

Kazakhstan and Azerbaijan as Post-Soviet Rentier States: Resource incomes and Autocracy as a double „curse“ in post-soviet regimes

Results

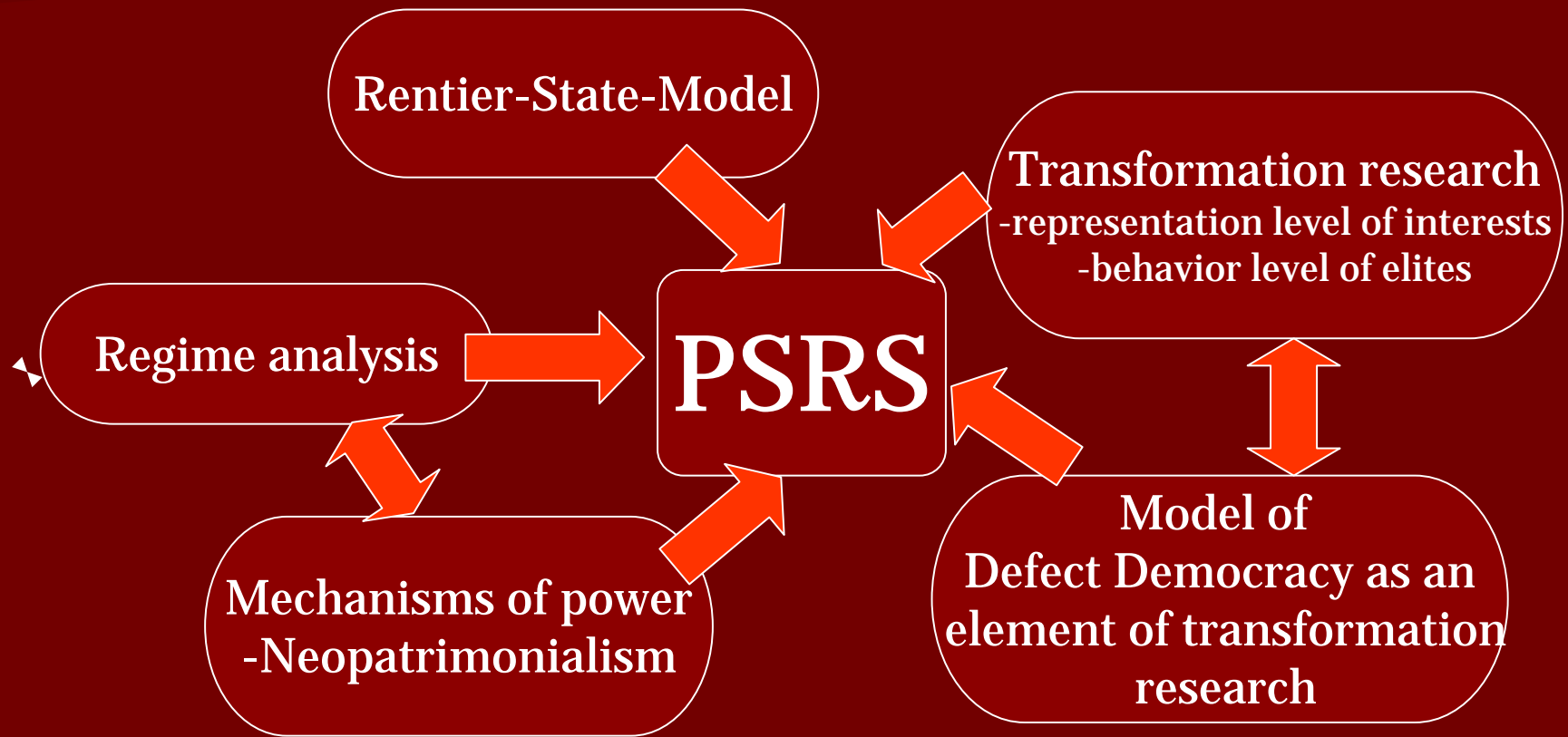


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Theoretical Background: Understanding PSRS



Result 1

- We argue that resource wealth becomes a „curse“ for the young post-soviet states Azerbaijan and Kazakhstan rather than a „blessing“
- Both states reformed relatively slow after 1991 and its government has become rather authoritarian

Result 2

- (1) evident forms of rentierism,
- (2) relevant phenomena of soviet legacies, which refer to typical Eastern European presidential autocracies, characterized through neopatrimonial mechanisms and
- (3) population passivity as well as a lack of opposition partly due to post-soviet mentalities and state's suppression.

Result 3

- We realized an ambivalent regime behaviour: On the one side a very strict market economic based policy and on the other side the consolidation of autocratic rules.

Result 4

- In comparison with other resource rich regions/ rentier states like Arabian or African states we can state a specific post-soviet feature in our case countries.

→ **Post Soviet Rentier State**

Seven Features of PSRS

- 1) Elite power in oil and gas contract conclusion
- 2) *Permanent, corrupt and rent-seeking elites*
- 3) *Support purchased through rent allocation*
- 4) Deficits in the regulation of economic structures
- 5) Missing concepts in relation to contribution
- 6) Lack of transparency
- 7) Medium legitimacy in relation to resource policy

Feature 2: *Permanent, corrupt and rent-seeking elites*

- **Rentier mentality**
- **Strict elite continuity through the presidential families combined with neo-patrimonial structures (combination of old and new networks)**
- **No easy break free/ no tolerance for autonomous action (e.g. case of D. Nazarbayeva, R. Aliyev or the former Azerbaijani Minister of Economy, F. Aliyev)**
- **High corruption as a part of rent-seeking behavior (e.g. financial scandals/ affairs like Kazakhgate or Azergate); NO national consequences arising from these accusations – scandals remain a „public secret“**

Feature 3: *Support purchased through rent allocation (a)*

- **Targeted instrumentalization of oil rents for strategic alimentation of society**
 - **rent-based social policy** (education system, social benefits etc.),
 - **selective benefits like ad-hoc benefits payments**
 - **inflation compensation** (increase of pension, containment of soaring food prises through subzidized staple food)

(in terms of path dependency: hangovers from socialist social welfare benefits payable because of revenue rents in state budget)

Feature 3: *Support purchased through rent allocation (b)*

- Strategic focus on political relevant groups
 - security apparatus
 - bureaucratic sector

To sum up: Instrumentalized benefits are a typical tool for buying loyalty of society and political elite in post-soviet rentier states.

Conclusion

- Autocratic structures and post-soviet neopatrimonial power relations strengthen the effect of rentierism in both states
 - Regime mechanisms are based on bought support and missing transparency
 - Diametral behaviour: market economic and the force of integration in World Organizations vs. domestic consolidation of autocratic power
- **Oil hinders democracy – as well in Post-Soviet Rentier States!**