Bill Pigman: The Profits and Peril of Doing Business in Moscow

On October 23, 2014 former graduate of the Engineering and Physics departments of the University of Illinois at Urbana-Champaign, Bill Pigman, lectured on his experience working in the business of buying and selling Caterpillar equipment in Russia for the last two decades. He described his experience in narrative form beginning with his birth. Pigman was born in Washington D.C. His father was a scientist for the government but, due to left leaning political values in the times of McCarthyism, he was run out of his job in D.C. Pigman is a self-described “Red Diaper Baby.” Pigman's father worked as a professor at Illinois Institute of Technology and was the inventor of the very controversial cluster bomb, which happens to be used still today as events in Ukraine have made evident. His father accepted a job at Caterpillar in the 1950s to work on engine designs for the equipment Caterpillar sold. Pigman quoted his father's most important advice to him as a child which was to “learn how to think and learn how to learn for the rest of your life.”

Pigman graduated in 1964 from UIUC and started working for Caterpillar immediately. With the war heating up, he was quickly shifted to the Minute Man Missile project. He said that sometime during this project he decided that his new goal in life was to see the world and improve the world's productivity. He discussed that is an expert on the seismic analysis of terrain. Due to his specialty, he was able to move to Stockholm in 1968 to work for a branch of Caterpillar. He said it was there that he went to a party and met a man who convinced him to sell Caterpillar equipment to the USSR. He soon was contacted by the USSR and sold his first 9 machines.

Soon after, he moved to Paris and became the head of the manufacturers office of their Caterpillar branch. While he was there he picked up French and described himself as “going native” every time he went to a new country thereafter. As part of his “going native” he quit Caterpillar at the age of 31 and described himself as having a somewhat wild and adventurous phase.

In 1980 he moved to Liberia and took over a Caterpillar dealer which had been looted and tried to turn the business around. Soon after he went back to the United States (Manhattan) but was promptly sent to West Siberia to buy up Caterpillar equipment. He shared an anecdote of his experience on July 14, 1989 with Boris Yeltsin. Pigman said that he was at a French Revolution Anniversary party at the French embassy in Russia and observed Boris Yeltsin and his cronies stealing Champagne and promptly leaving. He said that he learned more about how Russia would be in the 1990s from that interaction than anything else.

Today Pigman works as a consultant for oil and gasoline companies like Gazprom. He said that he has had to make dealings with Russian professionals who were drunk (he gave Kazan as an example) and then proceeded not to take his advice and not pay him. Later said businessmen would call him about buying drills to drill for pipelines because the drills they bought, against his recommendation, did not work. He also explained how he once bought stolen Caterpillar equipment in Ufa. Pigman said that there is a different way of doing business with Russians.
He said that Russians buy and sell on a “good faith” system, so he hired a smart Russian man to be his business partner and deal with these transactions. However, as he would go on to say, this was a mistake on his part.

The Swedish group IKEA came to Russia in 1998. IKEA wanted to put big stores in malls but there were no malls. So, IKEA built, what Pigman described as, the 7 largest commercial earning malls in Russia. IKEA hired Pigman to use Caterpillar equipment for construction and snow removal. Pigman said that Russian companies were not happy that a Swedish company had built these malls and were making a lot of money off of them. IKEA ran into trouble with the Russian electricity companies. These electricity companies wanted bribes for use of their ‘product’ in the new mall IKEA had set up. In order to avoid the high rates they were being charged, IKEA bought 2 mega watts worth of electricity producing generators from Pigman. Within a week, the electricity company gave up and turned on the mall's electricity but kept Pigman's generators just in case.

In the summer of 2003 Bill Pigman's company had a very high net worth. Due to this, his Russian partner ordered a hit on Pigman. Pigman was arrested for fake charges and his money accounts were changed. Pigman's wife was then arrested for 'attempted murder' of his partner. Pigman said that at one point a wired Duma member showed up at their apartment asking strange questions concerning their case with Pigman's ex-partner and if the Pigmans wanted the partner “taken out.” Pigman said that nothing helped their situation until they contacted the US embassy. The Pigmans moved to Finland where they were continually harassed by the ex-partner. Pigman said that Fins would not believe a Russian and threw away the ex-partner’s written threats and photo-shopped pictures trying to prove that Pigman signed over his business to the ex-partner.

Pigman concluded by describing the current economic situation in Russia. He said that due to the sanctions enacted by the EU and the United States the Russian economy is falling apart. He said that food is the major problem with the sanctions against Russia. Pigman stated that the people who are truly affected by these sanctions are the poor and rural population—which is exactly where Putin's popularity lies. After Pigman's 17 year old son graduates high school, he wants to move back to the United States.

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