

**GLOBALIZATION AND
DEMOCRATIZATION IN POST-SOVIET
CENTRAL ASIA**

**Dissertation submitted to Jawaharlal Nehru
University in partial fulfillment of the requirements
for the award of the degree of**

MASTER OF PHILOSOPHY

DIBYANANDA SAHU



**CENTRE FOR RUSSIAN CENTRAL ASIAN AND EAST EUROPEAN STUDIES
SCHOOL OF INTERNATIONAL STUDIES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI-110067
INDIA
2005**



JAWAHARLAL NEHRU UNIVERSITY

SCHOOL OF INTERNATIONAL STUDIES
NEW DELHI - 110067, INDIA

Tel. : 6107676, 6167557
Extn. 2365
Fax : (+91)-11-6165886
(+91)-11-6199234
Cable : JAYENU

Centre for Russian, Central Asian and East European Studies

Date

29th July 2005

CERTIFICATE

This is to certify that the dissertation entitled "**GLOBALIZATION AND DEMOCRATIZATION IN POST-SOVIET CENTRAL ASIA**" submitted by **DIBYANANDA SAHU** in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY** of this university is his own work and has not been submitted for any other degree to this university or any other university.

We recommend that this dissertation may be placed before the examiners for evaluation.

Prof. AJAY PATNAIK
(Chairperson)

DR. TAHIR ASGHAR
(Supervisor)

Dr. V. A. ...
Chairperson
Centre for Russian, Central Asian and East European Studies
School of International Studies
Jawaharlal Nehru University
New Delhi - 110067

Dedicated to

Nuankhaai Family,

JNU

ACKNOWLEDGEMENTS

This dissertation would certainly not have seen the light of the day without the caring and informed supervision of my supervisor Dr. Tahir Asghar. With his characteristic pleasant smile, he not only made me to read the lines in this area of study, but also turned me to read the in between of lines. I express my sincere and humble reverence and regards to him.

The love and support of my family has provided the solid basis in all endeavours in my life and certainly the completion of this work is not an exception.

I am grateful to the librarians of IDSA, Teenmurti Library and J.N.U. Library who helped me without complain.

I think this is an opportunity to acknowledge my sincere regards and gratefulness to Kaustuv Da and Kaushalya Bohu and Sheshamaamu for their guidance and support.

I am thankful to Roli on whose computer I did my work.

Last but not the least, I am grateful to friends like Sujit da, Narendra, Sada da, Devendra, Prakash, Dina, Ramya, Ashok, Som, Surendra, Jtoti(s), Ajay da, whose presence around was necessary to boost my work. I can not forget to mention my thanks to friends like Deepak, Bijay, Satya, Kartik, Bhawani, Robin, Rakesh, Anupam, Sivaji, Alok, Rajesh, Sailesh, Jitu, Partha da, Suranjan and Tej.


Dibyachanda Sahu

Contents

	Page No.
List of Tables	i
Abbreviations	ii
Chapter: 1 GLOBALIZATION AND DEMOCRATIZATION	1-21
Chapter: 2 GLOBALIZATION IN CENTRAL ASIA	22-60
Chapter: 3 DEMOCRATIZATION IN CENTRAL ASIA	61-101
Chapter: 4 CONCLUSION	102-116
Bibliography	117-132

List of Tables

Table 1	Growth in Real GDP, 1991-2000(In Percentage)	Pg. 20
Table 2	Inflation 1991-2000(Change in Consumer Price Index)	Pg. 23
Table 3	Indicators of Budget Deficit as Percentage of GDP	Pg. 26

ABBREVIATIONS

CARs	Central Asian Republics.
CIS	Commonwealth of Independent States.
CPSU	Central Party of the Soviet Union.
ECO	Economic Cooperation Organization.
ECU	European Currency Unit.
EEC	European Economic council.
FDI	Foreign Direct Investment.
GDP	Gross Domestic Products.
IMF	International Monetary Fund.
NGO	Non Governmental Organization.
PDP	People's Democratic Party.
PIF	Privatization Investment Fund.
USSR	Union of Soviet Socialist Republics.
WTO	World Trade Organization.

CHAPTER – 1

Globalisation and Democratization

INTRODUCTION: GLOBALIZATION AND DEMOCRATIZATION

Covering a wide range of distinct political, economic, and cultural trends, the term “globalization” has quickly become one of the most fashionable buzzwords of contemporary political and academic debate. Indeed it is one of the most hotly debated issues of the present era. The number of scholars interested in this topic is increasing day by day. Journalists, politicians, business executives, academics, and others are using the word to signify that something profound is happening, that the world is changing, that a new world economic, political, and cultural order is emerging. Yet the term is used in so many different contexts, by so many different people, for so many different purposes. Interestingly they are divided into many schools. While the agony school thinks globalization breeds exclusion and causes misery for the poor in both industrialized and developing countries, widens inequalities between and within countries, heightens risks –particularly vulnerability to job loss and financial crises –weakens the voice and power of ordinary people leads to cultural take over by the United States and the west as local choices are stifled, and threatens the planet through short-term policymaking,¹ the new left and the modernizing marketers believe in international capitalism, embrace

¹ Hurrell and Woods (1999) as quoted in John Clark. “Worlds Apart” . Earthscan Publications.London,2003, p-5

technological change, and think market integration will bring democratic values and human rights on its coattails.

On the other hand the old left and nationalistic conservatives distrust these trends; they think that the growing power of global institutions is eroding national sovereignty (Held 2000). The ecstasy school holds that globalization is good for everyone-through integrating, the prosperity of the whole will become much more than the sum of isolated national economies. This school sees third world poverty and dangerous schisms between people not as detracting from their case but as illustrations of the danger of countries being left behind in the globalizing world.²

In this Chapter, I shall examine the theoretical aspects of the concepts of Globalization and democratization. The meaning and definition of the concept and the views of eminent Scholars on these aspects will be explained here. How the two concepts are correlated will be examined in this chapter.

Before going into the details of the debate it will be suitable to throw some lights on the meaning of the very term globalization. Globalization is a process of interaction and integration among the people, companies, and governments of different nations. a process driven by international trade and investment and aided by information technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world. Factors that have contributed to globalization include increasingly

² DFID 2000a in John Clark. "Worlds Apart" . Earthscan Publications, London. 2003. p.5

sophisticated communications and transportation technologies and services, mass migration and the movement of peoples, a level of economic activity that has outgrown national markets through industrial combinations and commercial groupings that cross national frontiers and international agreements that reduce the cost of doing business in foreign countries. Globalization offers huge potential profits to companies and nations but has been complicated by widely differing expectations, standards of living, cultures and values, and legal systems as well as unexpected global cause-and-effect linkages.

Globalization has been subject of research in many discipline and studies. It has implications in the fields where human behavior is studied. Claire Turenne Sjolander rightly says that “globalization needs to be seen as an economic, political, social and ideological phenomenon which carries with it unanticipated, often contradictory and polarizing consequences.”³ Prominent Sociologist Anthony Giddens defines globalization as the intensification of world wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. Robertson argues that world compression intensifies ‘global consciousness’ which is manifested in the way people all over the world unified through mass communication, speak of military – political issues in terms of world order or of economic issues as in international recession and speak of world peace and ‘human rights’, while issues of pollution and purification are talked about in

³ Claire Turenne Sjolander. *The Rhetoric of Globalization: What's in a World?* International Journal, Autumn 1996, p-604

terms of saving the planet.⁴ John Micklethwait and Adrian Wooldridge argue that globalization not only produces greater economic efficiency and prosperity but also extends the 'idea of liberty'; it opens up societies and reduces the 'tyranny of place'.⁵

For all the scholars the concept of globalization is not same in use for a purpose, for the evaluations of the processes. For some, globalization entails the Westernization of the world (Latouche, 1996), while for others it involves a cover for the ascendancy of capitalism (Ferguson 1992). Some see globalization as generating increasing homogeneity, while others see it producing diversity and heterogeneity through increased hybridization. For business, globalization is a strategy for increasing corporate profits and power, for government it is often deployed to promote an increase in state power, while non-government social organizations see globalization as a lever to produce positive social goods like environmental action, democratization, or humanization. Many theorists equate globalization and modernity (e.g. Giddens 1990; Beck 1992), while others claim that the "global age" follows and is distinctly different from the "modern age" (Albrow 1996). Indeed, for some theorists, we live in a global age or epoch, in which globalization is the defining concept (Axford 1995 and Albrow 1996), while others find claims for the novelty and centrality of globalization exaggerated (Hirst and Thompson 1996).

⁴ Robertson in Ankie Hoogvelt, globalization and the post colonial world: the new political economy of development, London, McMillan Press, 1997,p-116

⁵ John Micklethwait and Adrian Wooldridge in Frank J. Lechner and John Boli,ed. The globalization Reader,Blackwell Publishing, Oxford .UK,p-23

Hoffman (2002) describes three dimensions of globalization: economic globalization and the growth of capitalism, whose central dilemma is between efficiency and fairness; cultural globalization, whose dilemma is between uniformity (or Americanization) and diversity; and political globalization, characterized by the power of industrialized countries and US hegemony. The impact of these world changes is not just to expand markets but also to transform politics and to give birth to a new type of social and political movement.⁶

Although the term Globalization is not very old the phenomenon is not new. For thousands of years, people of the various countries in the world are engaged in trading and commerce crossing miles of lands and many oceans. The famous Silk Route across the Central Asia that connected China and Europe during Middle Ages is one bright witness to that. According to Amartya Sen, Globalization is neither new nor necessarily latest. Over thousand of years globalization has contributed to the progress of the world through travel, trade, migration, spread of cultural influences and dissemination of knowledge and understanding which include science and technology. In fact, many of the features of the current wave of globalization are similar to those prevailing before the outbreak of the First World War in 1914. This current wave of globalization has been driven by policies that have opened economies domestically and internationally. In the years since the Second World War, and especially during the past two decades, many governments have adopted free-

⁶ Hoffman S. "Clash of globalizations." *Foreign Affairs*. July- August 2002 p-81

market economic systems, vastly increasing their own productive potential and creating myriad new opportunities for international trade and investment. Governments have also negotiated dramatic reductions in barriers to commerce and have established international agreements to promote trade in goods, services, and investment. Taking advantage of new opportunities in foreign markets, corporations have built foreign factories and established production and marketing arrangements with foreign partners. A defining feature of globalization, therefore, is an international industrial and financial business structure.

DEMOCRATIZATION

The process through which political systems become democratic is called democratization. This raises three questions: what is the meaning of democracy that is the result of this process? What is the process that achieves this end. And how is this end to be evaluated? The present day world is called by some as a democratic world. More than half of the worlds are now democratic and at least half of the world's populations now live in democracies. Democracy is a form of government whose basic idea is rule by people. This is a form of government where the citizens elect their representatives who function as the legislature and the executive of the country and who are responsible and accountable to the people. As to its nature, Aristotle defined democracy as rule by the people (Greek *demokratia*: *demos*,

people + -kratia, -cracy), and this idea that in some way the people govern themselves is still the core meaning of democracy.

Several related themes have developed that are now thought integral to what democracy means. One is that the people govern themselves by regular elections through which their highest leaders are periodically determined (representative democracy) or policies governing them are chosen (direct democracy). A second is that the right to vote includes virtually all adults. This is an entirely modern addition. Not so long ago governments were called democratic that excluded from the franchise all slaves, women, and free males that did not meet certain property or literacy requirements. Now it is considered perverse to call democratic any country so restricting the franchise, as for example, the South Africa apartheid regime that limited voting to minority whites.

A third is the acceptance of certain so-called democratic rights, particularly the right to vote, the right to have one's vote count equally, the right to run for the highest office, and the right to organize political groups or parties. And finally, there is above the state a law to which all authorities adhere, that provides the framework for democratic rule, and that protects democratic rights. Democracy, therefore, now generally means that a people rule themselves through periodic elections of their highest leaders in which nearly all adults can participate, for which offices they are eligible, and under the rule of law.

Rod Hague, Martin Harrop and Shaun Breslin have given a concept of 'semi-democracy'⁷ which they refer as a blending of democratic and authoritarian elements where democratic legitimacy is not wholly lacking rather it is acquired and exploited in dubious ways and often remains contested. Crouch H. gives an example of Malaysia of this type of democracy which, he says is a 'repressive-responsive' regime which combines democratic and authoritarian features in a manner that provides the foundation for a remarkably stable political order.⁸ When one a dominant party or leader sets the framework for political competition and where opposition can survive but cannot flourish, this is one form of semi-democracy. One way of achieving this is through semi-competitive elections. Semi-democracies are illiberal democracies in which policies are pushed through with scant concern for their impact on particular groups or communities. Institutions such as the assembly and the judiciary are cowed by the dominant force. This enables semi- democratic regimes to rough up their opponents and harass dissidents, tactics which are often wrapped in a nationalist cloak.

In another form of semi-democracy in which elected rulers have too little power and they are puppets rather than despots, power may be shifted to military, ethnic, religious and regional leaders. Such people seek to maintain their established privileges and they claim more insight into the national interest than mere elected leaders. Such conflicts are signs of a contested democracy where elections are established but do not function as definitive

⁷ Rod Hague, Martin Harrop and Shaun Breslin, *Comparative Government and Politics*, (London, MacMillan, 1992), p.24.

statements of who should exercise final decision-making power. In some countries like Pakistan the military stand as a guardian of the nation, exerting a 'silent veto' over civilian decisions. In many post military democracies in Latin America, the armed forces continue to demand special privileges for their own sphere which include seats in the cabinet and a guaranteed share of the budget.

Rod Hague, Martin Harrop and Shaun Breslin⁹ have thrown some light on the prospects of democracy in the post-soviet republics. They say that in these countries the power elite shows little respect for elected authority. The communist party may have reformed in these countries and many state-owned enterprises may have been sold to the private sector, but the same people continue in power. The people who ruled under communism continue in power prospering by selling state assets to themselves. In such circumstances, the president is merely the mouth piece of dominant and corrupt elite, and elections are just plebiscites to confirm the elite's choice of top leader. However almost all the democracies of the modern world were at some stage, semi-democracies. So this form of democracy can be said to be a stage to the higher form.

Democratization is the transition from authoritarian or semi-authoritarian system to a democratic system which is characterized by universal suffrage, regular elections, a civil society and an independent judiciary. The term 'democratization' was first used by British politician and jurist James Bryce in the year 1888 that identified the process as beginning

⁸ Crouch H., *Government and Society in Malaysia* (New York, Cornell University Press, 1996), p.vii.

⁹ no. 7, p-28

with the French Revolution. The world has witnessed so many transitions from authoritarian regimes to some forms of democracy. After the first and second world war, there were wavelets of democratization. When the first was encouraged by Woodrow Wilson's championing of self-determination and the second by independence movements in ex-colonies. In the third wave of democratization since 1974, more than 60 countries have embraced democratic system. The wave of democratization since the 1970s has given political scientists a fine opportunity to observe democracy-building at first hand. This has led to a shift away from the broad modernization and historical approaches adopted by Lipset and Barrington Moore. Recent research has focused less on the immediate tactics of transition. The intellectual problem here is to understand how the choices made by the politicians in the move from authoritarianism affect the pace, form and outcome of regime change.

A considerable amount of empirical research has been conducted on democratization, with scholars looking for patterns in the establishment of democracies around the world. The results have been varied, with different researchers coming to different conclusions.

In *The Civic Culture and the Civic Culture Revisited* Gabriel A. Almond and Sidney Verba (editors) conducted a comprehensive study of civic cultures. The main findings are that a certain civic culture is necessary for the survival of democracy. This study truly challenged the common thought that cultures can preserve their uniqueness and practices amid still remain democratic. Samuel P. Huntington wrote the *Third Wave* defining a global democratization trend in

the world post WWII. Huntington defined three waves of democratization that have taken place in history, with the latest wave marking its period through the present. It is considered by the Journal of Democracy, a periodical journal, as one of the most empirical approaches to democratization. Samuel Huntington also examined the cultural aspect in international interactions in his rather non-empirical writing the 'Clash of civilizations'. He identified six civilizations of the world and elaborated the concept of a cultural clash between the "East" and the "West" marked by democratic and freedom values of the West.

Francis Fukuyama wrote another classic in democratization studies entitled the 'The End of History and the Last Man' which spoke of the rise of an inevitable *western* liberal democracy in the new world order post-Cold War. He was determined in his writing to present the inevitability of western values and democratic values to take place in an imperialist democratic wave.

One influential survey in democratization is that of Freedom House, which arose during the Cold War. The Freedom House, today a institution and a think tank, stands as one of the most comprehensive "freedom measures" nationally and internationally and by extension a measure of democratization. Freedom House categorizes all countries of the world according to a seven point value system with over 200 questions on the survey and multiple survey representatives in various parts of every nation. The total raw point of every country places the country in one of three categories: Free, Partly Free, or not Free.

Democratization can be divided into three phases: liberalization, transition, and consolidation.¹⁰ In the first phase, i.e. liberalization phase, the authoritarian regime relaxes its control, eases repression and permits more open political competition. Political prisoners may be released and media censorship reduced. For instance, in South Africa the white regime legalized the African National Congress and released Nelson Mandela from jail in 1990. Liberalization is more often triggered by a sense of failure within the authoritarian coalition itself as existing rulers recognize that the regime is declining in both effectiveness and legitimacy. Military defeat is visible manifestation of this diminished capacity, as happened in Argentina's defeat in the Falkland's in 1982. In addition to this another factor that is prospect of a succession crisis also provides an opportunity for liberalization.

Liberalization creates its own momentum as political space opens, so the opposition gains strength; finally, the existing rulers realize their time is over. In South Africa, for example, President de Klerk had to make space for Nelson Mandela and the African National Congress. Mikhail Gorbachev may have set out to reform communism in the Soviet Union but he ended as its undertaker, overwhelmed by the reforming forces he made himself had unleashed¹¹.

In the transition phase, the old regime is dismantled and democratic institutions are established. A democratic transition is complete when a freely elected government is installed with sovereign authority. Transition occurs in

¹⁰ Rod Hague, Martin Harrop and Shaun Breslin. *Comparative Government and Politics*, (London, MacMillan, 1992), p.30.

¹¹ Brown, A. ' *The Gorbachev Factor* ', (Oxford University Press, New York, 1996), p.34.

two main ways and the most common is reform¹², which means the existing elites take the lead in initiating peaceful change. Examples include Spain after Franco (1975), Brazil after the army decided to step down (1985) and Hungary after the communists (1989). The other mode of transition is called rupture. Here the opposition takes the initiative and the old regime, rather than collapsing from within, is destroyed from without, if necessary by violence. For example in Romania the Ceausescu dictatorship was overthrown by violence in 1989. But ex- communists captured the revolution and their leader Ion Iliescu remained in power as president until defeated in an election in 1996.

FACTORS AFFECTING DEMOCRATIZATION

There are many factors which the process of democratization. A great many things, including economics, culture, and history, have been cited as impacting on the process. Some of the more frequently mentioned factors are:

1. *Economic system*. Many claim that a country's economic system is an important factor in democratization. It is sometimes claimed that democracy and capitalism are intrinsically linked. This belief generally centers around the idea that democracy and capitalism are simply two different aspects of freedom, and that without one, the other cannot exist.
2. *Wealth*. It has been claimed that countries with a higher GDP are more likely to be democratic. There is debate about whether democracy is a

¹² Linz, J.: "Crisis, Breakdown and Re-equilibration" in ed. J. Linz and A. Stepan 'the breakdown of democratic regimes' (Baltimore, London: Johns Hopkins University Press 1978).

consequence of this wealth, a cause of it, or completely unrelated to it. Some campaigners for democracy believe that as economic development progresses, democratization will become inevitable.

3. Civil society. A healthy civil society (NGOs, unions, academia, human rights organizations) are considered by some theorists to be important for democratization, as they give people a unity and a common purpose. The presence of this type of institution in a country makes the later to be recognized by the international community.

4. Culture. It is claimed by some that certain cultures are simply more conducive to democratic values than others. Typically, it is Western culture which is cited as "best suited" to democracy, with other cultures portrayed as containing values which make democracy difficult or undesirable. This argument is sometimes used by undemocratic regimes to justify their failure in implementing democratic reforms.

5. A large middle class. A middle class is one which is there in between two strata i.e., rich and poor in a society. So here possession of wealth is the criteria to determine. According to some, this class if in a large number can exert a stabilizing influence, allowing democracy to flourish. This is usually explained by saying that while the upper classes may want political power to preserve their position, and the lower classes may want it to lift them up, the middle class simply has less use for power, and is therefore unlikely to pursue non-democratic means of achieving it.

6. Homogeneous population. Some believe that a country which is deeply divided, whether by ethnic group, religion, or language, cannot establish a working democracy. Whereas the more the population is homogenous the more is the prospect of the smooth functioning of democracy. The basis of this theory is that the different components of the country will be more interested in advancing their own position than in sharing power with each other.

7. Foreign intervention. Some believe that foreign involvement in democratization is a crucial factor in its success or failure. For some, foreign involvement is advantageous for democracy—these people believe that democracy must be actively promoted and fostered by those countries which have already established it, and that democracy will not otherwise take hold. Others, however, take the opposite stance, and say that democratization must come "from the bottom up", and that attempts to impose democracy from the outside are doomed to failure regardless of other factors.

8. A tradition of democracy. According to some theorists, it is very difficult (or even impossible) for democracy to be implemented immediately in a country that has no prior experience with it. Instead, they say, democracy must evolve gradually. This argument is often linked with the argument about cultural values. Some theorists believe that democratization in the developing world is furthered by a country having

extensive contact with Western countries, and therefore absorbing cultural values and ideals.

GLOBALIZATION AND DEMOCRATIZATION

The two concepts globalization and democratization are much talked about among the intelligentsia today. When globalization is aimed at the economic development of countries, democratization is for the political development and both the process may be complementary to each other. Though there are many debates going on about whether both are causation of each other or they are contradictory. S.M Lipset and others put forward that 'economic growth' creates the necessary preconditions for democracy by expanding literacy, creating a secure middle class, and nurturing cosmopolitan attitudes. Lipset says that the more well- to- do a nation, the greater the chances that it will sustain democratization. Even some hold that premature democratization in low -income countries is responsible for enabling opportunistic politicians to make selfish attempts and create regional resentments and even armed conflicts. There is a view that Globalization contributes to growth, and growth contributes to democracy.

Samuel Huntington (1991) stresses the relationship between economic development and democracy. He says that the higher the level of economic development, there will be more highly educated public and the larger middle class with civic culture attitude. and competence which together will lead to more support for democratization. Frank J Lenchner and John Boli say that

with globalization countries would cooperate peacefully as participants in one worldwide market, pursuing their interests while sharing commitments to basic human values- embraced economic liberalization and democratization it supposed entailed. So the globalization process which has multidimensional effects, many aspects of relations and activities. Along with the foreign investments, technological know-how it brings in new ideas and thoughts including democratic concepts, human rights values etc .which may be new to the closed systems under authoritarian regimes and gradually the long – suppressed public would be aware of their rights and liberty. David Held argues that the developments in trade, finance, production, cultural and communication trends, politics brought in by the globalization process have contributed to the transformation of the nature and prospects of democratic political community in a number of distinctive ways and the locus of power will be shared and bartered by diverse forces and agencies at national, regional and international levels.

Many scholars are against the view that Globalization helps in the process of democratization. Scholars like Barrington Moore argue that there is no necessary relation between development and democracy.¹³ O Donnel also seeks to explain the authoritarian developments in South America during the 1960s and 1970s when countries like Argentina, Brazil, Uruguay etc. turned away from democratic constitutional forms at fairly high levels of

¹³ Moore B. as quoted in John D. Stephens. 'Capitalist Development and Democracy: Empirical Research on the social origins of Democracy' in Jean Hampton, David Copp and John E. Roemer ed. – *The Idea of Democracy* (Cambridge University Press. 1993). p.409.

development. He argues that late developers couldn't follow the same path of political development as that of the core capitalist world economy.¹⁴

In spite of the above opposite remarks many other scholars have gone in favor of linking the globalization, economic development and the process of democratization. They argue that capitalist development is not only correlated to the development of democracy it is also associated with it. I am also of the view that the factors of Globalization bring changes in a country which are useful for the development of the democratic principles and institutions. The process of globalization helps in the overall development of a country which may include social, political, educational and cultural. So these socio-economic development increases the likelihood of political development. Lipset (1960) in 'Political Man' begins by observing that greater economic affluence is generally associated with democracy. He goes on to demonstrate a correlation between democracy and industrialization, urbanization, education, literacy and per capita income and consumption.¹⁵

Education broadens one's outlook, increases tolerance, restrains one from adopting extremist doctrine and also increases one's capacity for making rational electoral choices. The more educated are the more tolerant and thus more supportive of democracy. The level of education in a country is generally in developed and globalised nation. Increased wealth also moderates the

¹⁴ O. Donnel as quoted in John D. Stephens. 'Capitalist Development and Democracy: Empirical Research on the social origins of Democracy' in Jean Hampton, David Copp and John E. Roemer ed. – 'The Idea of Democracy' Cambridge University Press, 1993, p-410.

¹⁵ Lipset as quoted in John D. Stephens. 'Capitalist Development and Democracy: Empirical Research on the social origins of Democracy' in Jean Hampton, David Copp and John E. Roemer ed. – 'The Idea of Democracy' Cambridge University Press, 1993, p-411.

politics of lower classes and thus makes them more prone to accept gradual change. Moreover there is generally more inequality in poorer countries and this makes the rich hostile to democracy as it may threaten their privileges. The rich may see it morally wrong to let the poor participate in the procedure of governance. Thus in Lipset's analysis the middle class emerges as the main pro-democratic force. In sum, he has argued that industrialization leads to increase in wealth, education, communications and equality which in turn are associated with larger middle class; and this increases the probability of stable democratic politics.

In the classical literature, it is said that openness, which is an element of globalization promotes growth via two primary channels. First, openness should contribute to greater competition, and competition promotes dynamic growth gains; or secondly, through technological innovation, technological progress which increases productivity, which increases growth. There's a couple of other bodies of theory which also suggest how openness can contribute to growth. There is a lot of literature which relates growth to democracy. Openness contributes to growth by breaking up rent-seeking activity, more competition, foreign competition, breaks up domestic rent-seeking activity and that produces growth gain; or trade and investment bring in technology, and technology increases capacity for growth. Endogenous growth theory, a more recent body of literature, suggests that trade and investment may promote human capital in a country and with human capital also increases the possibility for technological innovation and for growth.

Robert Barrow, the Harvard economist who has done so much pioneering work on growth, has said that democracy is a luxury good, so as societies become wealthier they buy democracy just as they'll buy health and safety standards, environmental standards, labour standards, that kind of things.¹⁶

TH-12288

Diss
320.9396
Sa199 GI



TH12288



¹⁶ Robert Barrow as quoted by Ethan B. Kapstein in a transcript on *Globalization & Democratization: Friends or Foes?* Given at the London School of Economics on 13th February 2001.

CHAPTER – 2

Globalization in Central Asia

GLOBALIZATION IN CENTRAL ASIA

I will examine the process of Globalization in the Central Asian Republics in this chapter. Apart from that, how the elements of Globalization have introduced and have brought about changes in each country viz. Uzbekistan, Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan, will be discussed separately and elaborately.

The disintegration of Soviet Union and emergence of five states in Central Asia faced extremely difficult economic situations. Problems are more difficult and complex. All the Central Asian states experienced sharply declining production and consumption, monetary and financial disequilibrium, deteriorating employment situation and the prices increased faster than the income, pushing the larger section of the people below the poverty line. The economy came close to economic stagnation. Subsequently, for all “gross output” there was a shortage of goods. As time went on, material resources became harder to get and more expensive. The important factors that underlying to take reforms in Central Asian Republics (CARs), are severe economic recession leading to increased inequality of income and poverty, unemployment, lack of educational and medical facilities, hyper inflation persist in the economy for a long-period of time, price liberalization in the Russian Federation and managerial inexperience and inefficiency of the Central Asian Republics.¹

¹ Alexei Vassiliev, Central Asia. Political and Economic Challenges in the Post Soviet-era.(Sagi Books . London, 2001).

Table-1**Growth in Real GDP, 1991-2000 (in percentage)**

Countries	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Kazakhstan	-13	-3	-9	-13	-8	1	2	-2	2	10
Kyrgyzstan	-5	-19	-16	-20	-5	7	10	2	4	5
Tajikistan	-7	-29	-11	-19	-13	-4	2	5	4	8
Turkmenistan	-5	-5	-10	-17	-7	-7	-11	5	16	18
Uzbekistan	-1	-11	-2	-4	-1	2	3	4	4	2

Source: European Bank of Reconstruction and Development, Transition Update April 15, 2001.

Globalization in the Central Asian Republics encompasses a wide range of areas including both internal and external dimensions like institutional reforms in the sphere of property creation of market institutions, changes in the function of the state in resource allocation, co-ordination of production, consumption and distribution process, creation of new monetary mechanism, fiscal reforms like, tax and budget deforms, in foreign economic sphere for movement of goods and services and capital. Reforms in CARs, especially diversification of economic and trade relations was not merely a matter of best possible choice, but also a matter of compulsion in order to survive and develop in the period of rapid globalization and transitional liberalization to exploit the global economic potentials.

For Central Asian Republics, this process of Globalization is likely to be more difficult since their economies are believed to be in the dire stress.

Globalization is very much related to Liberalization and Privatization, both are the process through which Globalization can be achieved. So focus in the last few years has been on economic policies, issues of stabilization, liberalization, privatization, and above all the sequencing and speed. In the steps towards Globalization, the first and foremost priority should be stability, if the economy is in a serious state of disequilibrium. So macro-economic stabilization is to be repressed, and open-inflation under control through restrictive monetary and fiscal policies, reduction in sustainable budget deficits, price liberalization and reduction in subsidies, new tax system and to adopt a proper trade policy and to pursue a suitable industrial policy.²

Macro economic stabilization or macro economic behavior of an economy depends to a very great degree upon the monetary and fiscal policies of the concerned countries. Since Central Asian Republics were facing economic problems like hyperinflation, high fiscal deficit, monetary and financial disequilibrium, high expenditure on subsidies etc. The monetary and fiscal policy has a most important role to play and that is why the situation was demanded its reforms.

From the point of view of depth systematic transformation all central Asian Republics can be sub- divided into the following categories: more active reforms have been taking place in *Kyrgyzstan* and *Kazakhstan*. These countries have opted for the path of “shock therapy” more or less similar to the *Russian*

² S.R. Fisher, Sahay and C.Vegh. *From Transition To Market: Evidence and Growth Prospects* (IMF Working PaperNo.WP/68/52. International Monetary Fund).

path. *Uzbekistan* and particularly *Turkmenistan* have chosen a more conservative model of gradual transition to market with great relative weight of state property and state regulation of economy. *Tajikistan* belongs to a special category on account of the peculiarities of the internal political situation.³ But even in this country systematic transformations have been carried out.

The periodisation of systemic reforms in Central Asia may be classified as follows:

- The first phase- destruction of the old socio –economic mechanism, the disintegration of USSR.
- The second phase- harnessing of the basic elements of the market economy. The systemic and economic crisis.
- The third phase – end of the systemic and economic crisis, beginning of stable development of economy along with the new market basis.

Monetary Reforms: policies and measures

The first five year of transition in Central Asia were characterized by sharp price increases. This was complemented by huge monetary expansion, especially in 1992-94 which led to inevitable hyperinflation. To deal with these problems, the CARs adopted various measures.

³ Gulshan Sachdeva. "Economic Transformation In Central Asia". *International Studies* vol. 34, no. 3 , 1997.

Table-2**Inflation 1991-2000(Change in Consumer Price Index)**

Countries	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Kazakhstan	79	1381	1662	1892	176	39	7	8	7	13
Kyrgyzstan	85	855	772	229	41	31	26	36	12	19
Tajikistan	112	1157	195	350	609	418	88	28	43	34
Turkmenistan	103	493	3102	1748	1005	992	84	24	17	8
Uzbekistan	82	645	534	1568	305	54	59	2	1	50

Source: European Bank of Reconstruction and Development, Transition Update April 2001.16.

One of the important steps in the sphere was the introduction of national currencies in 1993. The earlier system was highly unworkable .It gave incentive to credit expansion in as much as its inflationary consequences were shifted to the entire ruble zone. Hence introduction of national currencies, when each country became on the whole responsible for its money-credit policies, became inevitable, not to say about the significance of national currency for achieving full sovereignty.

In the framework of a two tier banking system, there began a rapid rise in the number of national banks which grew up by dozens in each country. But the state special banks continue to concentrate in them the main resources. A majority of the commercial banks were weak and they did depend on the resources of the central bank. Gradually the interest charged on credit, including refinancing by central banks began to approximate market level.

After the period of proliferation of commercial banks, there began a period of mass bankruptcies of competitive banks and their consolidation leading to survival of the strongest among them. It may be said that the frame of the new money credit system corresponding to requirements of market economy has already been created in the Central Asian republics, although this process is not fully over.

In 1992, *Kazakhstan* began a programme focusing on fiscal control, trade liberalization and entrepreneurial and financial reforms. The national bank of Kazakhstan was established in 1992 since, and then it is working quite independently pursuing tight monetary policies.⁴ The national currencies Tenge has been made fully convertible on current accounts. In the same line the establishment of the national bank of Kyrgyzstan as an autonomous institution in 1991 marked reforms in the financial sector.

The national currencies som is now fully convertible on current accounts. Inflation has coming under control, but slippage has already started and fiscal deficit overshoot massively. The Govt. of *Tajikistan* adopted an economic reform programme in early 1992 the introduction of the Tajik ruble in 1995 has given the country effective control over monetary policy. Under IMF pressure the government is pressing forward with a tight monetary policy. Turkmenistan is lagging behind other Central Asian countries in economic reform. Some price reform took place in 1992; and certain policies aiming

⁴ Michael Kaser, "Economic Transition in six Central Asian Economies". *Central Asian Survey*, vol.16, no 1, 1997, pp. 5-7.

attracting foreign investment and making domestic industries more efficient were announced.

The *Uzbekistan* government is also slow in announcing and implementing reforms, perhaps to preserve social, political and economic stability. Basic laws concerning foreign trade, competition, leasing etc. were passed in 1992. Later on some laws relating to privatization, stock exchange and bankruptcy were passed.⁵

Fiscal Reforms: Policies and Measures

The overall economic crisis and sharp contraction in production with the subsequent huge decline in GDP resulted in a tremendous fall of state revenues and huge budget deficits.

Table-3

Indicators of Budget Deficit as Percentage of GDP

Countries	1992	1994	1996	1998
Kazakhstan	-7.3	-7.7	-5.3	-7.6
Kyrgyzstan	-14.7	-11.6	-9.9	-10.0
Tajikistan	-30.5	-5.0	-5.8	-3.8
Turkmenistan	13.3	-1.1	0.3	-2.7
Uzbekistan	-11.3	-4.1	-5.6	-3.4

Source: Tanzi and Tsihonlis (2000), 19, 20, 24

⁵ *Ibid.*, pp. 9-11.

Reform on tax and budget system was quite similar in all the central Asia republics to those in all former soviet republics. As is already known the central place in the tax structure during the Soviet period was occupied by turnover tax, besides deduction from profit of the enterprises and excise. In the process of the tax reforms many earlier turnover taxes on separate groups of commodities were changed by a single value added tax (in 1995-96, it was levied everywhere at the rate of 20%).⁶ Deduction from the profit was substituted by different and considering substantial taxes on profit. The excise on traditional groups of commodities remained intact (alcohol, cigarettes, oil producers, precious metals and stones etc). Revenues from import and export duties started playing amore important role. Stoppage of subsidies from central budget of USSR after its disintegration had an adverse effect on the revenue of state budgets of the central Asian republics.

In the budget of *Kazakhstan and Kyrgyzstan*, these subsidies continued up to 30 percent. Poor collection of taxes which was not unnatural under conditions of state power being still weak, contraction of the tax base due to fall in production and serious financial condition of the enterprises, led to fall in the resources of revenue in the state budgets, cutting reduction of expenditure.

More important systematic changes in the expenditure part of the state budget appeared in the strong reduction in the role of subsidies and state investment. In the infrastructure spheres the basic investment role in the

⁶ El'yanov, "Central Asia. Transformation Towards Globalisation". *Contemporary Central Asia*, vol. 11, no.1, 1998.

economy began to pass over to private sector.⁷ Powerful general economic crisis forced the central Asian republics to cut down on their state investments. The support for social expenditure on education, healthcare and social security was to be borne by the state as before. In several republics an additional burden of compensating the population for rise in prices of basic food products were also added. A number of state budget expenditures were difficult to squeeze, for example expenditure on social security. Fall in revenue state budget led everywhere to budgetary crisis, with large deficits in state budget, ranging between 10-20% of GDP. Covering these deficits through credit from central banks only gave rise to high inflation. Ultimately the central Asian republics were forced to rush to deep cuts in budgetary expenditures and resort to non – inflationary methods for covering of their deficits.

The pressure from the IMF and other international organizations, declining to advance loan in such a case, where the government followed a pro-inflationary budget policy, also enabled transition to a restrictive course. In several central Asian republics, especially in *Kyrgyzstan and Tajikistan*, foreign credits and loan became one of the important sources for covering of the budgetary expenditures. After 1995 deficits in state budget as a rule fell to below 10% of the GDP and their covering up began to acquire all essential inflationary character.⁸

⁷ Richard Pomfret, *The Economies of Central Asia* (Princeton New Jersey: Princeton University Press, 1995)

⁸ A. I. Belchuk, "Economic Reforms in Central Asian Republics", *Contemporary Central Asia*, vol. 2, no. 3, 1998

The fiscal policy reform of these countries is mainly connected with expansion of the economic activities, fiscal consolidation measures and improvement in tax administration. It was a direct result of new measures undertaken by Government: increase in value –added taxes, land and mining taxes, the introduction of new ecological tax on the assets of the non – agricultural enterprises and a tax on enterprises gross sales. Reduction of expenditure of defense, state administration and water, electricity subsidies also contributed to the improvement of the state budget. Despite budgetary constraints the government allocated additional resources for capital expenditure and social services.

In *Kazakhstan* total revenue has increased from 279.5 million tenge in 1997 to 314 .4 million tenge in 1998 to 419.7 million tenge in 1999. Most of the contribution to total revenue was coming from tax revenue. On the other hand the expenditure increased from 318.7million to 349 .6 million tenge in 1998 to 472.5milliontenge in 1999.⁹

In *Kyrgyzstan* total revenue increased from 3747.5 million soms in 1997 to 4840.5 million soms in 1998 to 6090 .7 million in 1999. The major chunk of revenue is contributed by value added taxes. On the expenditure front, it increases from 5202.5 million soms in 1997 to 6695 .million soms in 1998 to 7298 .3 soms in 1999.¹⁰ In almost all the sectors the increase in expenditure is welcome except in the rise in subsidies.

⁹ Economic Intelligence Unit. Country Report on Kazakhstan, Kyrgyzstan Tajikistan Turkmenistan, Uzbekistan (London) (Nov. 1999, Feb 2000, April 2000, May 2000).

¹⁰ Ibid.

In *Tajikistan* the total revenue increased in a high rate from 5455 million roubles in 1996 to 17235 million roubles in 1997 to 170030 million rouble in 1998 .However the major sources of revenue in Tajikistan was the transfer from USSR budgets . So far as the expenditure is concerned it increased from 5020 million roubles in 1996 to 36910 million roubles in 1997 to 326532 million roubles in 1998.¹¹

In *Turkmenistan* the revenue increased from 2817. 6million manats in 1996 to 3060 .8 million manats in 1997 to 3693.1 million manats in 1998 .The revenue contribution was mainly contributed by value –added –taxes and profit taxes .On the expenditure front it increase from 2814.0 million manats in 1996 to 3422.8 million manats in 1997 to 3894.3 million manats in 1998.¹²

In case of *Uzbekistan*, the revenue increase from 191,551 million soms to 293,676 million soms in 1997 to 440,140 million soms in 1998 .The primary sources of revenue derived from taxes on income and profits and taxes on domestic goods and services. The public expenditure from 202,558 million soms in 1996 , to 317, 35 milion soms in 1997 to 472, 244m soms in 1999.

Industrial Policy Reforms:

Industrial reform is one of other important measures taken by the Central Asian Republics to their economy. To sustain better industrial output CARs need to follow the following measures:

¹¹ Ibid.

¹² Ibid.

- To Diminish and eliminate any negative consequences of the old system with its deformation of economic behavior, inefficiency of production , regional and sectoral distortions;
- Form a new institutional and legal framework (private property rights, contractual law, corporate and anti monopoly law, commodity and stock market etc.):
- Initiate privatization, support small and medium private enterprises and provide transparent restructuring of large scale state owned enterprises,
- Promote a favorable business environment, both for local and foreign investors.¹³

The Central Asian Republics while not introducing shock therapy have been bringing about reforms through the policy of economic liberalization, decentralization, and privatization and so on. As a part of the market economics, the Central Asian Republics have introduced the programme of privatization. For instance in the case of Kyrgyzstan according to the President Akayev, by the end of 1993, about 35% of the entire property would be privatized—shops, public catering establishments, consumer goods industries, small firms etc. Many medium and large enterprises will be converted into joint stock companies. Similar programmes were undertaken by other Central Asian Republics.¹⁴

¹³ Bakhtior Islamov, "State led Transformation and Economic Growth in Central Asia: From plan to Industrial Policy", *Hitotsubashi Journal of Economics* 39 (1998) pp. 101- 125.

¹⁴ R.G.Gidadhubi, "Economic Transition: Issues and Problems", in K. Warikoo, ed. , "Central Asia :Emerging New Order" . (New Delhi: Har-Anand Publication,1995), pp.137-138.

Kazakhstan has taken several steps in that direction. The council of entrepreneurs set up by the Kazak President, NurSultan Nazarbayev, discussed the problems of the implementation of the national privatization programme prepared by the team of economists. On the basis of the programme the Kazak government is in favor of the following steps-

- Speeding up the task of state owned enterprises
- A massive privatization of state assets
- The formation of a private owner class and the development of a competitive environment for demonopolising productions.

State owned enterprises subject to privatization are broken up into three groups (a) large enterprises with 5000 and more workers (b) medium enterprises in between 200 to 5000 workers and (c) small enterprises with less than 200 workers. According to the Kazak government decree these can be privatized in time with individual projects by issuing shares or transferring to the workforce. The large and medium groups are to be converted in to open-end companies with all shares being initially owned by the government. Later these would be transferred fully or in part to the workers or public.¹⁵

Kazakhstan started from “voucherization” – even end free-of-charge distribution of national assets among population through vouchers. In November 1993, the government adopted the national programme of privatization and introduced new methods: small, mass and case by case privatization. To participate in mass privatization through Investment Funds

almost all the population of Kazakhstan was given investment coupons. Unlike small privatization, both voucher (1991-1993) and coupon (1994-1995) stages of mass privatization proved to be not very successful. The practice of case by case privatization of large enterprises and radical changes in management including transfer to foreign management (developed at a later period), large scale privatization was rapidly implemented. The main industrial enterprises were sold to foreign companies. As for private land ownership, it was rejected after a long debate in 1994 by the Parliament of Kazakhstan, which adopted a law which stipulated, that land can be leased with a right to be bought and sold, as well as inherited for a term up to 99 years.¹⁶

Similar measures are being taken by Turkmenistan and Uzbekistan, but privatization is not going to solve the problems and the task of privatization is not going to be easy. Private entrepreneurship is not well developed in these republics, which have been relatively less developed economically.

To meet these needs the Turkmenistan government has taken a series of measures for establishing and also reviving entrepreneurship in the country. As a part of that policy, a joint stock bank is being established for granting preferential credits of 5 billion Roubles to finance investment projects of Turkmenistan businessmen. The president of Turkmenistan, Niyazov, has said "We are building a new society. We must have our own traders, entrepreneurs and businessmen. They will be granted freedom of action and state credits".¹⁷

¹⁵ Ibid., pp. 141-143

¹⁶ Bakhtior Islamov, "State led Transformation and Economic Growth in Central Asia: From Plan to Industrial Policy". *Hitoisubashi Journal of Economics* 39 (1998) 112.

¹⁷ Gidadhubli, no. 14, pp. 143-146

The Uzbek Government decided to set off 200 state farms to worker teams in the first quarter of 1993. With another 500 slated for privatization by the end of 1993. The government would also invest 1.5 billion Roubles concentrating on individual farms and crop processing concerns. However such decisions conceal the great reluctance with which the Central Asian states are moving towards privatization and the pressure of international monetary agencies for aid and assistance in dictating those decisions. Thus, it is no surprise that privatization is proceeding at a slow pace in Central Asia.¹⁸

In Uzbekistan by the end of 1995, according to state property committee, 85% of all enterprises were privatized or converted in to joint stock companies. In these non- state enterprises 65% labor was employed, 67% of national income produced, 97% of agricultural product, 91% of consumer services, 61% of construction works, and about 50% of industrial output were produced.¹⁹ Corporatisation started with closed joint companies, which were soon transformed in to open joint stock companies, with the state share reduced to an average of about 30%. Almost all state farms were converted to various forms of farmsteads. In 1996, there was an additional privatization of 1664 enterprises including 108 medium and large scale enterprises. As a result, 2 million share owners, 3 million households got land plots totaling 550,000 hectares for personal needs, farmers obtained about 200,000 hectares of land.

¹⁸ A. Patnaik, "Transition to Market Economy", in K. Warikoo, ed. . "Central Asia :Emerging New Order". (New Delhi: Har-Anand- Publication, 1995). p. 155

¹⁹*Economic Intelligence Unit, Country Report on Kazakhstan, Kyrgyzstan Tajikistan Turkmenistan, Uzbekistan* (London) (Nov. 1999, Feb 2000, April 2000, May 2000).

97% of state owned housing has been privatized. Overall, in 1993-1996, 94% of small scale enterprises and 19% of medium and 17% of large scale enterprises have been privatized [IMF, (1997), p 67].²⁰ In 1997, Uzbekistan has introduced its own methods of mass restructuring through Privatization Investment Fund (PIF). Shares of 300 medium and large scale enterprises, among which are some of the most profitable ones, were offered via PIFs. The government is committed to privatize 74% of shares. At least 30% are intended for PIFs. 21% will be sold through the stock exchange and 23% will go to employees.²¹

“Each of these countries is trying to safe guard the interest of their own people in this task of privatization Kyrgyzstan proposes to give favorable terms to its own population including giving some types of municipal and other property free of charge. Special certificates would be issued to the Kyrgyz citizens. This is somewhat similar to the offer of privatization vouchers of Roubles 10000 to each citizen in Russia”.²²

In Kyrgyzstan from the beginning the voucher system was combined with cash auctions for privatization of small and medium enterprises. The latter was more efficient. The attempts to introduce voucher system within first two years of independence, though failed. Even in 1994 most of the vouchers were unused. Therefore, the vouchers were replaced by transferable coupons. The latter did not become popular as well, because people had little confidence in their value. In February, 1996 the government adopted a decree which

²⁰ Ibid.

²¹ Bakhtiyor Islamov, no. 13, pp.112-114.

introduced, in addition to coupons and cash auction, competitive tendering for large investment projects, and direct sales and long term leases to investors selected by the State Property Fund. A two year programme of the privatization of 360 medium and large enterprises was introduced. As for land use rights, in November, 1995 it was extended from 49 to 99 years.²³ In October, 1998 private ownership of agricultural land with, at least. A five year moratorium on land sales after privatization was introduced by the Referendum of Kyrgyz Republic.

Commercial Law and Competition Policy:

Often motivated by preparations for membership in international organizations such as the WTO or the Council of Europe, most CIS countries have made progress in recent years in reforming their commercial legal environment. The main problem with the development of commercial law in the region is a serious shortfall in implementation and enforcement. This is often the result of laws, norms and standards not being sufficiently clear or accessible, or not receiving adequate administrative and judicial support. Sometimes it is due to outright corruption. This enforcement gaps erodes confidence in the legal system, especially in so far as it affects market agents, perception of its ability to guarantee contracts and property rights. As a result the quality of commercial law and their enforcement in the CIS economies are

²² Gidadhubli, no. 14, p. 144.

²³ Emine Gurgun, Harry Snoek, Jam Craig, Jimmy and Rordan Van Ron. *Economic Reforms in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan* (IMF Occasional Paper No.183, International Monetary Fund).

in general well below internationally acceptable standards, which has a discouraging effects on investments.

However there is significant difference across CIS countries: relatively more progress has been achieved in countries such as Kazakhstan, the republic of Moldova and Russia. The least developed countries, where the legal and regulatory framework fails to provide clear and transparent rules in support of effective markets are Tajikistan Turkmenistan, Armenia and Azerbaijan.²⁴

Recent Industrial Development:

In 1997, as a whole the CIS industrial output decline slowed down. However, in absolute terms industrial production fell to the level of the beginning of the 1970s and was less than 50% of gross industrial output of 1990s. Though all the Central Asian republics, apart from Turkmenistan, have positive rates of growth in 1997, industrial production in the majority of them was still low compared to its level in 1990: it was 49 % in Kazakhstan, 51% in Kyrgyzstan, and 34% Tajikistan.²⁵

Kyrgyzstan reached the lowest point of decline in 1995 at the second lowest level in the CIS. However the principal industries (light industries, electricity production and others) suffered continuous decline and 35% of industrial enterprises were producing less in December 1997 than a year before. Kazakhstan's industrial growth in 1997 was lower than was expected due to depressed prices for the main products (metals and oils). Positive rates of

²⁴ Economic Survey of Europe. 2003. vol. 1. p. 138.

²⁵ Bakhtior Islamov, no. 13, p.120.

growth in real terms were connected with the good performances of a few joint ventures, food productions and small and medium enterprises. Tajikistan's post independence declines of production were halted in 1997.²⁶ Some recovery observed in economic activity recently, however, has not spread to industrial productions. Total output of aluminum, one of the main products, in 1997 did not reach even the level of 1996, which was less than half of the smelters' designed capacity. Turkmenistan in 1997 faced the largest decline of industrial production, because of disruption of gas exports and forced decline of gas output to the lowest for over thirty years.

Uzbekistan is the only republic among CIS countries, which in 1995 first reached the 1990 level of industrial output, and in 1996 -1997 had exceeded it by 12.7%. There were not only light and food industries, but large enterprises of non-ferrous metallurgy, gas, oil and chemical production, machine building, including defence industries and others. It is true, that republic was able to reorient cotton- fiber, gold, copper and some other tradable commodities more easily to countries outside their former Soviet Union. But the same product in different proportions and scale were principal item of specialization of other neighboring republics as well. It is also true, that economies of Kazakhstan and Turkmenistan were more capital intensive and Uzbekistan, together with the other two Central Asian republics, had a more labor intensive economic structure. However, the first two were not to depend on the import of oil and petroleum products.

²⁶ Ibid. pp. 121-122.

It can be stated here that by 1997 all the Central Asian republics had completed the stage of small privatization and had traversed a large part of the path along the voucher stage and have in turn entered the period of commercial privatization. The rapid pace of this process somewhat slowed down but privatization became in economic terms better grounded and prepared.

Problems in the Process of Privatization:

It may be observed that the Central Asian Republics of the former USSR are facing formidable problems as they have embarked on the road of economic transition to market economies. While many of the problems are somewhat similar to those facing other former republics of the Soviet Union, the Central Asian republics also face specific issues and problems arising out of their legacy of the past.²⁷ Efforts are underway in finding solutions to their problems. It is important to note that in this regard they are looking into the Turkish model for their own economic development. The Central Asian Republics are also trying to forge close economic interaction with China and Pakistan. Hence, India should take an active part in the economic transition of the ex-soviet Central Asian republics for mutual benefit, in the long run.

Trade Policy Reform:

An important factor differentiating the countries is their export dependencies. All the countries have substantial dependence on a particular

²⁷ Gidadhubi. no.14. p.143.

commodity or group of commodities; gas in Turkmenistan, oil and metals in Kazakhstan, cotton in Uzbekistan and Tajikistan. Commodity-dependent export economies are quite common in the developing world. There are many examples of oil-exporting and monocrop economies that reflect the dominance of a particular sector or cluster of sectors. Yet in Central Asia there are cases in which the country's dependence is upon a small cluster of producers. For instance, nearly 40 per cent of Tajikistan's foreign exchange earnings come from a single factory, the Tursunzade aluminum factory. The effects of such a concentration of potential revenue upon the country's decision making with respect to foreign policy are immediately apparent²⁸.

Reform in the mechanism of the functioning in the foreign economic sphere has occupied one of the central places in all programmes for transition to market economy. The idea for the need of maximum liberalisation of foreign economic activities and speedy change of state monopoly foreign trade, formation of corresponding institutions and instruments for regulation of foreign economic sphere has literally become cordial for radical reformers. International organizations greatly assisted in quickening the forms and pace of liberalisation of the foreign economic sphere.

The first step in this direction was abolition of the state monopoly of foreign economic relations and permission granted to private firms and persons to operate in the foreign economic sphere. The other steps included

²⁸ Gregory Gleason, "Foreign Policy and Domestic Reform in Central Asia". *Central Asian Survey*, vol. 20, no. 2, 2001, p. 169.

abandonment of planning in foreign trade and creation of new mechanism of foreign exchange accounting in the foreign trade operation.

The state monopoly of foreign trading in the Soviet times rendered unnecessary such instrument of indirect regulation as custom duties, quantitative restrictions, licensing of imports and export etc. A highly significant aspect of the systemic reforms in the foreign economic sphere is relaxation in the regulation of foreign exchange. The Central Asian republic have become members of the international financial and banking institutions like International Monetary Fund (IMF), World Bank etc., by which they get both financial and technical assistance to achieve the objective of economic transition..

Inter republican trade has been a prominent feature in the former Soviet republics, but with the dissolution of Central authority this structure has been disturbed. Central Asian countries relying heavily on central distribution channels suffered more than the other former Soviet republics from this disturbance. As a result of this phenomenon, bilateral trade accords between individual members of the CIS proliferated. In fact, these trade agreements have no substantial provisions for long-term trade arrangements but aim at short-term maintenance of previous obligations. In that respect, they are one-year term agreements based mainly on barter trade.

In 1991, all the Central Asian countries witnessed a sharp decline in their foreign trade. But their trade deficits decreased as well. In terms of inter

republican trade; however, the available data pertaining to 1989 suggest that Tajikistan, Kyrgyzstan, Kazakhstan and Uzbekistan are likely to suffer most economic hardship when they are compelled to bring their trade into balance in 1992. Turkmenistan has had comparatively smaller trade deficit thanks to its oil and gas exports. When and if world market prices prevail in the CIS, this republic may have an even better chance to balance its foreign trade.

The disturbances in the foreign and inter republican trade structures of the former Soviet republics of Central Asia have also prompted them to diversify their trade links and look for new partners. Iran, Pakistan and Turkey are at the forefront in this respect, enlarging their tripartite Economic Cooperation Organisation (ECO) by the membership of four of the Central Asian counties Kazakhstan is only an observer and Azerbaijan²⁹.

The most radical trade liberalization introduced in Kyrgyzstan was accompanied not only by the one of the largest decline of industrial production in the FSU and the largest share of people under poverty line, but also by the largest per capita foreign debt (despite the fact that the country received the largest per capita technical assistance both from international and bilateral donors). Kazakhstan due to the most radical large privatisation as for big enterprises attracted the largest FDI per capital in the FSU. But in comparisons with China and Hungary that attracted the biggest in absolute term FDI and the largest per capita among all countries in transition respectively, in Kazakhstan

²⁹ Enal Cevikoz, "A brief Account of the Economic Situation in The Former Soviet Republics of Central Asia", *Central Asian Survey*, vol. 13, no. 1, 1994, pp. 48-50.

FDI was allocated not in labor intensive human resources abased enterprises, but capital intensive natural resources based sectors. It is not improving radically employment possibilities, but diminishing the chances for sustainable development for future generations.

Uzbekistan has managed to have a more optimal structure of foreign trade and a more diversified FDI. The external debt burden is quite modest, the maturity structure is improved and the share of grants increased in comparisons with 1993. The problem of a multiple exchange rate, however, has remained. In July 1998, the president of Uzbekistan announced, that the republic will take steps in the liberalization of foreign exchange (unification of its rate and convertibility for current account transactions) and sign article VIII of the IMF by the year 2000. Thus, the state and people of Uzbekistan have started preparations for the new stage of transformation. Agricultural, foreign trade and public service reforms, development of more mature market institutions and relations, promotion further privatization and industrial policy on the basis of an outward-looking strategy will be the key steps to success in the next stage in transition³⁰.

The Central Asian republics of the former Soviet Union have become members of the international finical and banking institution including the IMF and the World Bank. By virtue of this, they are able to get assistance both in terms of technical guidance and advice as well as credits to enable them to

³⁰ Bakhtior Islamov, no.13, pp.123-124.

achieve the objectives of economic transition from a command economy to a market economy. The IMF has granted \$150 million loan to Kazakhstan for the purpose of technical assistance in developing financial infrastructure, particularly banking and taxation, and also in the privatisation programme of the country. Similarly, at the EEC session held in August 1992, it was decided to offer a credit of 55 million ECU (European Currency Unit) to Tajikistan for the purpose of food purchases and other necessities.

In order to attract foreign investment, the Central Asian republics are offering several concessions and incentives. Uzbekistan has liberalized conditions for foreign investment with effect from 1.8.1992.

A) There would be no import taxes till the end of 1993.

B) Foreign investors are exempt from income tax for 5 years.

C) Foreign firms will have the right to buy factory, housing etc., on long term basis.

The former republics of Central Asia are making all effort to establish closer economic relations with other countries. In August 1992, Kazakhstan's Foreign Minister, Tuleutai Sulymenov, met the Foreign Minister of the People's Republic of China, Li Ping, and had extensive talks. It is important that both the countries have signed seven documents including consular treaty; agreement on encouragement and mutual protection of investment, agreement on cultural co-operation; and education etc. Being two large neighboring

countries, these agreements could go a long way in promoting trade and economic co-operation. Special mention may be made of possible co-operation in improving means of “communication, water management, building railways and so on”. According to the Izvestia report of 5/3/93, Japanese firms Mitsubishi, Marubeni and Mitusi were seriously considering the proposal of exploration and exploitation of oil industry in Turkmenistan. There is also a proposal to build a gas pipe line from Turkmenistan to China and Japan via Afghanistan. Similar efforts are being made by the Central Asian countries to build close economic and political relations with other neighboring countries which should be of some interest to India³¹.

Exchange Rate Reform:

The exchange rate policy is an important part of macroeconomic stabilization and systemic transformation reforms as a whole from the viewpoint of integration into the world market and the attraction of foreign investment. The experience of post-Soviet republics shows it is not technically difficult to achieve unified exchange rate and to open up the domestic market. Controversy is connected with their impact on the real economy and other adverse effects (Russia, Kazakhstan, Kyrgyzstan and others).³² All measures leading to and keeping unification of the exchange rates are to be taken as a top priority on the way to achieving current account currency convertibility. It also

³¹ Gidazhubli. no. 14. p.38-139.

proposes an original sequence of steps: fast liberalisation of commercial exchange rate to replace the curb market rate with more moderate and gradual change in official exchange rate not to get into debt crisis.³³

Openness and Foreign Economic Participation:

The Central Asian republics after decades of having been deprived the opportunity of direct economic relations with other countries during the Soviet period are now able to do so. But the conditions in which they operate are very complex both domestically and internationally.

The Great Game of the last century was colonial, imperialistic and a race between two foreign powers above the heads of the locals. We don't have old time colonialism any more. This was definitely put an end to the occurrence of the Soviet collapse.³⁴ There is once again competition between foreign parties. However, this time the competitors must accommodate their interests with rules and regulations set up by local authorities. What counts today - after the Soviet demise - is first and foremost business and profit administered by private enterprises without intervention of or - quite the opposite - in cooperation with official authorities from their home countries. The objects of

³² Bakhtior Islamov and Ziyodulio Parpiev. "Challenges of globalization and Exchange Rate Policies in Central Asian Independent States". *Hitoi subashi Journal of Economics*, vol. 41, 2001, pp.29-32.

³³ Bakhtior Islamov. *The Central Asian States Ten Year After: How to Overcome Traps of the development, Transformation and Globalization*. (Tokeyo: Maruzen Co., Ltd., 2001), p. xv-xvi.

³⁴ Dvishla, K., Iuri Parrot, R. *Russia and the New States of Eurasia*, New York, Cambridge University Press, 1994

interest are natural resources - mainly oil, natural gas and gold as well as other minerals - cheap labor forces and markets for consumer goods.³⁵

Shortly after their independence the Central Asian republics began reforming their economies in an effort to move away from a planned economy to a market economy, and to attract foreign investment. These reforms include: de-monopolization, privatization, debt restructuring, banking reform, lifting profitability controls, price liberalization, establishing a securities and exchange commission, trade liberalization, enacting laws on investment, setting up an adequate government procurement process, customs reform, and tax reform.³⁶

Although the Kazakhstan government has made great strides in improving foreign investment legislation, key concerns remain, including the vagueness of laws, contradictory legal provisions and poor implementation, especially at the local level of government. For instance, the lack of clarity in tax laws allows for creative interpretations by the Tax Police and other government agencies. Customs always presents challenges to foreign firms. Customs officials often interpret Customs regulations arbitrarily. Government downsizing and the move to the new capital, Astana, have seriously compounded problems surrounding implementation of legislation. The State Agency on Investments established in late 1996 and advertised as a "one-stop shop" for foreign investors, has had a mixed record in its attempts to resolve investment issues. In 1999, in an effort to raise the profile of foreign

³⁵ Ibid., p. 81.

investment issues within the government, President Nazarbayev promoted then-Foreign Minister Tokayev to the rank of Deputy Prime Minister and gave him specific responsibilities to attract foreign investment and resolve investment disputes. Tokayev was subsequently chosen as Prime Minister after his predecessor resigned in October.

Beginning in 1997, there has been a trend to grant preference to domestic investors over foreigners in most state contracts.³⁷ September 1999 amendments to the oil and gas law requiring oil companies to use local goods and services represent an extension of this trend. President Nazarbayev has complained publicly that previous privatizations were executed too quickly and did not allow for the involvement of domestic investors. Other government officials have further expressed the need to "protect" domestic producers from outside competition. However, it is unclear whether domestic investors have the medium-to-long term financial capacity to support major projects and whether domestic investors have the strong management and technical skills to rejuvenate largely bankrupt Kazakhstan Industries. To help develop local industry, the government enacted changes to legislation, published September 1, 1999, requiring all oil and minerals companies to use domestically produced goods and services when available.³⁸

In recent years, the Kazakhstan government has enacted four major pieces of legislation affecting foreign investment. These are: 1) The Law on

³⁶ Gidadhubi, R.G., "Russia: Oil Politics in Central Asia". *Economic and Political Weekly*, (January 30th 1999).

³⁷ Smith D., "Central Asia: A New Great Game?" PA: Strategic Studies Institute, US Army War College, 1996, pp. 1-3.

Foreign Investment, 1994 (amended in July 1997); 2) The Tax Code of 1995;³⁸ 3) The Law on State Support for Direct Investment, 1997; 4) The Law on Government Procurement, 1997.³⁹

Poor implementation of these laws and reforms remains the key obstacle to business in Kazakhstan. Important concerns remain, for example, in the area of government tenders, despite new legislation and government promises that tendering will be conducted in an open and fair manner. Tenders are sometimes issued just a week ahead of the application deadline, thereby limiting competition. The main features of the Law on Foreign Investment (as amended) are:

- • Guarantees with regard to non-expropriation, profit repatriation, currency convertibility, and national treatment;
- • Clear and unequivocal access to international arbitration in the event of a dispute between a foreign investor and the State;
- • The automatic consent of the State to the dispute settlement option- selected by a foreign investor;
- • A definition of investment dispute that embraces authorized official bodies;⁴⁰
- • An expanded definition of foreign investment (which includes rights to undertake activities based upon a license) that reflects an open policy towards encouraging investment;

³⁸ Ibid. p. 6

³⁹ Ibid. p. 6

⁴⁰ Ian Bremmer and Ray Taras, eds., *Nations and Prilitirs in the Soviet Successor States*, (Cambridge University Press, 1993).

- • A compensation regime for expropriation due to ultra vires actions by State officials;
- • A choice of law options for employment agreements between foreign investors and their foreign employees in Kazakhstan;⁴¹
- • A guarantee that only those state bodies permitted to carry out examinations of foreign investor operations should do so.
- • Exemptions from customs duties for equipment and spare parts imported into Kazakhstan for the charter fund of an enterprise with foreign participation, as well as for personal property imported into Kazakhstan by foreign personnel of an enterprise with foreign participation; and
- • A 10-year stability guarantee in the legal regime applicable to all foreign investors except those engaged in (i) the importation, production or sale of goods excisable in Kazakhstan, and (ii) the importation of finished products into Kazakhstan for the purpose of re-sale in Kazakhstan. Investments made under long-term contracts (over 10 years with authorized state bodies), enjoy this guarantee until the expiration of the contract, unless otherwise specified by the contract itself.⁴²

The Law on Foreign Investment was amended in April 1998 to include an anti-avoidance clause with respect to contributions to charter capital. This is primarily to prevent abuse of duty exemptions permissible under Article 22 of

⁴¹ Kazakhstan Economic Trends. The Government of the Republic of Kazakhstan centre for Economic reforms. European. Expertise Service. Tacis. First Quarter 1996. p.103.

the same law. Independent experts can be called in under certain circumstances to verify that that no such "avoidance" is taking place.

Contracts between foreign nationals and Kazakhstani citizens must meet the requirements laid out in Article 24(2) of the investment legislation. Such contracts must address labor conditions. These are negotiated by the parties and included in the contract. The conditions agreed must meet the standards set out in Kazakhstan labor legislation. Article 25 (3).

According to estimates made by the World Bank, the Pacific Asia region will have a demand of 1000 m tons of oil in the year 2000 and a demand of 1500 m tons 10 years later, in 2010. One third of this oil will have to be imported. For China the percentage may be still higher, in a not too distant future possibly as much as 50%. China's own old oil fields are exploited and the reservoirs in Xinjiang and the South China Sea are not as great as they were once supposed to be.⁴³

The China National Petroleum Corporation is already active in the region, especially in Kazakhstan, one of the three Central Asian states bordering with China. In 1997 it bought 60% of the Uzen Fields and 60% of the Aktyubinskmunai Production Industry, located in the western part of the country.

China is for the time being the leading country for joint ventures with Kazakstan (followed by Turkey and the U.S.). Still more extensive are Chinese ties with Kirghizstan, where they have set up a full fledged embassy in

⁴² Ibid. p.86

⁴³ Ibid. p. 82

Bishkek. China buys industrial commodities and electricity from the Kirghiz. Of the five Central Asian states China has the least contacts with Turkmenistan, the remotest country from China, although negotiations have been initiated concerning cooperation in oil production.

For the Chinese government this development is, besides its economic advantages, of the utmost political import. One crucial effect of expanded business relations with Central Asia is the greater possibility for China to prevent unrest along and across its western borders, which could change the political climate in the already problem-stricken Xinjiang province in western China. A treaty on the improvement of security measures along their common borders was signed in April 1997 in Moscow with Kazakhstan, Kyrgyzstan and Tajikistan, and also Russia.⁴⁴

As to the construction of new pipelines for the transportation of Central Asian oil and gas, there are several options, some more expensive than others and some politically more touchy than others; this is top level world politics with both Russia and the US as vigilant and demanding actors in addition to the Central Asian states themselves and their Far Eastern and southern neighbors.⁴⁵

A number of foreign oil companies are operating in Central Asia, first of all in and around the Caspian Sea. One advantage that Russia naturally has in controlling the exploitation of oilfields and the construction of new pipelines and other transportation routes - and generally in activities concerned with

⁴⁴ Dencauther Roland. "Russia, Central Asia and the Persian Gulf. *Survivals*, vol. 4, no. 35, 1993-94, pp.297-312.

⁴⁵ Lipovsky, Igov P.. "Central Asia: In Search of New Political Identity". *Middle East Journal*, vol. 2, no. 50, Spring 1996, pp. 211-23.

exploring Central Asian resources - is that this country has inside information retrieved during Soviet times that other countries do not have access to.⁴⁶ The natural riches of the region are impressive and have already attracted many foreign companies. Uzbekistan's gold mine Murantau in the Kizilkum desert, north of Bukhara, is the world's largest, or at least one of the largest of its kind, with a production of 70 tons of ore per year. Tajikistan has the world's largest known deposits of silver. Kazakhstan has 25% of the world's known uranium reserves and 30% of the chrome reserves. Turkmenistan is known as the 4th biggest owner of natural gas just to give some examples. Kirghizstan seems to be the poor cousin in this respect, although the water resources of this country should not be forgotten.⁴⁷

Data about Japan's interests in the Central Asian region are scarce. Besides business contacts and activities for the exploitation of oil and chrome in the Aral Sea region, Japan has also been engaged in projects of a more social nature, such as the restoration of airports in cities like Tashkent, Bukhara, Samarkand and Khiva. Japan contributed 1 m USD to the construction of the new Kazak capital. Astana and this country have also been involved in repair works along the highway between the Kirghiz capital Bishkek and the city of Osh on the border to Uzbekistan.⁴⁸

An even better example of both social and cultural achievements in the vein of comprehensive foreign economic investments is offered by the South

⁴⁶ Adams Jerry. "Oil and Geopolitical Strategy in the Caucasus". *Asian Affairs*, vol. 1, no. 30, February 1991, pp. 11-20.

⁴⁷ *Ibid.*, p. 74.

⁴⁸ *Ibid.*, p. 75.

Korean engagement in Central Asia, the explanation of which must somehow be linked to the presence of the Korean Diaspora in Central Asia, even though the connection between this Korean population and South Korean business in the region is not as straightforward as one might think.⁴⁹

South Korea is like many others engaged in the oil and gas industry and the financing and construction of pipelines. However, something that has greater social impact is South Korea's engagement in consumer goods, labor markets and banking.⁵⁰

South Korea aims at an expanded local production of cars and electronics in Uzbekistan, although still a great part of its export to this country is made up of such goods; next to Russia, South Korea is the second largest trade partner with Uzbekistan and one of the biggest investors in this country. The largest Daewoo car industry in Uzbekistan is located in Asaka, a small town to the east of Andidjan in the Ferghana Valley.⁵¹ On the outskirts of Tashkent, a former Soviet factory, Zenith, where once electronic components for the army were produced, has been transformed into a big assembly line factory. The wages offered at this factory, though low compared to South Korean standards, are well above average Uzbek salary.

Cheap Uzbek labour is an asset highly appreciated by South Korea. Uzbekistan has a young population; more than half of the inhabitants are below 20 years of age and thus future candidates for employment. The country's

⁴⁹ Ibid., p. 76

⁵⁰ Rev., Cannon Michael Bour Deaux. "Religion and the Collapse of the Soviet System". *Religious Life in Russia. ISCP Publication Series*, no. 9. July 1992. p.21.

⁵¹ Ibid., p. 74.

labour force at present amounts to 8.5 million people, the largest labour force in Central Asia.⁵²

According to information obtained from South Korean diplomats in Tashkent in September this year, 2000 Uzbek trainees are sent each year to South Korea, where they are trained in industrial work for two years before going back to Uzbekistan, often together with the equipment they have been trained on.⁵³

South Korean business is also interested in helping to modernize and develop the Uzbek cotton industry. During the Soviet era most of the Uzbek cotton was brought out of the republic and the cotton manufacturing industry was poorly developed and the equipment then used is aged and in need of modernization. Importation of machines from South Korea to this effect has already started.⁵⁴

Furthermore, South Korea has an important share of the Uzbek banking system. A Daewoo bank was opened in Tashkent in May 1997. It hires an old palace which formerly belonged to the Soviet-Uzbek Writers' Union, right in the middle of the city. This is the only Daewoo bank so far in Uzbekistan. It has sister banks in Hungary and Rumania. All foreign investment in Uzbekistan must be made by means of joint venture. 55% of the shares in the bank are owned by Daewoo Security Company, and only 10% by Uzbek partners - the

⁵² Ibid., p. 80.

⁵³ S. Duncan. *The Road to Post-Communism Independent Political Movements in the Soviet Union, 1985-1991* (New York: Printer, 1992).

⁵⁴ Marotha Brill Olcott. "Nation Building and Ethnicity in the Foreign Policy of the New Central Asia State-:"*Russian Littoral Projects Working Paper no. 20*, draft. UMCP/SAIS, June 1993, p.4.

National Bank of Uzbekistan, 5%, and the Turan Bank, 5%⁵⁵ The remaining shares are owned by the IBRD, 25%, and Korean Bank, 10%. The Uz'Deu Bank, as its official name is, is the biggest investor in treasury bills in Uzbekistan and one of the 3 biggest investment banks in the country, after the National Bank of Uzbekistan and the Industrial Bank (Promysjiennyj bank).

The Daewoo bank was characterized as a corporate customer bank focusing on Uzbek economy - not Korean industry in Uzbekistan. Many Koreans including "expatriots" have private accounts in the bank, which offers its customers rich opportunities of consultations, possibly in Korean, if requested. On the other hand, the long-term planning of the bank is to expand the customer base to Uzbeks.⁵⁶

Uzbek restrictions on foreign investments in the country seem at present to be a great nuisance to most enterprises - much more so, than in Kazakhstan, where foreign enterprises can benefit from greater tax relief and where they are already discussing possibilities of allowing firms fully financed - i.e. to 100% - by foreign capital.⁵⁷ So there are following main practical problems for foreign investors in Uzbekistan:

1. Conversion - all payment must be made in the Uzbek currency, the weak som, and capital in hard currency cannot be brought out of the country.
2. Time consuming customs procedures
3. Time consuming and complicated registration procedures

⁵⁵ Ibid., p. 87.

⁵⁶ Ibid., p.33

4. Lack of information

So from the above study it can be found that the liberalization process in all these countries is not the same. And the countries which are more liberalized they have done well in the overall growth and development. While Kyrgyzstan, Kazakhstan and Uzbekistan have done well in this aspect Turkmenistan is the least liberalized economy in central Asia.

⁵⁷ Ibid., p.80.

CHAPTER – 3

Democratization in Central Asia

DEMOCRATISATION IN CENTRAL ASIA

The newly independent states of Central Asia are very young and their state building projects are in initial stages of development. Those who expect quick results have to bear in mind how long it took for west European states to develop coherent democratic system. Today the political development of five Central Asian countries displays more diversity than uniformity and Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, Kyrgyzstan are now distinct entities to a much greater extent than they were as union republics. So, in this chapter first overall democratization process in the Central Asian region has been described. After that democratization process in individual Central Asian states has been analyzed.

In this Chapter, I shall deal with the process of democratization and their advancement in Central Asian Republics. The structure and practice of democracy will be discussed. How far each of these five countries has become successful to implement democratic governance will also be examined.

Western politicians and scholars have been predominantly concerned with the institutional aspects of democracy, and much effort has been made to facilitate and monitor the emergence of these institutions. A Minimalists' definition of democracy involves free elections and separation of executives from the legislature and judiciary. According to these criteria, its essential elements are:

- Free elections – people have to be able to make an unfettered choice;

- Fair elections—people have to be able to make an informed choice;
- Accountability-- people have to be able to rectify their choices and recall unworthy representatives;
- The executive power has to be limited by other independent bodies
- The rule of law¹

Yet the functioning of institutions often remains remote from their intended goals.

In the starting, institutional aspect of democratization process has been described i.e. the in making of constitution, development in office of the president, parliament, judiciary, and bureaucracy. Later on attitudinal aspect i.e. the role of civil society, political participation and education, role of media is described.

CONSTITUTIONAL DEVELOPMENT UNDER THE TSARIST REGIME

Prior to the Bolshevik revolution, the political culture of the region was medieval, Until the Revolution of 1905 Russia had an autocratic, Form of government. The tsar was called as “unlimited autocrat”.² The Revolution of 1905 secured a certain modification of autocracy .An elected body with legislative powers and the imperial Duma was introduced which marked the

¹ Anna Matyeva, “Democratization, legitimacy and political change in Central Asia” , *International Affairs*, vol. 75, no. 1, January 1999, p. 31

² Harper N Samuel, *The Government of the Soviet Union* (New York:1998) p.11

beginning of constitutionalism. But these institutions were unable to modify the autocratic system.³

During the Tsarist period, Russian colonies in Asia and central Asia enjoyed no constitutional right. A Governor General who was responsible to the Ministry of War govern them .Lenin described the Russian colonies as prison Houses. But just after the socialist Revolution the soviet union became a federation of fifteen national “union Republics” and eight autonomous region,. Legally all union Republics had equal status. But geo political factors made the Russian Republic superior to others .There was a single party system in the whole of the Soviet Union.

CONSTITUTIONAL DEVELOPMENT UNDER THE SOVIET RULE

The 1918 constitution of the RSFSR:

Ever after the Bolshevik revolution, central Asia virtually remained a Russian colony, though, under the new dispensation, while political and cultural freedom was further crushed in the economic sphere, Central Asia, due to its rich natural resources, registered considerable development.

The first socialist constitution in the history of mankind was adopted on July 10th 1918, by the fifth all Russian congress of soviet federation of socialist republic. The main goal of the constitution was the socialist reconstruction of society in the country.

³ Ibid. pp11-12.

Just after the socialist revolution of 1917 .Lenin issued a nunnery of decrees to establish the socialist society, i.e. transferring all powers to the workers and the peasants, nationalization of the large enterprises ,transport facilities an the banks of tsarist Russia, and turned them into state property. At the same time, the soviet government issued decrees to replace the social estates and proclaimed the equality of nations. The separation of the church from the state, the equality of women and so on.⁴

The noble feature of the constitution was the permission incorporated in Article 2, which provided for depriving individuals and groups of people, rights where such rights were exercised against the interest of the socialist revolution. This constitution became the model for the constitution or the soviet republics, which came to be set up in the territory of the former tsarist Russia.

The 1924 Federal Constitution

The 1924 federal constitution of the former USSR was introduced after the civil war and during the Napoleon period, by this constitution power was delegated only to the union, and each republic retained the right to secede. The union was given absolute discretionary power in international matters together with control of economic planning, the budget. The armed forces, transport the judiciary, and the basic principles of law virtually in every field, the supreme authority was still to be vested in the indirectly elected congress of the soviets .No bill of rights was included in it. During the 1920s Russia, Byelorussia and

⁴ Vladimir Terebilov. *The Soviet Court* (Moscow .1973). p.9

Ukraine brought their respective constitutions into conformity with the federal constitution; there were certain structural changes in the constitution of Turkmen and Uzbek republics.

The 1936 (Stalin) Constitution of the USSR:

In February 1935, the primary session of the control committee of the CPSU instructed Molotov to lay proposal for the new constitution before the seventh

(a). Democratization of the electoral system by changing the constitutional structure from unequal suffrage to equal suffrage and replacement of indirect elections thought secret ballot.

(b) Adding more condensed definition to the social and economic structure of the constitution by bringing it into close conformity with the prevailing co-ordination between class forces in the USSR.

(c) To entrust the central executive committee of the USSR with power to elect constitution commission, which will subsequently be asked to draw up an amended text of the constitutions in accordance with the principle, mentioned under clause -1 and to place it for an acceptance in sessions the central executive committee of the USSR?

(d) To hold the future elections to the various organs of the soviet government in the USSR on the basis of the new electoral system.

The 1936 constitution contained two important points of distinction from the earlier one,

- I. The socio economic basis of the state was defined by the constitution, which reflected in the establishment of socialist society in the USSR.
- And second, it provided broader institutions in the constitution:
- II. Universal suffrage replaced a system of restricted suffrage:
- III. Direct elections replaced the earlier system of indirect elections.
- IV. Bi cameral Supreme Soviet replaced the old congress of soviets of the USSR:
- V The constitution included an elaborated and expended statement of democratic rights.
- VI The constitution contained an open negotiation of the special role of the communist party in the government of the Soviet Union.⁵

The 1936 constitution embodied certain elements of parliamentary democracy universal suffrage, direct elections, equal electoral districts and guarantees to individual rights, etc. However, all these were a paper only, and not in practice in true sense of parliamentary democracy.

The Federal Structure of 1936 Constitution

The second chapter of the constitution deals with the federal structure of the USSR. Under Article 13 of the constitution, the USSR is described as “federal state” formed on the basis of the voluntary union of fifteen equal soviet socialist republics .Twenty four (24) clauses of Article 14 described the

⁵ Ibid. pp81-82

jurisdiction of the union of soviet socialist Republic, the union (the central Government) had the power to protect the “sovereign rights of the union republics” The constitution provides its own military formations and uniform union citizenship.

Under the 1936 constitution, however, the highest organ of state power and “sole legislative organ” in the USSR was the supreme soviet of the USSR” and also provided that the power to amend the constitution would be made by the decision of the supreme soviet of the USSR, after being adopted by a majority of not less than two thirds of the total votes in each of the chamber.

The supreme soviet was consisting of two chambers (a) the soviet of the union, and (b) the soviet of Nationalities, very much resembles the Bi –cameral legislature in Bourgeois Democratic countries.

The 1977 Constitution of the USSR:

The constitution of 1977 again followed the framework of the 1936 constitution as well as retained the continuity of the ideas and principles incorporated in the 1918 constitution of the RSFSR, and the 1924 and 1936 constitutions of the USSR.

The 1977 constitution defined the USSR. As a socialist state of the whole people, i.e. workers, peasants, intelligentsia on the working people of all nations and nationalists of the country.

It was the first constitution of the soviet5 union which stated that USSR was apart of the world system of socialism and developed and strengthened

friendship, co- operation, and comradely mutual assistance with other socialist countries on the basis for principles of socialist Internationalism (under Article 30).

The Federal Structure of 1977 Constitution:

The Eighth chapter (part third: state structure other constitution of 1977 related to the federal nature of the union of soviet. Socialist Republics. The new constitution defines the USSR as “an integral, federal multi national state formed on the principles of socialist federalism as the result of the free self – determination of nations and their voluntary association of equal soviet socialist republics. The 1936 constitution simple proclaimed it as a voluntary union of equal soviet socialist republics and no emphasis was given to the socialist character of the soviet Federation,. But the new constitution contained a reference to the sovereign character of a Union Republic. In this context it is important to note that the conventional theory of sovereignty needed to be modified in the case of federal system of the USSR. Therefore, the Soviet Union was not merely a sovereign state, but a union of sovereign states known as union Republics .the constitution also provided uniform citizenship.

In most federation, foreign relations were the responsibility of the central government. But in this connection the complete of soviet federation was unique because the 1944 constitutional amendment provided the right to the union republics to enter into relations with foreign states, conclude treaties with them. Exchange diplomatic and consular representatives, and take part in

work of international organizations .However, the union republics had lost their own military formations (Article and18 of the 1936 constitution of the USSR.)

The Union Republic retained their sovereignty in the form of right to secede from voluntary union of the USSR, The sovereignty of a union republic was guaranteed by the permission of the constitution of USSR. Under which the territory of union of republic could not be altered without its consent while the boundaries between union republics might be altered by mutual agreement of the republics concerned, subject to the notification by the USSR. The new constitution not only accorded sovereign rights to the union Republic, but also provided them new right aimed at enhancing their role, while included the right to take part in decision making in the USSR Supreme Soviet, and the right to submit proposals concerning of the holdings of nation wide discussion on bills and other important matters in the of the state role of the USSR.

The constitution guaranteed the rights of a union republics rested in their right to have their own constitutions, conforming to the constitution of the USSR, which their specific features being taken into account to ensure comprehensive, economic and social development on their respective territories.

Article -73 of the constitution was also ensured in the 1997 constitution that outside the spheres listed in the article of the USSR. The union republic can exercise independent authority in its territory. That means in case of conflict between the union law and the union republic law, the law of the USSR will prevail.

The 1997 constitution in particular was mere unitary rather than federal and it stood for a centralized, rather than decentralized institutional structures. As per as the matter of the basic policy is concerned it was the union and not the republic or the region that had the final and decisive say.

POLITICAL SYSTEM IN PRE-INDEPENDENCE CENTRAL ASIA

Central Asia is known as the pivot of Asia. It is completely isolated from the sea and its influence. The very term Central Asia suggests that it is the heart land of the continent. The five Republics of the former soviet Union, namely Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan are spread over a vast territory extending from Eastern Siberia in the North to Afghanistan and Iran in the south from the banks of the Volga and the Caspian sea in the West to China in the east.

The Central Asian Regions were ruled by the communist ideology for more than 70 years. Prior to the Russians coming to the region, it had its some native culture and institutions. But in the course of time Soviet attacked over the native culture and age-old customs and traditions by introducing political development and modernization of their own culture and society. The communist leadership which has sought to transform them by introducing assimilative policies which are known as Soviet model of modernization or the Marxist- Leninist model of modernization or Marxist- Leninist model of social change. Along with this the Gorbachev policy reforms known as

Perestroika (restructuring) and Glasnost (openness) had brought radical socio-political systems in the Central Asia

POLITICAL SYSTEM IN CONTEMPORARY CENTRAL ASIA

The disintegration of the Soviet Union towards the end of 1991 resulted in the emergence of five independent Central Asian Republics (CARs). In the initial years of independence CARs faced some formidable challenges. One major challenge was to establish democratic political system and market economy, political stability and economic autonomy depended on gradual distancing away from dependence on Russia. All the states have to find ways of unifying ethnically and politically divided societies in which the loyalty to regional, tribal or family groups still survive.

All the Central Asian states adopted different political systems. Turkmenistan and Uzbekistan opted for authoritarian rule, seen as essential in the transition process to achieve internal stability. Kazakhstan to a lesser degree and Kyrgyzstan, to a greater extent opted for more pluralistic forms of political system.⁶

After getting independence from Soviet Union, all the Central Asian states adopted new constitutions. To a large extent three constitutions have been influenced by the Russian constitution. For example all states have opted for presidential form of government. The power structure of these states is

⁶ Phool Badan. "Emerging system in Central Asia in the Post Soviet Period". *India Quarterly*, vol.57, No.3, July-sep.2001, p.101

based on the principle of 'separation of power'. The presidents are the centre of all the powers in all the Central Asian constitutions.⁷

The constitution of all the CARs professes sovereignty, democracy and secularism as their underlying principles. The presidents of all the CARs are the Head of the states and highest official of their respective republics. They are the head of the supreme executive power and laws of rights and liberties of citizens, of national independence, territorial integrity, and the observance of the international agreements.⁸

The new constitutions of the CARs declare Central Asian states as secular states. The people of the region have been guaranteed the right to profess and propagate any religion that was not allowed during the soviet periods.

The new constitutions give the social cultural and political rights and civil liberties to the people that were denied during the erstwhile soviet rule. There is also the provision in the constitutions of Central Asian states that every one has the right to own private properties, right to work, right to health protection, right to education, right of social security in case of old age, sickness, disability or inability to work, and the right to housing.⁹ Though the above mentioned rights are far from the rights and liberties available to the

⁷ Phool Badan, no. 6, p.101 "Kazakhstan :Republic Constitution". *FBIS: Central Eurasia*, No.48-54, 19 April 1993, pp.68-78; "Kyrgyzstan: republic Constitution". *FBIS: Central Eurasia*, No.99-105, 9 August 1993, pp.8-101; "Tajikistan :Draft republics Constitution presented", *FBIS: Central Eurasia*, No.52-56, 18 may 1994,pp.92-103; "Constitution of republics of Uzbekistan ,Tashkent, 8 December 1992 , pp.9-36; "Constitution of Turkmenistan . Ashgabat, 18 may.1992, no. 691-xii,pp.1-19

⁸ *Ibid.* No. 3

⁹ *Ibid* No. 3

people in developed and democratic countries of the world, but a beginning has been made in this regard.

While the new wave of democratization has swept across many lands, the states of Central Asia - Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, and Kyrgyzstan –have not yet been inundated with the rising tides.¹⁰ In these states the fundamental political institutions have not been substantially altered.

In all states, presidents, individuals who come from the upper echelons of the communist establishments, have gain wide powers to rule by decree with the force of constitutional law. Parliaments and courts are weak are routinely ignore. The present Central Asian regimes appear at their best as a hybrid between authoritarianism and democracy, at their worst as offering a choice between stats and totalitarianism.¹¹

Central Asian states face immense challenges, and putting immediate priority on democratization is unrealistic and likely to be counter productive. These is states are making progress in building a political community and establishing authoritative institution and there is some hope that the economic situation will soon began to improved. Only once these challenges have been over come the condition will become more amenable for democracy.

Though the constitutions of Central Asian states envisage democratic political system, but they grant power to the president. Thus the Institutions necessary for the growth of healthy democratic political cultures have not been

¹⁰ Paul Kubicek. "Authoritarianism in Central Asia: Curse or Cure?" . Third World Quarterly, vol.19, no.1 1998. p.29

¹¹ Anna Matveeva. no. 1. p.31

allowed to grow. The institutions which are essential for a democratic political system such as separation of powers, independent and powerful judiciary, periodic elections, independent media, and professional bureaucracy have not been nurtured.

THEORY AND PRACTICE

Until the soviet era none of the five states had any experience of written constitution. The constitutional development in Central Asia concentrating largely on an area with little tradition of either constitutionalism or democratic politics.

Article -1 of the all Central Asian constitutions characterize their political system as sovereign, secular, democratic and law based and designates people as the sole source of the power of the state.¹² The Uzbek constitution is silent on the whether Uzbekistan is an unitary and federal state creates an ambiguous situation regarding the status Karakal Pakistan. Article -65 of the Uzbek constitution refers to the “sovereign republic of Karaka Pakistan”, but that adds that this republic is part of Uzbekistan and also stipulates that its laws cannot contradict those at Uzbekistan. The Uzbek constitution also states that Karakal Pakistan has the right to secede from Uzbekistan following a general referendum.

The governmental system of all Central Asian countries is republican and closer tom a Presidential rather than Parliamentary system. All the

¹² Hunter Shiren , “*Central Asia since Independence* ”. (Washington DC The Centre for Strategic and International Studies),1996pp40-41.

constitutions incorporates the principles of the separation of power among the three branches of the government and the principles of division of state power into executive, legislative and judicial branches. The President is the head of the executive branch and is elected for five years by universal adult suffrage. Similarly Uzbekistan, Kazakhstan and Tajikistan have unicameral legislature. In 1995 President Nazarbaev wanted Kazakhstan to restructure its legislative and bicameral legislature through the constitution of Article -50(1). The Turkmen legislature defines simple categorization but it is closer to a bicameral system. Kyrgyzstan initially had a unicameral legislature and largest number of representative of total 323 delegates. But in 1994, President Akayev reduced to 100.

The Central Asian countries' judiciary system consists of a number of courts like constitutional court, the lower courts and the office of the Prosecutor General. But the revised constitution however merely states that judicial authority shall be exercised by means of constitutional, civil, criminal, administrative and other forms of judicial procedures and adopted by law.

The republic's constitution include sections on individuals, civil and political rights and guarantees their socio- economic rights, such as right to work and access to health care, education and housing and vacations. These remnants of the socialist era were included partly to assuage the populations' fears that economic safety nets, it also guarantees equal rights freedoms for their citizens irrespective of race, nationality, religion, sex, language or social origin.

But they differ in treating the question of language and citizenships. In Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan have used their own language as their official language, where as Russian is used as inter ethnic communication as the Russians are minority in this regions. But the Uzbek constitution stresses that the country's official language is Uzbek, but does not refer to minority languages particular by the rights of substantial number of Tajik speakers.

POLITICAL PARTIES

Democratic values are associated with the presence of party based politics, various freedoms of belief, expression and organization allied to a rule of law which ensures safeguards against arbitrary use of power by the state of any other group or individual.¹³

The appearance of these new democratic elements i.e. political parties in the political system of Central Asia republics was initiated by alternative groups and movements that came up during the middle of 1988. The majority of these parties and interest groups do not have very large membership.

In the Soviet era the Communist Party of the Soviet Union (CPSU) was the only political organization which was permitted to exist. After the independence of the Central Asian republics, the political systems that have emerged in the region can be characterized as secular authoritarianism.¹⁴ The trend towards authoritarianism has meant strict state control over the political

¹³ Douglas Saltmarhe. "Civil Society and Sustainable Development in Central Asia". Central Asian Survey, vol. 15, no. 3-4, 1996, p. 391.

process. Four of the five central Asian republics have banned political parties or groups of nationalist of Islamic character,

Now it is clear that like many other former communist countries, the Central Asian politician and also regime along with many institution, procedures and attitudes. Gorbachev's well publicized policy of glasnost has opened the door for political pluralism in central Asian republics. During the Gorbachev period, the central Asian republics witnessed the birth of a "multiplicity of political parties with a wide range of ideological predilections and strategic objectives".¹⁵ Some of the parties in the Central Asian region have been organized on ethnic and inter-republican line, incorporating the ideal of pan-Turkism, such as the Turkistan party in Turkmenistan and Kazakhstan, and Erk (freedom) of Uzbekistan.¹⁶ Others were founded on a single issue, such as Ashar of Kyrgyzstan, which has been advocating large scale land distribution. Some others are concerned with the substance and method of government. The Islamic as well as the democratic parties belong to this latter category of political parties that have great potential of influencing the future course of action in the republics.

There are three types of political parties in the Central Asian regions

i) Ruling parties

The Republic of Kazakhstan is presently ruled by "The People's Unity Party of Kazakhstan". Its objective is to establish a democratic society with a

¹⁴ Phool Badan, no.6, p. 105.

¹⁵ Mehرداد Haghayeghi, "Islamic Revivalism in the Central Asian Republics", *Central Asian Survey*, vol. 13, no. 2, 1994, p. 253.

¹⁶ Phool Badan, no.6, p. 106.

society oriented market economy, strengthening the real sovereignty of the people.¹⁷ In Uzbekistan the ruling party is the “People’s Democratic Party”. In Tajikistan, the “People’s Party of Tajikistan’ is the ruling party, with democracy, secularism; rule of law, and market economy the highly rated principles on its agenda.¹⁸ The Turkmenistan Republic is governed by the “Democratic Party of Turkmenistan”. “Social Democratic Party’ of Kyrgyzstan is a ruling party in that Republic. The party believes in the ideal of democratic reforms and market oriented economy.¹⁹

ii) **Pro-Government Political Parties.**

There are two pro-government political parties in Kazakhstan. First is the “people’s Congress of Kazakhstan. The second is the “Republican party of Kazakhstan”. Ata Meken party in Kyrgyzstan is known as government supportive party in the republic.²⁰ The party supports the democratic reforms of political system and market based economy.

iii) **Independent Political Parties**

Major parties in the republic of Kazakhstan are (a) Democratic Party of Kazakhstan, The Socialist Party of Kazakhstan, The Revival of Kazakhstan. The major parties in the Republic of Tajikistan are (a) the Islamic renaissance party. (b) the aim of the Democratic Party of Tajikistan is to protect the

¹⁷ Askar Zh. Shomanov, “Social Modernization of Kazakh Society”, *Contemporary Central Asia*, vol. 1, 1997, p. 13

¹⁸ Phool Badan, no.6, p. 107

¹⁹ Ibid

²⁰ Askar Zh. Shomanov, no. 12, pp. 13-14.

freedom of the people irrespective of their culture, language and religion, i.e. complete political, economic and cultural autonomy.²¹

Therefore, opposition parties in the central Asian region have represented sectional interests and strategies to mobilize support and grow. There exists very little political freedom in Central Asia. The regional and religious parties are banned in Central Asian Republics for example, Agzybirlik (Unity party) in the Republic of Turkmenistan and the Islamic Revival Party and Adalat Party in Uzbekistan have not been allowed to register themselves as national parties.²²

Thus, the process of reformation of now parties in Central Asia is not yet over. It would, therefore, be premature to talk about a fully developed party system.

INTEREST GROUPS

For the establishment of political pluralism the presence of the interest groups in their various forms is essential. It is well known and a universally accepted fact that the interest groups are essential for all activities of political parties, and the political system of and country functions on their support. The presence of interest groups in any country strengthens the entire political system.

The formation of various interest groups in the region varies from republic to republic because they are the outcome of each republic's own socio-

²¹ *Ibid.*, p. 13

²² Phool Badau, no.6, p. 110

political, national, cultural and regional interest. The interest groups that are trying to influence the government of their respective working in the region are given below

A large number of interest groups in the central Asian countries for example, 'Azat', 'Jeltekhsan', and 'Alash' are actively operation in the Kazakh Republic. Besides, there are some other groups also in the republic, like the Akzhailyk Movement, the Women and Law Movement, the Third Society of lawyers, etc. Some prominent interest groups which came up in Uzbekistan are; Intersoiuz, Samarkand Society, Khalq Birlik, People's Front and Islamic democratic party, etc.²³

ELECTIONS

The Central Asian countries have established election commission and have introduced periodic elections also in their political systems. In the Central Asian countries the president and parliament are to be elected for the terms of five years .the elections in the region are conducted by central election commission. The constitutions of the Central Asian states advocate free and fair elections. But in practice, institutional procedures necessary for free and fair elections have not been set up. The ruling elites have made electoral rules or laws procedures and practices to suit themselves and perpetuate themselves in power.

²³ Ibid. p. 111.

JUDICIARY

The constitutions of all the central Asian republics have made a provision for an independent Judiciary. Judicial powers are to be exercised by the constitution and resolve the disputes between state authorities, and its jurisdiction is final judges of all courts are appointed by the president.”²⁴ Thus all the newly independent countries of central Asia are marked by a weak judicial system. This system is a heritage of the former soviet system when the public prosecutor held wide powers .the system of public defense, public litigation, writ petitions have not been institutionalized . The judiciary as the custodian of the constitution and of democratic and human right still has to evolve.

BUREAUCRACY

The central Asian countries had a well established bureaucracy when they were constituent of the erstwhile Soviet Union. Their allegiance was to the CPSU .The same bureaucracy is continuing in the region but their allegiance has been shifted to the party in power because the modernization of the society has not taken place in the region and professional bureaucracy has not been established.

ROLE OF MEDIA

²⁴The constitution of the five republics, no. 7.

Gorbachev's Reform policy opened the door of freedom for the media (print and electronic both). After the collapse of the erstwhile user, the countries of the control Asian region have provided relative freedom to from real in practice. However, a welcome initiative has been taken in this direction.

Without trying to lay down an exhaustive set of guidelines for achieving a democratic ideal, it is possible to identify a few other factors that must be taken into account if democratization is to take root in deeply divided societies. Ultimately successful democratization is about a commitment to democracy on the part of significant section of elites and societies. The factors that are most widely held to facilitate such commitments are civil societies, political culture and education, political participation, property ownership and the middle class.

CIVIL SOCIETY

There is a lack of clarity on what a civil society essentially is and means in Central Asia. The broadest definition of civil society combines two aspects: its separateness from the state and certain values attributed to it such as tolerance and care for the community.²⁵ In soviet times there was a popular belief that because genuine commitments to the alignment of the Soviet states and its official ideology, there existed underneath the surface the civil society based on critical reflection on and alienation from the state.

The state controlled the public expression of opinion, but it did not control the private sphere. As the Soviet states weakened and subsequently

²⁵Anna Matveeva. no. 1 p 33.

collapsed, the people had a chance to take a closer look at what their society looked like. In Central Asia the state did not succeed in supplanting all other social affiliations, because to extent local languages, traditional values and customs acted as a natural barrier. However , it became clear that these consists almost exclusively of traditional (non-voluntary) groups , such as extended families , kingships, associations and religious communities which were not designed for playing political roles. It imposed barriers in the way of collective action, and prevented voluntary association from taking roots. This checks belief in civic responsibility. For example the free oppress where it exists (Kyrgyzstan and Kazakhstan), partly reflects this phenomena and often declines into cheap entertainment and political gossip in order to survive commercially or has to resort to serving the ruling group.²⁶ Any demand for analytical journalism is very limited.

Yet, in terms of the moves towards civil society, it is a matter of regret that the development of party political platforms is not being allowed to develop in a full fledged manner. There are greater threats to the development of the civil society through personality politics.

POLITICAL CULTURE AND EDUCATION

Even compared to other CIS states the political culture of Central Asia is highly conservative.²⁷ The pre-soviet experience is also a poor to modern democratic development. Education also remains an important factor. However

²⁶ Anna Matveeva. no. 1, p.34

²⁷ Ibid

with a gradual exodus of more educated European minorities (traditional pro-democracy groups) and declining living standards some parents find themselves unable to afford to send their children to schools, even the educational achievements of the soviet era is declining. This will, in turn impede the democratization process.

POLITICAL PARTICIPATION

In the Central Asian republics themselves, the discourse on democratization is centered on the issue of whether direct participation in politics is possible or even desirable. In reality efforts are made by ruling elites to wipe out a dividing line between the state and society and expand state control as far as possible. voluntary participation in public life, including free elections, open media and non violent protests actions, is either restricted or subjected to wide spread mal practice and repressive policies aside , increasingly hampered by popular apathy and disbelief in politics.

PERFORMANCE RECORD

Taken at face value, the central Asian constitution provides full right and freedoms for all their citizens, irrespective of race, religion, ethnicity, sex, and political opinion, Many of the laws have clauses that seriously limit individual rights and freedoms or that give unreasonable power to the chief executive, enabling it to interfere with the proper functioning the legislative and judicial branches and undermining their independence because of the

central Asian countries facing crucial challenges while making states building projects.

Firstly, New power relations had to be constructed part of the soviet system was the empty shells of political institutions structures of autonomy inherited from soviet federalism, in which a façade of republicans and local bodies in fact functioned as implementation agencies for decisions made at the center. Local autonomy was further suppressed by the authority of an all union economic nomenclature in the republics .The challenge was to fill these formal structures with real power. The restrictive effects of the vacuum were demonstrated by developments in Tajikistan after independence, resulting in a civil war, which had major impacts on politicians elsewhere in the region. The immediate necessity was to secure the channels through which power could be exercised from top to bottom. Because of the ways in which the five central Asian republics were originally created by Moscow the validity of relations between those at the bottom could easily be called in to question, as fundamental divisions persisted over the identity of the new nations and even over their very existence.²⁸ This uncertainty brought about the challenge of nation building.

Secondly, A lack of clarity about what “nationhood” essentially consisted of was complicated by the presence of minorities. The states leadership were faced with a tension between predominantly civic or ethnic state orientations and the issue of what place the minorities would occupy in

the new societies., None of the central Asian states is mono ethnic, and nowhere does the titular nationality constitute an overwhelming majority. Each state incorporates distinct minority groups. For example, European (predominantly slavic) settlers. Diaspora minorities indigenous to the area. These groups were confronted with choices between accommodation to the host society, assimilation and emigration,. Emigration became the most viable option for minorities with relatively prosperous kin states outside the CIS, and their exodus looks likely to result in the disappearance of their central Asian communities. Accommodation was only partially possible, as in an era of nation building titular nationality frequently regarded minorities with suspicion, Minorities loyalties to the new established states was often troubled, especially when they lived in boarder areas abutting on their kin states. And their numbers have in many cases been deprived of positions of power,

A third and potently major challenge was fragmentation along regional, tribal or clan lines. Stark division persists within the titular nationalities themselves and sub ethnic identities remain very strong some times regional affiliations can even cross ethnic lines. It is evident, during the soviet period, their significance as a basis for political mobilization social support and especially for elite relations has dramatically increased, Whether national identities can be fostere4d out of narrow clan loyalties or whether, as the example of Tajikistan suggests, such divisions virtually preclude the emergence

²⁸ Shirin Akiner, " Conflict Stability and Development in Central Asia", in Luc Vand Goor, Kumar Rupe Singhe and Paul Scirone, (eds), *Between Development and Destruction* (Newyork, Macmillan, 1996), p. 257

if a political community, remains a formidable obstacle in building coherent nation states.

Fourthly, the prospects for quick economic readjustment were uncertain, while welfare provisions and often even immediate subsistence levels were put in jeopardy. Most of the previous development of related to various heavy industrial projects, was viable only given the all union system of division of labour. Its mineral wealth was largely underdeveloped, since similar wealth were more easily extracted elsewhere in the USSR at paces nearer to the markets. As a result, vast resources generated only a small proportion of their potential profits, while the prospects for short term operation of the economy looked bleak, more over the monetary policies in Moscow, Consequently the first years after independence were dominated by attempts at market reforms the need to sustain basic goods and services and arrest industrial decline, the search for capital investment between the republics and readjustment to each other's adjustment processes.

Finally the fear of foreign, especially Russian, domination partly explained the attitudes to Russian minorities, which were suspected of action as a fifth column in working towards restoration of the USSR, Kazakhstan was particularly vulnerable to irredentist moves it supported by Russian military and anxieties of this kind were indeed raised by Russian and Uzbek interrelation in the civil war in 1992, which turned the latter into what Barnett Rubin calls "a Russian sponsored garrison state" Moreover Russian gradually acquired a role of competitor in relation to central Asian rather than conqueror,

its involuntary disengagement' from the region followed Turkey and Iran, regarded as major aspirants for influence eager to impose their respective models of secularism or Islamic governance made no decisive efforts at taking over the Russian mantle in central Asia, lacking both the means and any substantial commitment to the area.²⁹

POLICY RESPONSES.

Faced with similar sets of concerns, of concerns central Asian leaderships exercised different policy responses. These responses, which shaped the state building projects and laid the foundations of the new states, were characterized by the following key elements.

I. Maintenance of Social Stability and Avoidance of Open Conflict.

This objective on the part of the leaders and major political actors supporting them influenced the means through which they exercised power. Initially most of the leaders represented a continuation of the previous party of power's attractive to the population at large in part because of their perceived ability to preserve inter ethnic peace, were backed by minorities and by those within titular nationalities apprehensive of the rise of ethnic nationalism. The president of Kyrgyzstan, Askar Akaev, the only nomenclature leader, who came into prominence as a champion of inter ethnic accord following his peace making interrelation on the clashes between Kyrgyz and Uzbeks in Osh region,

²⁹ Lena Johnson, *Russia and Central Asia: The new Wave of Relation* (London, Royal Institute of International Affairs).

In their constitutional arrangements all the states opted for presidential republics with strong formal powers vested in the presidency .the initial goal of the leaderships was to secure a position of power for themselves and their immediate entourage, preferably by peaceful means once this achieved, through elections of widely varying democratic credentials, the road to consolidation of power as opened up. The key steps in this direction were restricting or sidelining the opposition, ensuring the compliance of national parliaments, creating new allegiances through distributing favours.

As opposition in the capital (with the exception of Tajikistan) was either marginalized in (Kazakhstan and Turkmenistan) or eliminated in (Uzbekistan)and Turkmenistan).apolitical challenge to the system is more likely to emerge from the regions. led by ambitious provincial leaders who may rise to prominence, Center periphery power relationships care for the most part exercised in patron –client fashion,

II. Use of Economic Means for Political Ends

The interplay between politics and economic development presented the regimes with many opportunities, for instance ,The chosen path of economic restructuring was to put most hope in the country's hydrocarbon resources, while leaving the remnants of soviet industrial might to die of natural causes, this orientation also helped to diminish the political significance of the former soviet economic nomenclature in the republic, thereby depriving the Kazakhstani Russians, concentrated in the north, of their privileged position,

and severely undermining the status of their elite, which was desired from its former industrial role.

Control over the valuable assets disturbing during the privatization process enabled the new leaders to secure the personal loyalties of a closed network of supporters and opened up opportunities for corruption on an unprecedented scale. Economic liberalization (where it took place) and abolition of restriction on trade in valuable commodities created a gigantic car boot sale of everything, which could be sold quickly, and preferable for hard currency. The oligarchy who emerged out of these processes, with powerful vested interests and the many to protect them, gained the new prominence in the shadow of formal political institutions.

III. New Ideologies Based On State Nationalism.

An orientation towards a predominance civic concept of nationality prevailed in the early period of independence and is still reflected in constitutional arrangements (All residents. For example, were granted citizenship and guaranteed equal status) however, drift towards an ethnic bias became more apparent as time passed state centric nationalism, based on promotion of the dominant ethnic group as defining element of the new societies, required construction of these imagined communities from above. Ideologies incorporation myths of a golden Age, moral virtues, cultural traditions and promotion of local heroes to service the requirements of nation building broadly followed the soviet pattern of ideological design and generally

demonstrated the familiar lack of subtlety, in July 1998 resolution of the president of Uzbekistan on measures for further deepening of reforms in the sphere of spirituality and education and increasing in its effectiveness, repeats the complaint of slowness in formation of ideology of national independence: suggesting that more younger people need to be attracted to the enterprise with modern notions of national and human values .In reality, the enhanced status of the titular ethnic groups came about to only a very small degree because of the new national ideologies which left many indifferent, or the imposed use of state languages. as language ,as language laws had few resources to supplement their complementation, and minorities were not forced to communicate in them,

Iv. International Control Operation, Regional Security and Prevention of Irredentism.

The removal of ideology from, and diversification of external relations by are the states, irrespective of their domestic policies, marked clear departure from the soviet era, when the internal and internal policies of the regions were intimately interlinked, the desire to co –operate with the west, however, was determined in large part by the need to secure financial assistance and investment in order to develop the natural resources like (Kyrgyzstan in 1993).

As far as secessionism is concerned, all the republics, leaders had on interest in resection any such pressure on the part of groups linked to majorities in neighboring states, and all were keen to stress that support by a neighboring

regions for any such group could lead to greater general instability or to join their kin stat,

Apart from this, all the central Asian countries revised their constitution and gave the president immense power in his hands .They thought that these authoritarian regimes serve a purpose, perhaps a purpose, perhaps as a half way house to democracy as a guarantor of social order, or even as the best means to push ahead with needed economic and social reform, Certainly, there are justifications for arguing that establishing centralized authority, even by authoritarian means ,is the prerequisite for any type of political of economic development Echoing “John Stuart mill”, that it is next to impossible to establish a democracy in a multiethnic of multilingual society and would there fore justify authoritarianism as a means to ensure that there is no further violence.

Now democratization process in all the five republics is given below.

KAZAKHISTAN

Guillermo O’Donnell’s concept of ‘delegative democracy’ is rightly applicable to the dynamics of political developments in post Soviet Kazakhstan.³⁰ A delegative democracy is the one which meets the formal requirements of democracy but whose actual practice resembles that of an authoritarian state. It is grounded on a basic premise that the elected president is entitled to govern the country as his sees it fit, with little or no regard to other

³⁰ G O Donnell. “Delegative Democracy”, *Journal of Democracy*, vol.5, no.1. 1994, p.55.

institutions that may try to check or limit his powers. Typically, presidents' delegative democracies present themselves above all parties and politics, as saviors of the nation. O'Donnell argues that historical inexperience with democracy and an acute socio-economic crisis provides the cultural and institutional context, as well as a pragmatic need that contributes to the emergence of delegative democracies. Both of these can be found in Kazakhstan, as well as in other republics of the region.

In Kazakhstan president Nursultan Nazarbayev has attempted to construct an aura of democratic legitimacy while at the same time acquiring the machinery of a presidential dictatorship. As a former head of the republic's communist party, Nazarbayev was elected chairman of the Kazakhstan's Supreme Soviet in February 1990, and after the disintegration of the Soviet Union, he was elected (without opposition) as the president of the country in 1991. In April 1995, he extended his term to the year 2000 in a referendum with the support of 91% of the voters.³¹

In Kazakhstan, one finds all the norms that are associated with the democracy i.e., basic democratic rights such as freedom of speech, freedom of press, freedom of political activity and free and fair elections have been regularly abrogated. In fact, in March 1995, the parliament was dissolved because of the constitutional court found too many electoral irregularities. In accordance with a new constitution approved by voters in August 1995, the president has now the power to appoint all ministers (except the prime

³¹ "Kazakh Parliamentary Election Results", *Central Asian Quarterly*, vol. 3, no. 1, 1996, p.4.

minister) without parliament's assent and can dissolve the parliament in case of 'severe disagreements' and issue decrees with the force of law. In addition, the president's 'honour and dignity' were declared 'sacrosanct'; this gives Nazarbayev legal basis for persecution against many of his opponents. The constitutional court was also eliminated in favour of a constitutional council, whose decisions are subjected to presidential veto. Nazarbayev's supporters dominated the new parliament, elected in December 1995 and it is likely to remain loyal and faithful to the ruling regime.³²

President Nazarbayev has suppressed the emergence of strong opposition parties. Particularly the president has singled out nationalist or separatist groups, finding them guilty of violating constitutional provision prohibiting groups that attempt to promote 'social, racial, national, religious, and class or tribal discord'. Prominent targets of the president have been Kazakh nationalist party *Alash* and the movement *Zhettoqsan* which actively encouraged Russian emigration. Both of these have been banned. Leaders of opposition have been jailed and subjected to beatings.

Given the outburst of ethnic cleavages, the democratic and political liberalization would cause so much political mobilization on ethnic groups and that would promote more ethnic rivalism in a country like Kazakhstan.³³

KYRGYZSTAN:

³² Ibid., p.5

³³ A. Rabushka, and A. Shepsle, *Politics in Plural Societies: A Theory of Democratic Instability*, (Messill, 1972), P.54.

Kyrgyzstan has got a better democratic record than any other country in the region. The former vice-president of U.S, Al Gore, described Kyrgyzstan as a 'bulwark of democracy in the region'³⁴. Under the stewardship of president Askar Akayev, Kyrgyzstan has established itself a reputation for democratic, political liberalization. After being selected as the president by the Supreme Soviet in the autumn of 1990, he won a popular election the following year, running unopposed but without apparent genuine popular support. He fought the election again in January 1994 winning an extension of his term to Oct. 1996.

In the aftermath of president Akayev's advent to the office, the economy started deteriorating and opposition grew considerable from the vested interests of the old *nomenklatura* and Kyrgyz nationalists. Owing to this situation, the democratic progress of the country has been disturbed. After being increasingly frustrated with parliament's intransigence, Akayev engineered the dissolution of the legislature in September 1994, calling it an 'outdated Soviet relic'. The parliamentary dissolution was soon followed by other moves i.e., constitutional amendments were passed to augment Akayev's powers. These powers include the powers of appointment with minimal parliamentary power, greater veto power to the president and right to disband the parliament is also vested with the president.³⁵ Nevertheless, the democratic record of Kyrgyzstan has been far better than other central Asian republics.

³⁴ B Pannier, "The Shrinking Shores of Central Asia's Island of Democracy", *Transition*, vol.2, no. 7, 1996, p.56.

TURKMENISTAN

The president Sapramurad Niyazov was appointed as the first secretary of the Turkmen Communist party in the late 1985. Though, he was appointed by Gorbachev to clean up Turkmenistan, Niyazov moved quickly to consolidate his own control over the republic. As the Soviet Union collapsed in 1991 in which 94.1% of the population gave him their backing.³⁶ The constitution of Turkmenistan republic was adopted on 18 May 1992.³⁷ During the transition process the state leadership under Niyazov acquired more authoritarian presidential form in nature. The republic's constitution provides for extensive powers to the president. President Niyazov subordinated all the democratic institutions, i.e. parliament and other bodies to the president's office and completely turned parliament as a puppet in his hands. The new constitution of the republic gives the people socio, political, cultural rights and civil liberties, which were denied during the Soviet period. The above-mentioned rights and liberties are far from the rights and liberties available to the people in developed and democratic countries of the world. Nevertheless, a beginning has been made in this regard.

On the June 1992, after a short 'election campaign' Niyazov was elected as president with 99.5% of the vote. Following the election, the personality cult

³⁵ Paul, Kubicek, No.2, p.37.

³⁶ John Anderson, "Authoritarian Political developments in Central Asia: The Case of Turkmenistan", *Central Asian survey*, vol.14, no.4, 1995,p.509.

³⁷ *Constitution of Turkmenistan* (Ashqabad, 18 May 1992), no.691—XII.

surrounding him started growing. He was increasingly referred as *Turkmenbashi* (leader of the Turkmen people). This title was aimed at the indigenous population and expected to invoke popular awe and loyalty. The Moscow press compared Niyazov's growing personality cult with that of Brezhnev in the late 1970's. This personality cult continued as parliament decide to officially declare him *Turkmenbashi* in October 1993, and declared his birthday as public holiday, with the depiction of his face on the new currency introduced in the November 1993 and the Caspian port town of Krasnovodsk was held on granting him a second term of office without having to fresh elections in 1997 as the constitution required.³⁸

TAJIKISTAN

The disintegration of the Soviet Union led to the emergence of independent Tajikistan on 9 September 1991. The newly born Tajikistan has been marked by the absence of civil society, nascent political and democratic process and the growing political instability³⁹.

Independent Tajikistan is not a democratic country. Its political and democratic processes are still in a nascent stage. The Communist Party of Tajikistan does not enjoy a monopoly of power and the political system in the republic is a replica of old soviet order, because only a few people dominate the system and they still use methods, ranging from control of the mass media to the imprisonment or killing of opponents that were highly developed in the

³⁸ Ibid. p.511

³⁹ Haffizullah Emadi, "State, Ideology and Islamic Resurgence in Tajikistan", *Central Asian Survey* (Oxford), vol.13, no.4, 1994, p.565.

soviet era. Despite the constitutional guarantees, the human rights, civil, political liberties of the citizens are not protected in Tajikistan. The presidential and legislative elections were held in November 1994, and February- March 1995 respectively, but these were neither free nor fair. Till today the communist party of Tajikistan remains the single largest party in the country.⁴⁰

UZBEKISTAN

Uzbekistan's independence was not accompanied by a wholesale transformation of republic's political structure. Islam Karimov, first secretary of the communist party, was elected president with 86% of the votes in December 1991 elections. According to Uzbekistan's new constitution of 1992, the *oily majli*, the parliament will be the ultimate source of power.⁴¹ But it has remained a rubber stamp as the president has accumulated all the powers in his hands. The activities of various opposition groups i.e. democratic, religious and ethnic have been circumscribed and many organizations have out rightly been prohibited or pushed back to underground.

The dominant theme post soviet political development in Uzbekistan has been the emergence of an authoritarian presidential system.⁴² The president Karimov has the power to issue presidential decrees with the force of law, in turn circumventing the other branches of government and there is hardly any checks and balances on his powers. The president appoints regional governors

⁴⁰ Muriel Atkin, "Thwarted Democratization in Tajikistan", in Karen Dawisha and Bruce Parrott (eds.), *Conflict Cleavage and the Change in Central Asia and the Caucasus* (Cambridge, 1997), p.277.

⁴¹ Constitution of the republic of Uzbekistan, Tashkent, 1992.

⁴² Paul Kubieck, no. 10, p.31

(*hokims*) and regularly shuffles them to prevent any individual from acquiring a power base to challenge his authority. With the power of appointment and as leader of the People's Democratic Party (PDP), the president is in an easy position to dominate parliament, which is composed mainly of PDP members and local government officials. In March 1995, he extended his term to the year 2000 in a referendum which he won in a Soviet style, with 98% of the vote. Before the votes were officially counted, Uzbek radio claimed the entire nation had 'unanimously' voted in favor of the president.

Opposition parties are technically allowed, but this is done only to create a veneer of democracy. Those parties that are allowed to function such as the Motherland Party all openly support the PDP of the president and are in fact little more than the extension of the ruling party. Meanwhile, true opposition parties and groups are hampered by government restrictions. They include democratic movements such as *Erk* (Will) and *Birlik* (Unity), whose leaders have been beaten by 'unknown assailants' and eventually forced into exile abroad. In 1993, these groups were finally banned on charges of conspiracy to overthrow the government and their adherents are still jailed for defaming the honour of the president Karimov.

Karimov justifies such undemocratic policies by pointing to the experience of neighbouring Tajikistan where a civil war continues among the forces representing former communists, nationalists, democrats and Islamists.¹³ By suppressing the political dissident groups, Karimov has

¹³Andrew F. March, "The use and abuse of History: 'National Ideology' as Transcendental object in Islam Karimov's 'Ideology of National Independence'", *Central Asian Survey*, vol. 21, no.4, 2002, p.373

promoted a 'cult of stability' by claiming that his rule, even if considered harsh by some, is the only way to ensure and inter ethnic harmony in the country.

The parliament of Uzbekistan on 5 April 2002, extended president Islam Karimov's term of office from five to seven years. It means he will remain in office at least till 2008. The question of extending Islam Karimov's term as president was put to a vote in a referendum held on 27 Jan 2002. An overwhelming majority of the public (about 90%) voted in favor of having the president govern the country for seven years instead of five. The parliament on 5 April 2002 turned the referendum results into a law.⁴⁴ Presently Karimov has no real competitors inside the country. Opposition outside its borders is represented by the Islamic Movement of Uzbekistan, which is listed by the US state department as a terrorist organization and is, therefore, unlikely to play a significant role in national life. Moreover in the wake of the January referendum, some amendments are supposed to be made in the constitution. Presently Karimov is in his second term, the constitution does not allow a candidate for a third term but the constitution is likely to be amended to accommodate Karimov for his third term as the president of Uzbekistan.⁴⁵ This is a clear manifestation of president's undemocratic and authoritarian tendency.

⁴⁴ "Islam Karimov places great trust on Uzbekistan". *Kommersant*, 6 April 2002, *Current Digest of the Post-Soviet Press*, vol.54, no14.(2002), p 17

⁴⁵ *Ibid.*, p.17

CHAPTER – 4

CONCLUSION

CONCLUSION

Economic globalization has brought with it considerable prosperity, spread fairly broadly around the globe. It is certainly not everything its staunchest proponents have envisioned. There are many places around the globe with horrendous poverty and endemic corruption. In this sense globalization has not necessarily eliminated the barriers and imperfections that plague many countries. Markets are still messy. But at the same time, with the major general exception of Africa, many, many people around the world have benefited from the expansion of economic activity and commerce in the last five and especially the last two decades. At the same time, while progress has been made in terms of democratization, the world is still plagued by corruption and authoritarian regimes. Progress in this regard has been slower than might have been envisioned.

So many globalization forces like IMF, World Bank, OSCE, international NGOs, and countries like the USA etc. are putting pressure on these countries to practice the democratic norms in the governance and to enter the mainstream democratic world. But every good thing to happen takes time and it is said that waiting with patience and endeavor yields good results.

Overall, the repercussion of decline in inter-Republics trade, disruption in payment systems, liberalization in prices, currency reforms and reduction in subsidies, have been devastating for the CAR economies, as becomes evident.

This has led to a significant fall in living standards and increased social and economic tensions in all the Republics.

Although economic decline in Central Asia is evident, there are serious shortcomings in the data, which apply to all transitional economies. While under central planning, the output of state enterprises was always exaggerated; during transition, the output of the private sector is underreported. Still, the fact remains that these economies have not contracted drastically. Despite that, recorded unemployment in the region is very low. The growing private sector must have generated employment. But it shows that a large-scale industrial restructuring is still due in Central Asia.

Although all the Central Asian Republics are trying to diversify trade links and have become members of the Economic Cooperation Organization (ECO), they are increasingly realizing the political and economic importance of Russia, both as an input supplier and as a market. The prospects of a return of growth in Russia have also generated new interest in improved regional and economic ties. Kazakhstan joined the customs union that already existed between Russia and Belarus. The Kyrgyz Government has also formally applied for joining the trilateral Belarus-Russia-Kazakhstan customs union. Further, in April 1994, Kazakhstan, Kyrgyzstan and Uzbekistan signed an agreement for the creation of an Integrated Economic Area. This plan envisages the implementation of sixty joint projects covering nine sectors in these three economies. A Central Asian Bank for Cooperation has also been established.

Apart from the fuel and energy sector, the numbers of foreign investments and joint ventures in the CAR economies have remained insignificant. According to S. D. Primbetov, Chairman of the Executive Committee of the Inter State Council of Kazakhstan, Kyrgyzstan and Uzbekistan, the reasons for the weak inflow of foreign capital have been economic instability, chaos in decision making procedures and inconsistent legislation, frequent changes in the financial conditions for production (tax, prices), remoteness of markets, and weak communication networks.

World Bank studies have also prepared a liberalization index of transitional economies to represent the duration as well as intensity of reforms for the 1989-94 periods. In this index, 30 per cent weightage is given to internal market liberalization and another 40 per cent to privatization of small and large scale enterprises and banking reforms. According to these studies, Central Asian economies are far behind other transitional economies. Within the Central Asian region, Kyrgyzstan is a frontrunner, followed by Kazakhstan, Uzbekistan and Tajikistan. Turkmenistan is the least liberalized economy in Central Asia. A close relationship between economic liberalization and political reform has also been found by these studies. Reforms have been slow in countries where former leaders have held power continuously.

In addition, all Central Asian states have to build national institutions and create national policies in all areas. As regards economic reforms all the five republics have done much to create legislative bases for market economy. All of them have introduced stabilization policies and structural reforms in

their economics. They have liberalized their international trade partially and are also committed to privatizing their economics substation ally. But compare to central and Eastern Europe and Russia, the process of economic transformation in Central Asia is still at an early stage. Within Central Asia, Kyrgyzstan and Kazakhstan have made good beginnings. But there are many unfinished tasks in Uzbekistan, Tajikistan and Turkmenistan, which must be completed for meaningful economic change.

For the point of view of depth of systemic transformations, all Central Asian Republics can be subdivided into the following categories: more active reforms have taken place in Kyrgyzstan and Kazakhstan. If the terminology in vogue is used, these countries have opted for the path of “shock therapy”, more or less similar to the Russian path. Uzbekistan and particularly, Turkmenistan have chosen a more conservative model of gradual transition to market relations with great relative weight of state property and state regulation of the economy. Tajikistan belongs to a special category on account of the peculiarities of the internal political situation. But even in this country systemic transformations have been carried out.

In fact, every republic has its own peculiarities in character and pace of systemic reforms. Not only had the countries differed, but also the different periods chosen in each country. On the whole, from about 1995, one can notice certain closeness between the countries divided above into two groups. On the one hand, Uzbekistan and Turkmenistan began to implement more actively measures in the sphere of privatization of state property, reduction of control of

prices and liberalization of foreign and internal trade. On the hand, Kazakhstan and Kyrgyzstan began to retreat from the extreme 'shock' character of their policy, which can be noticed in a certain increase in the role of the state in their economy. Nevertheless, "convergence" o policy in both these groups of countries has not taken place and it is no where to be seen at present.

The beginning of the economic reforms in the Central Asian republics can be dated back to the end of 1980s. These republics which were then still parts of the USSR began to carry out the first transformation, although at a moderate level. The chief new moment came with the introduction of a two-level banking system in 1988.

The CARs of the former Soviet Union have become members of the International and banking institution including the IMF and the World Bank. By virtue of this they are able to get assistance both in terms of technical guidance and advise as well as credits to enable them to achieve the objectives of economic transition from a command economy to a market economy. For instance IMF has granted loans to Kazakhstan for the purpose of technical assistance in developing financial infrastructure, particularly banking and taxation, and also in the privatization programme in the country. Pakistan has given credit to Kazakhstan for purchasing medicines, consumer goods etc. Pakistan will also help Kazakhstan in the construction of cement plant. Thus, both in terms of trade and investments, Pakistan is bidding its entry into Central Asia. A joint Tadjik-Pakistan project is coming up under which a modern textile firm wills be set up whose products will be exported abroad.

Similarly, Turkey is extending assistance to Kyrgyzstan, which is to be utilized for importing consumer goods as well as engineering products. There are expectations of the participation of Turkey in the economic development of Kazakhstan including certain hi tech area such as telecommunication etc. Uzbekistan has also not lacked behind in striking closer economic cooperative with Turkey. In fact, the president of Uzbekistan, Islam Karimov has called for an approach towards economic development of his country on the 'Turkish Model', which has adopted a lot of western market economy, western democracy, and secularism. In the development of its external relations, some Central Asian Countries have given special importance to Russia also.

In the economies of Central Asia dominated by natural resources, many reform initiated have been continually threatened by resistance from western interests. However, Kazakhstan has made substantial progress in liberalizing prices and it maintains a relatively a liberal trade regimes: small scale privatizations is almost complete, and parts of the infrastructure has been privatized. After an impressive start by liberalization, the pace of systemic reforms in Kyrgyzstan has slowed somewhat since 1997. On the other hand, progress has been very slow so far in Uzbekistan and, especially, in Turkmenistan, the authorities in both the countries still maintaining control of prices and centralized allocation of resources. Turkmenistan and Uzbekistan have made progress in liberalizing trade and foreign exchange with respect to trade with non- CIS countries. Many CIS countries are still conducting their

trade exclusively on the basis of bilateral agreement and are not yet parties to multinational arrangements.

The change in ownership has been slower in Central Asia. In Tajikistan, small scale privatization started at the end of early 1990s, but progress has been slow and got moderate momentum only in 1996. Progress has also been moderate in Uzbekistan and also Turkmenistan has so far made little progress.

Values, not institutions, have played the determining role in the recent systemic transitions in Central Asian states of the post-communist world. In each of the five countries of Central Asia-Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, political institutions of democratic government and market-oriented economies were adopted soon after these nations attained independence in 1991. As these countries began the first stages of transition, the leaders of each of the Central Asian countries spoke out, at least on a rhetorical level, in favor of the establishment of democratic institutions and secular government. Following independence, each of them adopted a constitutionally limited, representative form of government with a separation of powers and a legal and regulatory framework in accordance with international standards. For a brief period during the first stages of national consolidation, there was a widespread assumption in these countries and in the outside world that if the right democratic institutions could be transplanted to the fertile soils of post-communist reorganization, the processes of true democracy could be expected surely to follow.

After the disintegration of the former Soviet Union the new countries cast off communism and they generally set out at least initially to implement economic and political reforms simultaneously. This stands in contrast with previous successful transitions in countries such as Chile, South Korea and Taiwan, where political liberalization followed only after economic reforms were well under way, or the current transition in China, where economic liberalization unfolds with little simultaneous democratization. Almost all the countries didn't get enough and instant success in implanting important elements of democracy and the market economy with overwhelming state interference in the economy. The countries in the region lived through economic collapses dwarfing the Great Depression, civil wars, surge of crime and violence.

All the countries adopted constitutions in the early 90s, in which they declared themselves as democratic and in which they adopted many liberal democratic liberal principles. Many of them made provisions for secularism though it was feared in the beginning because of their major Muslim populations and also the geographical proximity with the Islamic nations like Iran other Arab countries. The influence of the former Soviet secularism and non- interference with religion can be the cause of such decision.

The structures of the governance in these countries are in accordance with that of the western democracies. All countries have adopted structures where the president is the head of the nation, who, according to the

constitutions, should be elected by the people in regular elections. Sovereignty in a country lies with the people of the nation. The constitution is the supreme source of all the powers in a country. The constitutions also have the power to declare any law passed by the legislatures as illegal if they are against the procedures of the constitutions. Governmental powers are based on the division into legislative, executive and judiciary powers as the constitutions in these countries. The constitutions also have provisions for regular elections for the posts of the executives and the legislatures. The parliaments in the countries are accorded highest status as the bodies of the representatives of the citizens. The parliaments are also given power by the constitutions to bring legislations for economic, social, political, judicial and constitutional aspects. So each of the CARs have adopted a democratic structure of constitutionally limited, representative form of government with a separation of powers and a legal and regulatory framework in accordance with international standards.

In the countries of the post- Soviet Central Asia elections to the legislatures are held regularly. Presidential elections are also held. In Kazakhstan, in January 1999, Nazarbayev was re-elected president in a landslide victory and the parliamentary elections were held in November 1999. In Uzbekistan Islam Karimov was republics-elected president in 2000. Akayev's posted victory during the course of the 2000 presidential elections conducted in October in Kyrgyzstan. Elections held in these countries have witnessed increased participation of people.

Although the countries of the post –Soviet Central Asia have adopted structures of democratic governance with written constitutions, separation of powers, universal adult suffrage, periodical elections to the parliaments and the executives; the practice of a true democracy is not there. The presidents of these countries have made themselves all powerful by changing the provisions of the constitutions or violating them. The role of the opposition, which is one of the important characteristics of a democracy, is neglected. The elections are witnessed with all types of hara-kiri and riggings etc. The practice of removing the potential candidates from the elections is rampant in these countries.

The presidents in all of the five countries have accumulated vast powers in their hands and they are ruling arbitrarily. They don't have any accountability to anybody. The role of the judiciary has been very poor in preserving the constitutions as they don't possess much power in the matter of the governance. The governments there have also restricted the independence of the media -print or electronic. Foreign or private investments in this sector are not permitted. So the censor on the media has obstructed the right and freedom of expression. So the people don't get enough chance of awareness. Right to oppose the government policies is not enjoyed by the people.

So, the overall performance of the democratic set up of governance in the Central Asian countries is not good. The slow process of the democratization in these countries may be due to inexperience of democracy. The shadow of their communist past is still haunting them. The political leaders in these countries are the product of the long communist and authoritarian

regime that is not in the habit of sharing power. The people of the countries are also not that aware of their rights as a democratic citizen. The heterogeneous society with ethnic clashes and civil wars is also one of the reasons of the slow progress of democratization.

A major concern of U.S. policy in Central Asia has been to foster the long-term development of democratic institutions and policies. Technical assistance and training programs supporting democratization in Central Asia include those dealing with the division and balance of governmental powers, political parties, voter education and electoral laws, election administration, civic education, legal and constitutional reform, respect for human rights, independent media, diplomacy, university administration, and parliamentary and educational exchanges.

Yet, despite these international perceptions, there is growing concern from within the region that the republics are following the wrong path of development. Furthermore, much of the Central Asian leadership believes that double standards are being set with respect to how each individual state is being dealt with by the international community.

On the one hand, states like Kazakhstan and Turkmenistan, with an abundance of natural resources in the Caspian Basin, have attracted the business interest of the US and other western states, which have shown eagerness to ensure that democratisation and modernization of the political and economic climate occurs. On the other hand, because they have little to offer in return, states like Kyrgyzstan and Tajikistan are battling to attract much-needed

foreign investment. Based on this division, it can be argued that the west is ready to turn a blind eye to many of the undemocratic tendencies expressed by Kazakh President Nazarbayev, while Kyrgyz President Akayev's re-election faced a disproportionate amount of criticism from the international community. The coup to oust the Kyrgyz president later this year is an incident which needs further attention. It may be said that the people of that country have become aware of their rights and the authoritarian regime of Akayev has come to end at last.

In Uzbekistan Karimov prioritized areas such as the achievement of a multiparty climate, battling of corruption in public life, the freedom of the media, the facilitation of NGO operations, and the continued integration of Uzbekistan into the international community. Meanwhile, in an effort to ensure the democratic nature of his government, Karimov signed a decree on legal reform aimed at enshrining individual, social, political, and economic rights. However, reform will be gradual without radical, immediate change.

The complexities of promoting democracy in cultures so dramatically different from the European liberal traditions have convinced some people that democracy is not appropriate for Central Asia. Some have observed that Central Asia is "not yet ready" for democracy, that Central Asia "will not see democracy in our lifetime." Others have fallen back on more traditional arguments, maintaining that American assistance in the end should be related to American interests. America should help people help themselves, they say, but it should do so when that also means helping America.

These arguments overlook a basic reality of the modern world. Investment in democracy is not an investment in a form of government at all. It is an investment in good governance. Without good government, no form of foreign assistance is likely to prove beneficial in the long run. The rationale for promoting democracy is neither self-interest nor altruism. Malign dictators can just as easily appropriate for their own purposes the fruits of self-interested help as they can the fruits of genuine altruism. Good governance is good investment.

Saturated by deficiencies in education, technical implementation and policy structure and inefficiencies concerning economic resources, demoralisation process is still an idea presented on paper that will slowly evolve into action.

The liberalization and globalization process in the countries have not so far been that effective. But the role of globalization in the economic development in these countries cannot be ruled out altogether. The global forces are surely going to help in the democratization process in these countries. Criticism from the west, with the US at the forefront, has intensified during the recent regional parliamentary and presidential elections. The dream pursued by the US and large international organizations, such as the OSCE, envisaged a Central Asia with a thriving free market economy, a strong civil society, and an extensive democratic regime. Many perceive that this vision can be realized with the assistance of foreign aid and the inclusion of

international donor agencies in the national and regional strategy of the Central Asian states.

BIBLIOGRAPHY

BIBLIOGRAPHY

PRIMARY SOURCES

Constitution of the Republic of Uzbekistan (Tashkent, 1992).

Constitution of Turkmenistan, Ashqabad, 18 May, 1992), nos.691-XII.

“Decree by the President of the Republic of Uzbekistan, Karimov on measures to enhance the role of T.V. and Radio in the social Development of Uzbekistan”, *FBIS Report: Central Eurasia*, nos.92-99, 13 May 1996, pp.96-99.

Documents and Materials of Congress of People’s Deputies of the USSR, 25 May 9 June 1989 (Moscow: Novosti Press Agency, 1989).

Documents and Materials of 19th All-Union Conference of the CPSU, June 1998 (Moscow: Novosti Press Agency, 1988).

Documents and Materials of the 12th Special session of the Supreme Soviet of the USSR of 11th Convocation (Moscow: Novosti Press Agency, 1988).

Documents and Materials of 27th CPSU Congress, 25 February 1986, (Moscow: Novosti Press Agency, 1986).

Documents and Materials of the Plenary Meeting of the CPSU Central Committee, 19-20 September 1989, (Moscow: Novosti Press Agency, 1989).

Documents and Materials of the 28th of the CPSU, 1990, (Moscow: Novosti Press Agency, 1990)

“Edited by the President of the Republic of Uzbekistan: On Creating a Fund to Support the Press of the Republic of Uzbekistan “, *I/BIS Report: Central Eurasia*, nos.120-126, September 1993, pp.93-125.

Gurgen Emine, Snoek Harry, Craig Jain, Jimmy and Rordan Van Ron, Economic Reforms in Kazakhstan, Kyrgyz Republic, Tajikistan, *Turkmenistan and Uzbekistan IMI' Occasional Paper*, no.183, International Monetary Fund)

Gorbachev. M.S., “At the New Stage of Restructuring” (speech at a meeting of the CPSU Central Committee with Executives of the Mass News Media, Ideological Institutions and Creative Unions, 23 September 1998), *Pravda*, 25 September 1998, pp.1-2, CDSF, Vol. XL, no.39, 26 October 1998, pp.7-9.

-----, “Conviction is the Bulwark of Restructuring” (Speech at the CPSU Central Committee on February 13, 1987), *Pravda*, 14 February 13,1987, pp.1-2, *CDSF*, vol. XXXIX, no.7, 18 March 1987, pp.7-13.

-----, “Democratisation is the essence of Restructuring and the essence of a socialism”. (Speech at a meeting of the CPSU Central Committee. 8 January, 1998), *Pravda* 13, June 1998, pp.1-4, CSDP, vol. XL, no.2, 10 February 1998, pp.1-9.

-----, “ On Progress in the Implementation of the Decisions of the 27th CPSU Congress and the deepening restructuring”, (Report at the 19th All Union CPSU Conference, 28 June 1988) *Pravda* and

Izvestia, 29 June 1988, pp.2-7, *CSDP*, vol. XL, no.26, 27 July 1988, pp.7-11.

-----, “ On Restructuring and the Party’s Personal Policy”, (Report at the Plenary session of the CPSU Central Committee, 27 January, 1987), *Pravda*, 28 January 1987. *CSDP*, vol. XXXIX, no.4, 25 February 1987, pp.9-12.

-----, *Perestroika: New Thinkig for our country and the World*, (London: Collins, 1987).

-----, *Political Report to the 27th CPSU Congress: Documents and Resolutions* (New Delhi: Allied Publishers, 1986)

-----, Restructuring is a Vital Affair of the people (Speech at the 18th Congress of USSR Trade Unions, 25 February 1987), *Pravda*, and *Izvestia*, 20, February 1987, pp.1-2, *CSDP*, vol. XXXIX, no.8, 25 March 1987.

-----, *Selected Speeches and Articles* (Moscow: Progress Publishers, 1986).

-----, *Selected Speeches and writing*, (Oxford: Pergamon Press, 1986).

-----, “Young People are a Creative Force of revolutionary Renewal”, (Speech at the 20th YCL Congress, 16 April 1987), *Pravda*, 17 April 1987, pp.1-2. *CSDP*, vol. XXXIX, no.16, 20 May 1987, pp.9-13.

Human Development Report, Uzbekistan 1997 (UNDP Report Tashkent, 1997).

Prospects (*IMF Working Paper*, no. WP/68/52, International Monetary Fund)

World Economic Outlook: The Global Demographic Transition, (Sept 2004).

Kazakhstan Economic Trends, The Government of the republics of Kazakhstan Centre for Economic Reforms, European, Expertise service, Tacis, first quarter, 1996, p. 103.

SECONDARY SOURCES

1. BOOKS

Alexei, Vassiliev, *Central Asia, Political and Economic Challenges in the Post Soviet Era* (London, Sagi Books, 2001).

Atabaki, *Post-Soviet Central Asia*, (London: Taurus Academic Studies, 1998).

Badan, Phool, *Dynamics of Political Development in Central Asia*, (New Delhi: Lancer

Bakaya, Ravi. M., *The Second Revolution: Democratisation in the USSR* (New Delhi: Patriot Publishers, 1989)

Bhagwati, Jagdish, In *Defence of Globalization*, (New Delhi: Oxford University Press, 2004).

Bhalla, A. S, and Lapeyne, F., *Poverty and Exclusion in a Global World*, (Macmillan Press, 1999).

- Black, C. (et. al) *The Modernisation of Inner Asia*, (New York: An East Gate Book, M E Sharpe, 1991).
- Bremmer, Ian and Ray Taras, (eds.), *Nations and Prilitirs in the Soviet Successor States* (Cambridge University Press, 1993)
- Chang, Ha Joon, *Globalization Economic Development and the Role of the State* (London: Zed Books, 2003).
- Clark, Susan L. (ed.), *Gorbachev's Agenda: Changes in Soviet Domestic and Foreign Policy* (London; west View Press, 1989).
- Cooper, Thomas. (et. al), *Communications Ethics and Global Change* (New York: Longman,1989).
- Dani, Ahmad Hussian, *New Light on Central Asia* (Delhi: Renaissance Publishing House, 1993).
- Das, Dilip K., *The Economic Dimensions of Globalization*, (New York: Palgrave, 2004).
- Duncan S., *The Rom! To Post-Communism, Independent Political Movements in the Soviet Union- 1985-1991* (New York: Printer, 1992).
- Dunlop. John. B, *The Rise of Russia and fall of The Soviet Empire* (New Jersey: Princeton University Press, 1995).
- Dwisha, K, R. Parrot, *Russia and the New States of Eurasia* (New York: Cambridge University Press, 1994).

- Edward, Allworth, *Central Asia: A Century of Russian Rule* (New York: Columbia University Press, 1967).
- Gidadubli, R.G.; *Socio-Economic Transformations in Central Asia*, (New Delhi: 1987).
- Gidahubli, R. G, *Socio Economic Transformation of Soviet Central Asia* (New Delhi: Patriot Publications, 1987).
- Gruserg, Isabelle and Kho (eds.), *Globalizations: The United Nations Development Dialogue*, (New York: U.N University Press, 2000).
- Gupta, Suraj B., *Monetary Economics: Institutions, Theory and Policy* (New Delhi: S. Chand and Company, 2000)
- Harvey, D., *The Condition of Post-modernity* (Oxford: Blackwell, 1989).
- Heath, Everett, T., *Central Asia: Aspects of Transition*, (London: Taylor and Francis Group, 2003).
- Held, David (ed), *A Globalizing World? Culture, Economics, Politics* (New York: Routledge, 2000).
- Held, David (et. al), *Global Transformations, Politics, and Culture*, (UK: Polity Press 1999).
- Held, David, *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance*, (New York: Cambridge, 1995).
- Hoogvelt, A., *Globalization and the Post Colonial World: The New Political Economy of*

- Hulsemeyer, Axel (ed.), *Globalization in the Twenty-First Century: Convergence or Divergence?* (New York: Palgrave, Mac Millan, 2003).
- Hunter, Shireen T., *Central Asia Since Independence* (Greenwood, 1996).
- Islanov, Bakhtior, A, *The Central Asian States: Ten Years After: How Much to Overcome Traps of Development, Transformation and Globalization?* (Tokyo: Maruzen Co. Ltd, 2001).
- Joshi, Nirmala (ed.), *Central Asia: The great game replayed-An Indian Perspective* (New Delhi: Lancer Books, 2002).
- Karimov, Islam, *Uzbekistan in the Threshold of Twenty First Century*, (New York: Cambridge: 1998).
- Mandellbaum, Michael, *Central Asia and The World: Kazakhstan, Uzbekistan. Tajikistan. Kyrgyzstan, Turkmenistan* (New York: Foreign Relations Press, 1997)
- Mye, J.S. and Donahul, John D. (ed.), *Governance in a Globalizing World* (Washington: 2000).
- Paksoy, H.B., (ed.), *Central Asia Reader* (New York: M E Sharpe Publications, 1994)
- Patnaik, A (ed.), *Commonwealth of Independent States: Problems and Prospects* (New Delhi: Konark Publications, 1995)
- Patnaik, A., *Central Asia: Between Modernity and Tradition* (New Delhi: Konark Publications. 1996)

- Patnaik, A., *Nations, Minorities and States in Central Asia* (New Delhi: Anamica Publishers, 2003)
- Peitirse, J.N, *Globalization and Culture: Global Melange* (New York: Romen and Littlefield Publication 2000)
- Pomfret, Richard, *Constituting A Market Economy* (Edward: Elgar Publishing Limited, 2002)
- Pomfret, Richard, *The Economies of Central Asia* (New Jersey, Princeton University Press, 1995).
- Robertson, R., *Globalization*, (London: Sage, 1992)
- Robertson, R., *Globalization: Social Theory and Global Culture* (London: Sage, 1992)
- Roy, Oliver, *New Central Asia: The Creation of Nations* (London: IB Tours Publications, 2000)
- Rumer, Boris (ed.), *Central Asia and the New Global Economy* (New York: M E Sharpe Publications, 2000)
- Rumer, Boris (ed.), *Central Asia in Transition: Dilemmas of political and Economic Development* (London: M E Sharpe Publications, 1996)
- Rumer, Boris and Zhukov, Stanislav (ed.), *Central Asia: The Challenges of Independence*, (New York: M E Sharpe Publications, 1998)

- Rumer, Boris, *Central Asia: A Gathering Storm?* (New York: M E Sharpe, 2002)
- Schirm, Stefan A., *Globalization and the New Regionalism: Global Markets, Domestic Politics and Regional Cooperation* (Cambridge: Polity Press, 2002)
- Sharma, R.R., *Soviet Central Asia: A Marxist Model of Social Change*, (Delhi: McMillan, 1979).
- Shirin, T Hunter, *Central Asia Since Independence* (Washington D. C. London: The Centre for Strategic and International Studies, Praeger, 1996).
- Sorman, Guy, *Globalization Across the World* (Delhi: Vikash Publishers, 1998)
- Stiglitz, Joseph, E., *Globalization and its Discontents* (New Delhi: Penguin, 2002)
- Vaidyanath, R., *The Formation of the Soviet Central Asian Republics: A Study of Soviet Nationalities Policies* (New Delhi: People's Publications house, 1967).
- Vohra N N (ed.), *Culture, Society and Politics in Central Asia and India*, (Delhi: Shipra 1999)
- Vohra, N.N (ed.), *Culture, Society and Politics in Central Asia and India* (Delhi: Shipra Publications, 1999)
- Warikoo, K. (ed.), *Central Asia: Emerging New orders* (New Delhi: Har Anand Publications, 1995)

Yalin, R., *The Rebirth of Uzbekistan: Politics, Economy, and Society in the Post Soviet Era* (London: Ithala Press, 2002)

Yuriy, Kulchik, Andry Fadin and Victor Sergev. *Central Asia After the Empire* (Pluto Press, 1996).

2. ARTICLES

Abaroz, Rafiz, "Presidential elections in Kazakhstan: Winner takes all?," *Contemporary Central Asia*, August 1999, p.56-59.

Abazov, Rafis, "Democracy in Kyrgyzstan: In the Context of recent Elections," *Contemporary Central Asia*, vol-4, no. 1-2, April-August 2000, pp.-51-58.

Adams, Jeery, "Oil and Geopol Strategy in the Caucasus", *Asian Affair*, vol. 1, no.30, February 1991, pp. 11-20.

Akbarzadeh, Shahram, "Nation Building in Uzbekistan", *Central Asian Survey*, vol. 15, no. 1, 1996, pp-23-32

Akbarzadeh, Shahram, "Political Shape of Central Asia," *Central Asian Survey*, vol.16, no-4, December 1997, pp.517-542.

Anderson John, "Authoritarian Political Development in Central Asia: Case of Turkmenistan". *Central Asian Survey*, 1995. Vol. 14, no.4, pp-509-527.

Anderson John, "Constitutional development in Central Asia", *Central Asian Survey*, vol.16, Sept. 1997, pp-301-320.

Brundy, A. A., "Kyrgyzstan: Island of Democracy", *Contemporary Central Asia*, vol. 11, no.2, September 1998, pp-6-8.

Badan, Phool, "Emerging Political system in Central Asia in the post- Soviet period", *India Quarterly*, vol. 57, no.3, July-Sept. 2001, pp.97-118.

Badan, Phool, "Modernisation in Central Asia", *Journal of Central Asian Studies*, vol. 10, no. 1, 1999, pp. 9-32.

• Bal, Idris, "Instruments of Soviet Control in the Central Asia," *Eurasian Studies*, no.2, Summer 1996, pp. 97-113.

Belchuk A. I, "Economic Reforms in Central Asian Republics," *Contemporary Central Asia*, vol. 2, no.3, 1998)

Bremmer, Ian and Welt, Croy, "The trouble with democracy in Kazakhstan", *Central Asian Survey*, vol.15, no. 2, 1996, pp. 179- 199.

Brukhorst, Hauke, "Globalizing Democracy without a State: Weak Public, Strong Public and Global Constitutionalism", *Millennium*, Vol.-31, no. 3, 2002.

Canon Michael Bour Deaux, " Religion and the Collapse of the Soviet system", *Religious Life in Russia, ISCIH: Publication Series*, no. 9, July 1992, p.21.

Cevikoj Unal, "A Brief Account of the Economic Situation in Former Soviet Republic of Central Asia," *Central Asian Survey*, vol. 13, no.1, 1994, pp.45-50.

- Chatterjee, S., "Development trends in Kyrgyzstan" *Asia Annual 2003*, pp. 97-109.
- Chenoy A M, "Political and economic processes in the Central Asian Republics", *International Studies*, July-Sept 1997, vol. 34, no. 3, pp. 301-312.
- Denneba uther Roland, Russia, " Central Asia and Persian Gulf", *Survivals*, vol. 4, no. 35, 1993-94, pp.297-312.
- Deverewux, John and Roberts, B., "Direct foreign investment and welfare in the transforming Economies: the case of Central Asia", *Journal Of Comparative Economics*, June 1997.
- El'yanov. "Central Asia: Transformation towards Globalisation", *Contemporary Central Asia*. vol. 11, no.1, 1998.
- Enyanov. A., "Central Asia: Transformation towards Globalization", *Contemporary Central Asia*, vol. 2 , 1998, pp-21-32.
- Gidadhubli, R.G., "Russia: Oil politics in Central Asia", *Economic and Political Weekly*, 30 January 1999.
- Gleason G., "Foreign Policy and Domestic Reform in Central Asia", *Central Asian Survey*, Vol. 20 No.2, June 2001, pp.167-182.
- Gleason Gregory, "Foreign Policy and Domestic Reform in Central Asia", *Central Asian Survey*, vol. 20, 2001. pp. 167- 182.

- Gregging, Gleason, "Foreign Policy and Domestic Reform in Central Asia",
Central Asian Survey, January 2001.
- Held David, "Cosmopolitan Democracy and the Global Order: Reflection in
the 200th anniversary of Kant's Perpetual Peace," *Alternatives*,
Oct.–Dec 1995.
- Held David," Regulating Globalization? The Reinvention of Politics"
International Sociology, June 2000.
- Kaser Michael, "Economic Transition in six Central Asian Economies",
Central Asian Survey, vol. 16, no. 1, 1997, pp.5-26.
- Kathleen, Lollins, "Political Role of Clans in Central Asia", *Comparative
Politics*, vol. 35, no. 2, Jan 2002.
- Kaushik, D., "Central Asian Republics: The balance sheet of a decade of
Ozodi", *Eurasian Studies*, Summer 2001.
- Kathryn H. and Richard Pomfret. "Relative Living Standards in New Market
Economies: Evidences from Central Asian Household", *Surveys
Journal of Contemporary Economics*, vol. 30, 2002, pp.683-708.
- Lipovsky, Igor P., "Central Asia: Insearch of New Political Identity", *Middle
East Journal*, vol. 2 , no.50, Spring 1996, pp.211-223
- Marothea Brill Olcott, " Nation Building and Ethnicity In the Foreign of the
new Central Asian states", *Russian Littoral Projects, Working
Paper* no. 20, Draft, UMCP/ SAIS, June1993, p.4.

- Matveeva Anna, "Democratization, Legitimacy and Political change in Central Asia", *International Affairs*, Jan 1999.
- Meyar JohnW., "Globalization: Sources and Effects on National States and Societies", *International Sociology*, vol. 15, no. 2000, pp. 233-248.
- Patnaik, Ajay, "State-building in Kazakhstan: Review of a decade's experience", *Contemporary Central Asia*, April 2001.
- Rosow, Stephen J., "Globalization as Democratic Theory", *Millennium*, vol. 29, no.1. 2000.
- Rumer. Boris, "Power in Central Asia", *Survival*, Autumn 2002.
- Sachdeva Gulshan. "Economic Transformation In Central Asia", *International Studies*, vol. 34, no. 3 , 1997.
- Sachdeva, G., "Economic Transformation in Central Asia" *International Studies*, vol. 34, no. 3, 1997, pp.313-327.
- Sengupta Anita, "Enquiring into the problematic of state formation in Uzbekistan" *Contemporary Central Asia*, Aug 1999.
- Shahrani Nazif, "Central Asia and the Challenges of the Soviet Legacy", *Central Asian Survey*, vol.12, no. 2, 1993, pp.123- 135.
- Shu Yang,"Multi- Polar World and Central Asia" *Contemporary Central Asia*, Aug 1999.

Wilber Charles K. "Globalization and Democracy", *Journal of Economic Issues*, June 1998.

Williams, Peter, "Centenary Conference Central Asia: Past, Present, and Future", *Asian Affairs*, February 2002.

