather a known person in the firm) is trusted, even though he cannot be relied upon because he too is held to be subject to ‘higher forces’ or the system in which everyone is caught up. As one long-standing dol’shchik said,

When not a junior but the managing directors themselves came to explain to us, well, by now they’re already known, they’re like one of us. We smile to them. And I can’t honestly accuse them, though of course

27 Dramatic illumination is a typically Chinese intervention in the urban landscape; it has been deliberately employed in Chinese border cities to demonstrate prosperity, vivacity, and optimism in contrast to the dim shadows of the Russian towns on the other side.
purely formally I should – you bastards haven’t handed over my apartment – but when they show me what they have built earlier and all the papers they have to deal with, simply as a human being I can’t blame them. The basic problem is very simple, corruption. […] Actually, I have nothing but admiration for the CEO. In the most difficult years he built social housing, 87 flats, and he handed them over at cost price, because he himself is a former army officer – basically, that was a social project, for the military, doctors, teachers. And when he came to us and told us that some wretched little official, basically to solve his own problems, concocted this corrupt scheme… well, everyone understands, everyone can see it, even the Procurator, but there’s just silence’.28

‘Cheated dol’chiki’ have even been known to send symbolic presents – slippers and a blanket – to ‘their’ trusted contractor, even though he was a notorious figure sitting in jail for swindling, saying they did not agree with the public criticism of him, begging him to help them and implying others were really at fault.29 In many such cases, it is now the contractors whose clandestine agreements with officials have been ditched, who experience the betrayal of trust, the humiliating feeling of having been dumped.30

Betrayal of trust and the real estate landscape of Russia

Thus, the sense of betrayal is often diverted to another object – to the chinovniki (‘officials’), the vlasti (‘powers’), the government (administratsiya; pravitel’stvo), or even the country itself. Protesters carry placards saying: ‘Putin V.V.! We demand fulfilment of the Constitution – the problem of dol’chiki is the problem of the state!’ or, simply, ‘Russia – I am your dol’chik!’31 The understanding here is that not only does the state have obligations towards its citizens, but the Constitution itself makes this a commitment. In these appeals the age-old stance of the lament (Ries 1997) may surface, appearing as almost ritualized complaint, a self-lacerating litany that also allocates blame: ‘We are no more than the dirt under their

30 Kнут’ is another Russian verb that is resistant to translation; it means to be dumped, betrayed, or thrown over.
fingernails’; ‘So [with no house] I’ll show them, I’ll just go and sit on the street with nothing but a bottle of water’.32

Holding the government responsible, many dol’shchiki go further and attempt to wrest financial compensation or the completion of the building from the state. This causes indignation among certain other self-righteous citizens, orchestrated by the media: ‘These are people who wanted to buy at a low price knowing there could be all sorts of problems, but they went ahead on the principle “win or lose”. They consciously took the risk. Why should the administration compensate them from the budget, which is after all our money, yours and mine, paid from our taxes? [...] Each person should bear the responsibility for his own actions. Can we even say they are ‘cheated’? They are just legal illiterates, they should acquaint themselves with the law.’33 To such accusations, some dol’shchiki have a measured response. They argue that leaving each person to bear their own responsibility benefits only the rich and powerful, and leaves the field open for swindlers. It should not be expected that every citizen be an expert in the law, just as a patient going to the hospital should not be expected to have specialized knowledge of medicine: ‘We need to understand a simple thing, that each citizen is not obliged and indeed cannot know all the judicial detail in writing contracts, nor in health care, teaching, aviation or food production. The state structures are created just for this, to protect citizens from mass swindling, mass food poisoning, from collapsing housing and bridges, from falling planes and banks that go bankrupt. But that’s not how things happen in Russia’.34 In short, the state should regulate matters in such a way that it is not possible for rogues to make fortunes. The state should establish the rules of the game35 in such a way that it not necessary to rely on either avos’ or personal trust.

32 A relatively mild example was given by the dol’shchik from Klimovsk who had organized a tent camp demonstration in front of the incomplete house:

The fact is, in order to get our zastroishchik out of Klimovsk the authorities are using us like small change, our lives, our fates. Two years have been rubbed out of our lives. Not because we are now living in tents, but because our children are growing up. They could have grown up here, in a beautiful area in a well-appointed apartment. But now they are living in rented rooms. And the place where a child is brought up is probably most important to everyone: where his children and grandchildren will live. Certainly it is to me. Yes, two years really have been erased from life.


Conclusion

Although many Russians are wary of purchasing housing through shared construction agreements, this article has been devoted to explaining why large numbers decide to go ahead anyway. It has been shown that real estate transactions in Russia have been set up in such a way – opaque, long drawn-out, and risky – as to suspend an entire variety of actors in a state of uncertainty. Speculation is the initial impetus and trusting an unknown person is the next stage in this situation, both steps highly visual and intuitive – the client likes the look of that place, he trusts the face of that contractor. At the same time, this raises questions about the temporal hinterland of this impulsive act.

An interesting article in a commercial journal explains popular economic practices through the contemporary attitude toward memory. Nikiforov (2015) writes that Russia's main problem is memory – which is too short, too selective, and too mythologized; that is why citizens do not make correct decisions about their own futures and why the government has a short-term view of economic policies. Russians are no longer terrified. They live for the moment. Social enquiries, he continues, have shown that operative memory, even for notable events like the uprising in Ukraine, only lasts two to three years, and then it disappears. As for the future, people tend to optimism and fatalism: prices will always rise, inflation is an immanent attribute of the environment, and people do not look into the reasons for this rise or fall – for them, it is something like the weather. Isolated events in history are ideologized, while whole periods are not taught in schools. Thus young people tend to amalgamate historical time into a single mythological past, which becomes in effect timeless. In economic behaviour, this has the effect that people have begun to operate with very narrow time frames. Even large bank loans and mortgages are taken in a spirit of *avos'* adventurism: I'll repay for now, but then let's see. Maybe I'll come into an inheritance. Nikitin's views do not contradict anything that has been written in this article. But maybe his analysis of *avos'* still misses the mark, because it does not take account of the actual popular comprehension of the workings of the Russian market. People do not in fact operate with such a ‘narrow timeframe’ that they cannot apprehend the presence of the past, anticipate future shocks, or sense the absence of a system. They understand this well. Instead, the multiplicity of bewildering factors, such as opaquely different types of *dogovor*, malign intentions and deceptive promises, unreliable court decisions, and the arbitrariness of officials, combined with the boons and blows of external events (oil prices, currency swings), mean that *contingency*
has to be the name of the game. After all, look around and you see that some people do receive their apartments. In this situation, *avos‘*, seizing the chance and taking the risk to trust, are both part of the game and also perhaps the intuitively ‘rational’ optimum in the circumstances.

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