

BETWEEN LEGACY, LIBERALISM, AND HEGEMONY: SEARCH FOR A CENTRAL ASIAN POLITICAL ECONOMY

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Abstract

The main purpose of this article is to map the political economy of Central Asia. In this regard, three contesting approaches to the region, which are post-colonialism, failure of liberalism and hegemonic stability theory, will be examined. The article argues that these approaches in fact do not contest, but rather complement each other. To that extent, the uniqueness of the region is based on such interactive relations among liberalism, hegemony and Soviet legacy. Thus, Central Asia differs from both liberal markets and commanded markets. From this point of view, the article will propose a political economy theory for Central Asia.

Keywords: Central Asia, Soviet legacy, political economy, liberalism, hegemony

Özet

Bu makalenin amacı Orta Asya'nın politik ekonomisinin haritasını çıkar-maktır. Bu bakımdan bölgeye yönelik olan üç yaklaşım; post-koloniyalizm, liberalizmin başarısızlığı ve hegemonik istikrar teorisi incelenecektir. Çalışma, bu yaklaşımların birbirleriyle yarışan değil, birbirini tamamlayan yaklaşımlar olduğu tezini savunmaktadır. Bu bağlamda bölgenin özelliği liberalizmin, hegemonyanın ve Sovyet mirasının birbiriyle etkileşim içinde olmasına dayanmaktadır. Dolayısıyla Orta Asya hem liberal piyasadan hem de yönetilen piyasadan farklılık göstermektedir. Bu noktadan hareketle, bu çalışma Orta Asya için politik ekonomi teorisi önermektedir.

Anahtar Kelimeler: Orta Asya, Sovyet mirası, politik ekonomi, liberalizm, hegemonya

Introduction

Central Asia has been one of the significant regions in the world due to its geopolitical place and resource-abundant geography. Locating between the two great powers, namely China and Russia, makes its geopolitics important not only for the respected states but also for the USA. The rich mineral resources trigger its importance for energy security. For this reason, their integration into the international system was crucial, particularly for the US in the 1990s. Nevertheless, the sui generis characteristic of the region demarked the integration process. The region was handled as Baltic States, whose integrations were managed by the EU and resulted in liberal transition. However, the transition processes demonstrated that Central Asia sharply differs from the Baltic States even though both regions were disintegrated from the USSR. This means that the political economy of Central Asia has different characteristics not only from the Baltics but also from former communist countries in Europe.

In this regard, this article will seek to put forward the political economy of Central Asia. Recent studies on Central Asia in political science and international relations mainly focus on the authoritarian structure of the region (Bolesta, 2019; Cooley, 2019; Heathershaw & Owen, 2019; Lemon & Antonov, 2020; Roberts, 2017). The dominant literature on authoritarianism pushes political economy studies into the background. Yet, the political economy of the region has been examined since the collapse of the Soviet Union. The economic structure of the region is associated with authoritarianism. In this sense, the political economic expression of authoritarianism is the resource curse and rentier state (Domjan & Stone, 2010; Ostrowski, 2011; Pomfret, 2006; Ross, 2001). Accordingly, resource-abundant Central Asian states use their natural gas and oil for regime security rather than creating an egalitarian and wealthy society. Yet, the rentier state literature, which is exported from the Middle Eastern studies, has two shortcomings for Central Asia. First, authoritarianism is the common practice of post-Soviet space (except for Baltic countries) regardless of their income sources. That is to say,

countries that do not rely on natural resources namely, Armenia, Kyrgyzstan, Tajikistan are considered either consolidated or semi-consolidated authoritarian regimes by Freedom House (2020). Therefore, the resource curse could be considered an explanatory factor for resource-abundant countries but not for the whole post-Soviet space and Central Asia. Second, and related to this, the curse of the oil in the post-Soviet space is questionable. Jones and Weinthal (2010) empirically assert that due to the ownership and fiscal reforms in the post-Soviet space, the countries in Central Asia could not be considered as rentier states, nor they are cursed by oil.

This leads us to construct an alternative theoretical framework for the Central Asian political economy. In this sense, the aforementioned studies, namely resource literature and authoritarianism should not be denied, but rather, they will help us to construct the whole picture along with other approaches. For this reason, all approaches to the region should be examined. We have adequate reasons for this. The dominant approaches to the region are grounded by distinctive theories. To that extent, contrary to the idea that distinctive approaches compete with one another, this article argues that Central Asia is the intersection of all of them. In this regard, it will be shown how the patrimonial systems instead of the bourgeoisie became the primary source of the political economy in the region. This shifts our attention to the dominant approaches to Central Asia.

Dominant Approaches to Central Asian Political Economy

Since the collapse of the Soviet Union, there have been three main approaches to Central Asia in terms of politics, which is also the main pillar of the political economy. In this respect, three approaches become prominent in Central Asian studies. The first approach is the post-colonialist approach. As Khalid truly emphasizes that “Although much of this debate in Soviet history does not engage directly with postcolonial studies, the impact of postcolonial studies has been more pronounced within Central Asian studies” (Khalid, 2007: 466). In that sense, the Soviet legacy is seen as the main reason for the

authoritarian structure of Central Asia. Accordingly, the party-state structure of the Soviet Union, which unavoidably created authoritarian structure, inherited to Central Asian states. In the end, all the leaders (except Kyrgyzstan) and *nomenklatura* of Central Asian republics have been either former Communist Party members or their cadres. Therefore, post-Soviet states are inherently authoritarian and Central Asian states are the main heir of the party-state system. Apart from the political system, the post-colonialist approach is favored to explain the economic structure of the region as well. That is to say, state control, which is also inherited from the Soviet era, on the economy in the post-communist countries caused low economic profit, which equalized their economic level with low income countries (Lane, 2005: 244). In this regard, Central Asia is the slowest region among the post-Soviet space in terms of economic transition (Bolesta, 2019: 11). Despite Kazakhstan and Kyrgyzstan are considered market economies (Åslund, 2007: 307), still, all Central Asian states are classified as either moderately free, unfree or repressed in terms of economic freedom (The Heritage Foundation, 2020). In this sense, particularly Kazakhstan's and Turkmenistan's resource policies are seen as an extension of Soviet politics (Anderson, 1995; Sakal, 2015: 239). Eventually, the concept of state, which is responsible for providing security and social welfare, in Central Asia is a Soviet creation (Matveeva, 2009: 1101), and the established structure provides political domination on economic assets to the ruling elite (Lewis, 2011: 180). As a result, the newly independent states in Central Asia were institutionalized by Soviet-style statecraft. This makes them hybrid regimes with limited market economy.

The second approach to Central Asia points out the failure of liberalism in the region. This approach mainly asserts that Central Asian states were not reluctant to integrate into the liberal international system, however, liberal interventionism changed the perceptions of the governing elites in the region which resulted in the rise of authoritarianism (Cooley, 2019; Heathershaw & Owen,

2019). Accordingly, the liberal values promoted non-state actors in the region, who turned against the regime security in the end. Thus, the external actors engaged in democracy promotion and human rights advocacy as enemies of the state (Cooley, 2012: 24). Particularly, the Color Revolutions promoted this idea. According to the authoritarian leaders in the region, too much freedom carries a risk for regime security (Mitchell, 2012: 143). In this regard, the US-sponsored NGOs are perceived as the main reason for the downfall of the existing regimes in the post-Soviet space. For this reason, the legitimacy of the liberalism and liberal values eroded, particularly after the Color Revolutions. Democratic development became under question in countries experienced the revolutions (Beissinger, 2006: 23). As a result, the liberal values were replaced with a new set of values originated from China and Russia (Kaczmarek, 2017; Ambrosio, 2008, 1323; Heathershaw & Owen, 2019: 269). In this regard, the economic modernization of Central Asian countries was pursued without democratic conditionality (Roberts, 2017: 419). This shifted the governing elite's attention to economic growth rather than creating a functioning free market economy. Thus, FDI, economic freedom, and capital mobility became limited. As a result, the liberal economic transition has not completed in Central Asia. This not only intensified the authoritarian structure of the region but also caused incomplete economic liberalization of the region.

The third approach, which is related to the previous one, to Central Asia is based on hegemonic stability theory. Accordingly, hegemonic power is responsible for providing order in a given region. In the case of Central Asia, Russia is the provider of the order, which also arranges the relations of the region. From the perspective of Central Asian leaders, the US-led liberal system is associated with chaos and instability (Cooley, 2019: 597). As the failure of liberal institutionalism increased the uncertainty in the region, Central Asian states sought to rebuild their own security by reconstituting a relationship with Russia (Slobodchikoff & Aleprete, 2020: 7). The lack of an institutional design also triggered the Russian hegemony.

Despite the institutional efforts of CIS, the cooperation among Russia and Central Asian states did not institutionalize. In this regard, the weak institutional design forced post-Soviet states to gather under Russian hegemony (Willerton, Goertz, & Slobodchikoff, 2015). It is worth to note that Russia seeks to establish a security bloc rather than an economic bloc in post-Soviet space (Slobodchikoff & Aleprete, 2020: 13). However, the economic protection of Russia is demanded by Central Asian states (Krickovic & Bratersky, 2016: 183). As an illustration, the Eurasian Economic Union was first proposed and advocated by former Kazakhstan President Nursultan Nazarbayev. This means that Russian hegemony and protection does not only exist in the region but also demanded by the states.

In short, the existing literature takes Central Asia from three different perspectives. The first is the post-colonialist approach, the second is the failure of liberalism, and the third is the hegemonic stability approach. This article will seek to demonstrate that these three approaches do not compete with each other, but rather Central Asia is the intersection of all three approaches. The aforementioned approaches indicate that Central Asia is the expression of not only the liberalism's failure but also socialism's failure and even the hegemon's totter in a sense. That is to say, while post-colonialism is caused by the failure of Soviet socialism, hegemon's decline resulted in uncertainty in the region. It is worth to note that the degree of authoritarianism, isolation, resource management of Central Asian states differentiates from one another (Isaacs, 2010: 9; Cooley, 2012: 29). The following section will examine the extensions of the approaches on Central Asian politics and try to answer the question of the differences between the states. Thus, a Central Asian approach to the political economy will be generated.

A Central Asian Approach to Political Economy

This shifts our attention to the expressions of each approach in the Central Asian political economy. Indeed, the Soviet legacy is one of the main reasons for the authoritarian capitalist structure of the

region. That is to say, as the newly independent states in Central Asia sought to promote democracy and capitalism. Yet, the economic order is both structured by and structures political relationship, which resulted in patrimonial capitalist systems (Robinson, 2013: 137). Let us elaborate on how the Soviet legacy, failure of liberalism, and Russian hegemony caused the emergence of patrimonialism in the region from the aforementioned perspectives.

Post-colonialist Approach

The economic legacy of the Soviet Union left the states in Central Asia in a poor condition. Three Central Asian republics, namely Kyrgyzstan, Tajikistan, and Uzbekistan are the poorest countries among the former Soviet Union in terms of GDP per capita (The World Bank, 2020). Among them, Kyrgyzstan was already one of the poorest regions of the USSR and mostly dependent on the center (Dabrowski, Jermakowicz, Pańków, Kloc, & Antczak, 1995: 270). The dependence on the center is visible in other states too due to the centrally planned economy of the Soviet Union. Despite Kazakhstan and Turkmenistan exhibit a different condition in terms of poverty thanks to their resource-abundance still they stand below the world average as of 2020. By 1995 none of the Central Asian states grew positively. They caught their GDP level in 1991 only after 2000. There are several reasons for such a legacy. First, the extreme specialization in the Soviet system left the region in an unproductive situation (Pomfret, 1995: 28). As being the periphery of the Soviet Union, Central Asian states were specialized in agricultural products such as cotton in Turkmenistan and Uzbekistan or wool in Kyrgyzstan rather than industrial production. Thus, they appeared as one of the least diversified economies around the world that specialized in lower value-added productions. Secondly, the Soviet system made Central Asian states dependent on Russia. Accordingly, despite Kazakhstan and Turkmenistan were blessed by natural resources, they were unable to process the oil and natural gas by themselves. Instead, “much of the oil, coal, and gas produced in the region was exported to Russia for refining or use in power plants”

(Pomfret, 1995: 35). The energy routes did not significantly change after the dissolution of the Soviet Union. As a result, the resource-abundance of Kazakhstan and Turkmenistan did not monopolize the mineral resource market, whereas they suffered from the Russian monopsony. Moreover, due to the low-price policy of the Soviet Union, the resources were sold at loss before independence. As an illustration, Turkmenistan's natural gas was sold at three USD cents per cubic meter, which obligated the central government to subsidize Ashgabat \$1.2 billion per year (Hiro, 2009: 198). The situation was even worse for non-mineral resource producers. For example, Kyrgyzstan was highly depended on the central aid during the Soviet era (Dabrowski et al., 1995: 271). Therefore, the Central Asian states, even the resource-abundant ones, were already in debt when they gained their independence. Third, the region was left to the unskilled labor force. As the states in Central Asia specialized in labor-intensive production, the skilled labor necessity was demolished. The situation was even worse for the administrative staff of firms. Since central planning does not allow the initiative to firm managers, they did not effort for innovation. They rather sought to fulfill the central program. As a result, the managerial skills of Soviet bureaucrats did not improve. These three reasons can be indicated the main characteristics of the Soviet economic legacy. Spechler truly summarizes the situation: "the USSR left behind in Central Asia mostly inexperienced management personnel, undeveloped natural resources, and an unbalanced, dependent industrial structure" (Spechler, 2008: 26).

This reinforced the already authoritarian legacy of the Soviet Union in the region. The dominance of personal relations led the leaders to use the resources in favor of elite clans rather than the whole society, particularly by the resource-abundant Central Asian states' leaders. In the end, Central Asian politicians were highly influenced by Soviet-type politics, which was the mixture of clan politics and communist bureaucratic tendencies (Isaacs, 2010: 9). Except for the former Kyrgyzstan President Askar Akaev, all the

leaders were the Communist Party members. Thus, they were shaped by the ideological bureaucracy on the one hand and the patronage system on the other hand. Additionally, the uncertainty of transition triggered informal politics (Isaacs, 2010: 18). The bureaucratic unwieldiness and changing legal structures discouraged the new entrepreneurs to follow the legal orders. Instead, they got in touch with political leadership to secure their capitals. This led the leaders both to strengthen the political power and to use the resources as an instrument to consolidate their personal power. That is to say, the resources were distributed to clans, in exchange for supporting the leader's authority. For this reason, for most of the Central Asian states, the leader's security is associated with the regime and national security. In the end, the economic stability of Central Asian states depends on their ability to attract foreign investors whether it be rentierism or loans (Robinson, 2013: 144). The leaders of Central Asian states ensured this stability by distributing the wealth via personal networks, which resulted in a patrimonial structure. That is to say, the clans that surrounded the president take positions in state enterprises, banking, and agriculture (Collins, 2009: 262) in exchange for regime security. Thus, the hybrid capitalism of Central Asia is directed by the governing elite. As a result, the economic structure of Central Asia differed from East Asia in the sense that it lagged far behind the free market economy with the authoritarian government. Instead, both capitalism and the political systems transformed into hybrid mode in Central Asia, which is unique for the region.

Failure of Liberalism

Still, all of the Central Asian states sought to transform into the market economy, at least in the first decade of their independence despite their Soviet legacies. In the end, the centrally planned economy and socialism resulted in economic failure in the region. As the periphery of the Soviet Union, Central Asia was responsible for providing cheap cotton and resource for the central government. For this reason, the Central Asian states preferred liberalization in order

to integrate into the international system for increasing their economic efficiency. In this sense, a number of Central Asian leaders declared their desire to follow the Turkish model (Hunter, 2001: 11), which was both culturally relative of the Central Asian states, except Tajikistan, and the part of the liberal-democratic international system. The international expectation was in the same vein in the sense that Turkey could conduct an opening to the region (Fidan, 2010: 113). In this sense, for example, former Kyrgyzstan President Askar Akaev declared his interest in Turkish experience, which was enriched by Western values (Grand National Assembly of Turkey, 1994). Thus, the Central Asian leaders were clearly interested in Turkish assistance for adapting Western values, namely liberalism, and democracy.

It is worth to note that Turkey was a vehicle for integration into the US-led liberal order. Thus, the main purpose was to become a part of the liberal world order. Indeed, all of them joined the Bretton Woods institutions, namely the IMF and World Bank as well as to the WTO, where Turkmenistan and Uzbekistan became observer members of the latter. In this regard, for Central Asian states the "Euro-Atlantic integration became a question of 'how' and 'when,' as opposed to 'if'" (Cooley, 2019: 594). The Central Asian states intensified their willingness to integrate into the Western international system after 9/11. As the US launched the war against terrorism, Central Asian leaders sought to overlap their interests with the Bush Doctrine by highlighting radical extremist groups in the region. This was of course triggered by the lack of a hegemonic stabilizer in the post-Soviet space. As a result, the Central Asian states tried to integrate into the liberal system. Uzbekistan and Kyrgyzstan allowed the US to establish military bases in their territory, which were operated until 2005 and 2012 respectively. In this respect, except for Turkmenistan, liberal economic rules were adopted by the Central Asian states by 2000. In contrast to the Soviet era, where profit-making was not an aim (Kaser, 1997: 10), rapid privatization and trade liberalization took place in the region.

Yet, the rules of the Washington Consensus were not fully adopted, along with political reasons, mainly due to the low capital accumulation of the states. That is to say, foreign investment was not encouraged by the central governments. The already increasing NGO activities in the region, which were perceived as the main reason for the color revolutions, raised concerns on holding state assets by foreigners. For this reason, the state assets were transferred to the loyal clans and networks in order to operate under market conditions by maintaining the regime security. Thus, the patronage system came into prominence. As a result, the economic integration of the states became limited. The failure of liberalism after 2005 due to the color revolutions caused the leaders to take less liberal methods to increase economic efficiency. The color revolutions delegitimized the liberal values from the leaders' perspectives. It is associated with interventionism and instability. The elites of the respected states became selective in adopting the principles of liberalism. In this regard, the liberalization attempts of the Central Asian states resulted in crony capitalism in the region. The US and the US-led liberal order are perceived as a threat to the regimes in the region.

Hegemonic Stability

The lack of US hegemony as a result of the failure of liberalism was fulfilled by Russia, particularly after 2005, (and to some extent by China) which constitutes the third characteristic of Central Asia. That is to say, the Hegemonic Stability Approach is an explanatory factor to understand Central Asia. As liberalism failed both in Central Asia and Russia, the hybrid systems emerged in respected states. In this respect, Russia is the flag carrier of the hybrid systems is Eurasia. This leads us to inquire about how Russia transformed into a hybrid capitalist system. As has already been discussed in the 1990s and early 2000s, Russia sought liberal transition during the Yeltsin era. Despite, the liberalization program of the Yeltsin administration is called "Shock Therapy", it had two important deficiencies. Firstly, the privatization was not supported by foreign direct investment. In

other words, capital mobility was not assured. Secondly, the transition towards liberalism was mismanaged in the sense that creating a free market competition. Instead of creating a free and equal competitive environment, the state assets were transferred to a small group of people via personal relations. This mismanagement created an uneven distribution of wealth, which ended up with the emergence of oligarchs. Thus, the party and economic elite relations shaped the hybrid liberalization process. Therefore, the Russian transition to capitalism was featured by patrimonialism, which subverted liberalism in Russia (Becker & Vasileva, 2017: 88). Additionally, the Russian economy suffered from international shocks. The Asian financial crisis in 1997 spread to Russia in the following year. The sharp decrease in oil prices along with the extended war on Chechnia caused debt in the Russian economy. As a result, liberalism is associated with “chaos” and “oligarchy” in Russia. This forced the Putin administration to re-nationalize the strategic sectors, namely the military and energy sectors. Therefore, the already limited liberal policies were reversed. It is worth noting that re-nationalization was also undermined because of patrimonialism, which in the end hindered not only liberalism but also the strengthening of the state (Becker & Vasileva, 2017: 89). That is to say, the state – business relations decreased the state capacity due to the uneven distribution of the state assets in favor of an economic minority. This means that the Russian political economy became hybrid capitalism, which is featured by patrimonialism.

At this point, Central Asian states followed a similar pattern with Russia. As has been already mentioned, all the states in the region endeavored for liberal integration throughout the 1990s. Nevertheless, none of them followed the Baltic model, nor they were inspired by Central and East European former communist states, which were supervised by the EU institutions. Instead, they traced the Russian liberalization and privatization process. That is to say, they were characterized by the power concentration of rulers, who distribute the state assets via patron – client relationships (Fisun &

Oleksandr, 2012: 92). It is worth noting that the former Soviet states implemented the liberal reforms in different degrees (Isaacs, 2010: 9), which also means that they followed the Russian in different degrees. While privatization and liberalization are highly limited in Turkmenistan and Uzbekistan, the rest of the Central Asian states are considered as reformists (Åslund, 2007: 307). Yet, they all took cautious steps towards liberal integration. On the one hand, they were eager to become part of the Western system, on the other hand, they were reluctant to lose the state authority. For this reason, Central Asian states avoided from the Shock Therapy. Instead, they implemented gradual and incomplete liberalization programs as in the case of Russia. As a result, the liberalization programs were left half finished. At this point, Molchanov (2015: 152) asserts that due to the vulnerable economic structures, Central Asian states cannot take the risk of laissez-faire policies. For this reason, alternative approaches that protect the state authority seem attractive to them. From this point of view, as Russia moved away from liberalism and tried to construct an alternative set of values particularly after 2000, so does the Central Asian states. The Color Revolutions particularly pushed the regimes to overlap their interests with Russia again. That is to say, they once again accepted Russian hegemony for the sake of regime survival.

In this regard, Central Asian states shifted their attention to Eurasian cooperation, namely Russian protection, particularly after the Color Revolutions despite their mistrust of Russia (Willerton et al., 2015). In the end, the dynamics of transition are shaped by the ideas and reflections of the political elite (Darden, 2009: 260; Bolesta, 2019: 13). Therefore, as the political leaders felt uncomfortable with the US-led order, Russian leadership revived among the ruling elites of Central Asian states. At this point, Russia emphasizes three contradictions of the liberal world order: “sovereignty vs. intervention, pluralism vs. universality, and democracy vs. American hegemony” (Romanova, 2018: 87). That is to say, the existing liberal order is interventionist and in that sense, it serves for the American

interests. The Central Asian leaders and societies agree upon this argument. As an illustration, the International Republican Institute's survey in Kyrgyzstan indicates that alignment with Russia is considered as the right direction of the country (Sergi, 2018: 57). Indeed, according to Central Asian, the Color Revolutions proves that the US-led liberal order is interventionist, does not recognize pluralism, and serves American interests. As a result of this, the newly states extenuated their criticism of Russia by the late 1990s (Laruelle, 2010: 150). For this reason, they either followed the Russian transition model as in the case of Kazakhstan or even become more cautious that they remained protectionist policies as in the cases of Uzbekistan and Turkmenistan (Pataccini & Malikov, 2020: 292). In the end, Central Asian leaders continue to perceive the world through Russian lenses, where the economic strategies are shaped by the same Soviet school of thought (Laruelle, 2010: 150). Moreover, the Russian financial crisis of 1998 embraced liberal capitalism, particularly in Uzbekistan (Hiro, 2009: 155). Therefore, the Russian transition, its prospects and challenges inspired Central Asian states. As a result, their economic ties with Russia and China reinforced after 2000, which ended up with their inclusion to the Russian or Sino-led economic organizations, namely Eurasian Economic Union and Shanghai Cooperation Organization (Cooley & Heathershaw, 2017: 30).

Yet, Russia's contribution to the patrimonial structure of the region is beyond being a model along with China. In the end, five Central Asian states implement the hybrid capitalist model to different degrees. That is to say, while Kazakhstan stands very close to the Russian model, Turkmenistan's and Uzbekistan's hybrid models resemble socialism. Still, all of the republics follow a similar pattern undeniably. All of them neither capitalist nor socialist but stand between the two, and the leaderships play a decisive role to distribute wealth under authoritarian legislations. As the legitimacy of liberalism, which is associated with the US hegemony, erodes in the region, the authoritarian structures are supported or at least

protected by Russia. Since the early 2000s, Kremlin declared that the western model of democracy is not applicable to Central Asia, which resulted in slowing down reforms, deterioration of civil society, and weakening of liberal institutions (Laruelle, 2010: 169). Thus, they are able to resist to the norms of liberal institutions. Instead, they arrange their codes coherently with the illiberal states. Lemon and Antonov (2020: 12) analyzed how the Central Asian states harmonize their legal structures in accordance with the Russian system. Therefore, the illiberal institutions are reinforced, which created an illiberal zone in Central Asia (Roberts, 2017: 420). That is to say, as the liberal democratic institutions are replaced with illiberal ones thanks to the Russian protection, wealth is distributed more and more by the clan and network-based relations instead of free-market conditions and competitiveness. This situation is prevailing for China as well. China's promotion of state sovereignty contributes to the legitimization of authoritarian governments, who hinders the rules of the Washington Consensus. In this sense, as China becomes more and more norm-setter in the region, the patrimonial structure is consolidated owing to the protection of the authoritarianism.

Towards A Central Asian Theory of IPE

These three approaches raise the question of what is unique in Central Asia. More importantly, how this uniqueness can be generalized to construct a theory? As has been already asserted, the Central Asian political economy is the combination of post-colonialism, failure of liberalism as well as the hegemonic stability theory. Therefore, the uniqueness of each feature should be mentioned.

Regarding post-colonialism, the Soviet Union's colonialism in Central Asia differs from Western colonialism in the sense that it "aspired to reorganize and modernize Central Asia" (Hirsch, 2005: 164). Before the Soviet rule, the region was characterized by protectorates such as the Emirate of Bokhara or Khanate of Khiva,

which did not complete their statehood process. Unlike the Tsarist period, the Soviet government introduced bureaucracy and state institutions to the region for their modernization and integration to the center. This was managed by both center and local authorities. That is to say, the Soviet authorities utilized from the power of the local networks, which resulted in a dual authority in the region (Isaacs, 2010: 4). Therefore, the Soviet system empowered local leadership by institutionalizing the bureaucracy via the party. As a result, the strong state authority and patronage system became the norm in the region. Thus, Central Asian societies were trained by the Soviet bureaucrats in state-making. In this sense, the state authority is legitimized by the cliental consensus that gives power to the leader in exchange for the distribution of the wealth in the region. This means that the statehoods of the Central Asian states are the results of the patronage system, instead of the social contract between the state and society, nor are they founded by the bourgeoisie revolution and formed in a Weberian sense. For this reason, the legitimacy of the Central Asian states is based on power relations between clans and networks. The Kyrgyz case proves that the break down of the patronage system results in unrest (Lewis, 2012, 121).

This makes them selective by implementing the rules of liberalism. Since the statehoods of Central Asian states are top-down processes via patronage relations, the liberal values such as equality of opportunities or personal freedom are not the priority of the leaders. Instead, maintaining political and economic stability is the main agenda of the governments, as in the case of all authoritarian regimes. For this reason, Central Asian leaders are reluctant to adopt liberal rules that restrict their authority as well as the power to determine the distribution of wealth. Instead, they seek to maintain their power by securing the economic benefits of their loyal cadres. Therefore, they utilize the market economy in favor of the leadership and their networks. As a matter of course, deficient supervising of the liberal states, namely the US and liberal institutions, allowed leaders to implement their political economic agenda. Unilateral

demands of the US, particularly after 9/11 and increasing NGO activities that threatened the regime security, moved the Central Asian leaders away from the US and liberal values.

As a result of this, they not only took Russia as a model but also demanded its protection to maintain their political economic structure. Yet, as has been already asserted that there is not a unique model that is copied by Central Asian states, but rather the hybridity of capitalism varies among them. In other words, despite Russia inspired Central Asian states in terms of hybrid capitalism, it is not a strict model for their selectiveness. Two main reasons should be given for the differences regarding the Russian model of transition. First, the hegemonic power of Central Asia itself followed a zigzag pattern after 1991. Russia, in a sense, denied its Soviet inheritance and swayed from shock therapy to consolidated state authority. For this reason, Central Asian states became unable to follow the principles of any “Moscow Conesus”. In other words, there is no Russian model of transition basically. Second, Russia is, in fact, the incomplete hegemon of the region in terms of political economy. In contrast to its security policy, Russia doesn’t seek to arrange the domestic economic structures in the post-Soviet space. As long as the region doesn’t harbor a security threat to Russia, it respects their sovereignty and political economic systems, be it close to socialism like Turkmenistan or market-like economy such as Kyrgyzstan. In other words, Russia neither manifests a so-called “Moscow Consensus” nor institutionalizes a variety of capitalism, but rather, it protects the status quo in Central Asia along with China by highlighting state sovereignty. For this reason, Central Asian leaders find an opportunity to select the rules liberalism a la carte. As a result, the hybridity of them varies from one another but still the region is featured by hybrid capitalism.

The aforementioned events mean that post-colonialism, failure of liberalism, and hegemonic stability approaches interact with each other. The political economy of Central Asia is shaped by the Soviet legacy, de-legitimization of the US-led world order, and the

incomplete hegemony of Russia. These three structures generated a capitalist class in the region throughout the 1990s and 2000s. Therefore, unlike the West, where the capital was accumulated by the bourgeoisie and modern state is formed to secure the free market as well as entrepreneurship, Central Asian capital is being accumulated by the state authority via transferring assets to a newly emerging capitalist class. In this sense, the *raison d'état* of Central Asian states is to protect the state authority and regime survival. Therefore, the political economy of Central Asian states is not based on the principles of a bourgeoisie revolution, but rather, the consensus among the state elite and capitalist class. For this reason, the middle-class demands and necessities, namely free and fair elections, fall through. Instead, the patronage systems are perceived as order and stability whereas, the breakdown of the patronage system results in conflict, as in the case of Kyrgyzstan. Russian and to some extent Chinese hegemonies protect this elite consensual-based structure.

Conclusion

Constructing a Central Asian theory of political economy is challenging not only because of the competing ideas but also the unconventional conceptualization of the region. Despite this article presupposed that the region is featured by patrimonialism still, this approach is challenged in the sense that having shortcomings. Yet, the political economic hybridity of the region reflects the patrimonial structure of the region. In this sense, this article concludes several results. First, the Soviet legacy of the region hinders the rise of a bourgeoisie class. Instead, capital accumulation is developed via clans and networks. Second, due to the lack of a bourgeoisie class, the democratic transition is not a subject matter of the societies. Third, since the transition of the region is not institutionally managed, Russian hegemony overweight, which causes the maintenance of the hybrid order.

This leads us to conclude that the Central Asian political economy neither liberal market economy nor coordinated market economy from the varieties of capitalism perspective. Despite it seems like a derivation of the coordinated market economy, the selectiveness of liberalism moves it away from that. In the end, a free market is not properly institutionalized in the region. Instead, the authoritarian rule of the business relations is the main institution of the region as a result of the Soviet legacy, failure of liberalism, and Russian hegemony. This hinders not only economic development but also the democratization of the region. Considering the state – business relations, it is the third variance of capitalism that could be named an alternative concept to express the institutionalized authoritarian political economic structure of the region such as “clan market” or “authoritarian market” or “quasi-market” or any other phrase. Accordingly, when a state is the sole authority over the market and channels the resources to a small group via semi-formal relations, then it could be called the abovementioned concepts as a third variety of capitalism.

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