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

Results

Anja Franke, Dr. Andrea Gawrich, Gurban Alakbarov
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www.razkaz.uni-kiel.de

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Theoretical Background:
Understanding PSRS

- Rentier-State-Model
- Transformation research
  - representation level of interests
  - behavior level of elites
- Model of Defect Democracy as an element of transformation research
- Regime analysis
- Mechanisms of power
  - Neopatrimonialism
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 prices through subsidized 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!