

## **Kyrgyzstan: Impediments to State-Building**

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### **Background**

For much of the 1990s, Kyrgyzstan was hailed as a success story under Askar Akaev's leadership. The introduction of liberal economic policies, the relatively vibrant civil society and a less authoritarian political climate than in the rest of Central Asia made the Kyrgyz state look pretty good on the surface. Underneath the formal structures, however, the real political situation was never as bright as the official statements and international proclamations suggested.

During the last years of Akaev's rule, the President increasingly came to surround himself with and rely on a narrow circle of clients. Under these conditions, major government agencies stopped functioning for much purpose other than serving the ruling family. In the end, the government was run like a gigantic private estate, constructed around the control of the few profitable industries available.<sup>1</sup> Within the presidential family, the most notorious targets of criticism for plundering state resources were the first lady, Mairam Akaeva, the President's son-in-law and Kazakh businessman, Adil Toigonbaev, and the eldest son, Aidar Akaev. For example there were reports that men loyal to the President's son held posts such as the Minister of Finance, Minister of National Security, and Head of the Customs Services.<sup>2</sup>

The unfolding of events after Akaev was removed from power in March 2005 has not presented any evidence of a break with the past, but further indicates the privatization of public offices in Kyrgyzstan. The example of President Kurmanbek Bakiev's support base is instructive in understanding how personal ties — preferably based on family relations — between individuals shape the political system. In the governmental spheres most strongly controlled by the President, a network of relatives occupies strategically important positions. This is most clearly revealed within the most effective state instrument for manipulation, the National Security Service (SNB). Until May 2006, a relative of the President, Tashtemir Aitbaev, headed the SNB. Before being appointed Ambassador to Germany in March 2006, the President's brother, Marat Bakiev, served as Aitbaev's assistant. The reshuffling of the government in May merely implied that Aitbaev was replaced as Chairman of the SNB by another loyal ally — Busurmankul Tabaldiev — with the President's youngest brother, Janysh Bakiev, as Deputy Chairman.

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<sup>1</sup> Interview with a government official, Bishkek February 2006.

<sup>2</sup> Anders Åslund, "Economic Reform after the Revolution in the Kyrgyz Republic," *Demokratizatsiya* 13, no. 4, 2005, p. 477.

Furthermore, the role in controlling various businesses that was previously held by Aidar Akaev appears to have been inherited by Bakiev's son, Maksim Bakiev.<sup>3</sup> A third brother is a trade representative at the Kyrgyz Embassy in China.

The critical question to assess is the implications on state functioning when political authority is constructed to serve private interests.

## **Implications**

For Kyrgyzstan to break the cycle of privatization and distortion of state institutions, two sectors in particular are in desperate need of reform: the sphere of taxation and the apparatuses of violent coercion (law enforcement and the armed forces). These two pillars make up the primary criteria for a functioning state, on which the subsequent aspects of bureaucratic implementation rest. Let us consider how these fundamental aspects systematically serve purposes contrary to embarking upon a state-building path that takes the interest of the population as a whole into consideration.

### *The Fiscal Pillar of the State*

Under Bakiev, the deconstruction and privatization of political power has increased. In fact, at present, no single camp is capable of centralizing power over taxation, coercion or legality within the territorially-defined area of jurisdiction. Consequently, there is limited security over longer periods of time, because no actor is in the position to define the basic rules of the game, such as the mode of resource extraction or the enforcement of property rights. Given the lack of centralized enforcement of contracts, there will always be uncertainty over whether or not a resource will be available and secure in the future, which provides little incentive to tax economic flows in a manner that would optimize profit-making in the longer run.<sup>4</sup>

In a similar manner, the lack of basic security of life also provides scant stimuli for potential state-makers to develop a longer time horizon. In other words, there is not just a severe deficit with regards to the establishment of well-defined and secure property rights, but the most fundamental aspect of all — personal security — is also under constant threat due to the lack of credible enforcement mechanisms other than the use of violence. The most obvious evidence of this threat is the estimated twenty-five contract killings of high profile individuals which have

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<sup>3</sup> Author interviews with representatives of Kyrgyz NGO:s, Bishkek May-June 2006; *Eurasianet*, "Kyrgyz President Appoints Brother Deputy Head of Security Service," Kyrgyzstan Daily Digest, March 3 2006, available at [www.eurasianet.org/resource/kyrgyzstan/hypermail/200603/0002.shtml](http://www.eurasianet.org/resource/kyrgyzstan/hypermail/200603/0002.shtml).

<sup>4</sup> High profile cases of such dynamics include economic activities by figures such as Nurlan Motuev, Rysbek Akmatbaev and Bayaman Erkinbaev. The fact that the latter two have been killed and Motuev detained does not change the core of the system.

occurred since March 2005, mainly as a result of disputes over lucrative properties.<sup>5</sup> Equally illustrative of this point is the fact that several members of a Parliament heavily dominated by businessmen wear bullet-proof vests.<sup>6</sup>

As long as this state of affairs remains, there will be no long-term stability or production, and, hence, no sustainable development. All focus will be directed towards exploiting resources with the purpose of acquiring personal enrichment as quickly as possible. The situation in Kyrgyzstan should therefore not be perceived as irrational. The vacuum in the sphere of property rights, including the lack of mechanisms available to resolve disputes (other than what comes out of the barrel of a gun), means that limited security exists over time, and that new potentates will continue to seek opportunities for stripping assets while they are in the position to do so.

To sum up, the key aspect is thus whether or not there is uncontested control over the resource flow. In order to underscore this point, we may borrow Mancur Olson's metaphorical distinction between the roving and stationary bandit. The difference lies in the latter's all-encompassing interest in his territory, due to his monopolistic control over taxation. He can therefore count on ruling the territory for a longer period of time, which gives him incentive to provide public order and other public goods, because in time this will provide him with an increased tax base.<sup>7</sup> For a roving bandit, no such shift in behavioral patterns is likely, since he may be driven away at any time.

#### *The Coercive Pillar of the State*

During the "Tulip Revolution" in March 2005, the government virtually ceased to exist. In fact, as demonstrators approached, the state institutions responsible for enforcing law and order effectively collapsed. Under approximately 24 hours of a state of anarchy, mass looting and rapid seizure of property took place.<sup>8</sup> Such is the result when the most vital state organs, such as law enforcement agencies, have only served the purpose of being loyal to the ruler. With no leadership structures that are autonomous from the ruler, there are no independent structures capable of carrying out their professional duties if he disappears.

Needless to say, it is under such periods of uncertainty, upheaval and vacuum of authority that the demand for protection increases. However, when the government is unable to fulfill this task, other unofficial organizations may step in to provide protection. This process has been unfolding

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<sup>5</sup> See Anara Tabyshalieva, "Political Violence on the Rise in Kyrgyzstan," *Central Asia-Caucasus Analyst*, January 25 2006, pp. 3-5.

<sup>6</sup> Author interview with Kyrgyz MP, Bishkek June 2006.

<sup>7</sup> Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, New York: Basic Books, 2000, p. 11.

<sup>8</sup> For a detailed account, see ICG, "Kyrgyzstan: After the Revolution," *ICG Asia Report no. 97*, May 4 2005.

in Kyrgyzstan since Akaev fled. The aggressive redistribution of resources and relative power has been linked to organized criminal groups grabbing the opportunity to expand their positions into the public sphere, openly threatening those politicians, businessmen, and members of civil society who oppose such developments.<sup>9</sup>

The deficit in the law enforcement did not emerge instantaneously however. Under Akaev, these structures mainly functioned in order to protect the private interests of the ruling family. For instance, the son of the President had great leverage over the institutions of coercion, and used that support to protect his own ascription of resources.<sup>10</sup> A main problem is therefore linked to the systemic weakness of law enforcement bodies, which can easily be manipulated to serve special interests. As such, it bears little fruit to focus on the formal laws of conduct in these organs, since their actual functioning is neither autonomous, nor adheres to official prescriptions. They may be efficient as an instrument of repression, but when confronted with a challenge, like that of March 2005 or the Aksy crisis three years earlier, all their weaknesses were displayed.

The logic is quite simple, and is inherent in a personalistic method of rule. In the light of these circumstances, the dramatic events of March 24 must be seen as the ultimate manifestation of the failure of that tactic. This outcome is by no means unique. It brings to mind the cases of the Philippines under the patrimonial leadership of Ferdinand Marcos, or Haiti under Jean-Claude Duvalier — regimes that took kleptocracy and personalistic governance to an extreme, which over time produced such erosion of the basis of the system that their collapse was inevitable. To quote Gerardo Munck and Richard Snyder:

"Because they rely heavily on patron-client networks to govern, personalistic rulers usually fill the top leadership posts in the armed forces and other government institutions with their cronies, relatives and clients. This can form a 'crony glass ceiling' that alienates career officers, cadres, and bureaucrats, thus potentially generating a large pool of disgruntled actors who are prone to turn against the regime in a crisis."<sup>11</sup>

In the case of Kyrgyzstan, the Deputy Director of the Agency of the Kyrgyz Republic on Civil Service described this situation in following terms:

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<sup>9</sup> See Erica Marat, "Leading Kyrgyz Activist Attacked," *Eurasia Daily Monitor*, April 14, 2006.

<sup>10</sup> Author interview with a representative of Institute for Public Policy, Bishkek February 2006.

<sup>11</sup> Gerardo L. Munck & Richard Snyder, "Mapping Political Regimes: How the Concepts We Use and the Way We Measure Them Shape the World We See", Paper presented at the Annual Meeting of the American Political Science Association, Chicago, September 2-5, 2004.

"Under Akaev, there were frequent changes of Cabinet: a new minister would fire all of the old staff and hire only his relatives. The next minister would do exactly the same. But the new staff would not know how to work. Just imagine a veterinary surgeon working in the chancellery ..." <sup>12</sup>

## Conclusion

When short-term extraction, underpinned by manipulation through the gears of law enforcement, prevails like in Kyrgyzstan, this indicates a severe *legal vacuum*. Thus, although, the legacy of Akaev can be seen in several areas. Nowhere is it as fundamental for the development of the state as his heritage in the legal sector. The key dimension is how Akaev managed to play all against all.

The same logic can be seen after Akaev left the scene. No set of structures — neither the state, nor business, nor organized crime — can consolidate power. In Kyrgyzstan, a system appears to have arisen in which neither the official nor unofficial sector dominates. Even more specifically, they do not merely coexist, but work together. Firstly, the government is not interested in building up a tax base that could provide for services that could rival and outperform those of criminals, especially not as long as the biggest tax evaders are government officials, as a high-level official from the tax police claims.<sup>13</sup> Secondly, the government does not supply the people with the kind of protection that could reduce the demand for alternative sources of protection. Consequently, the current balance between official and unofficial, between public and private, between politicians and businessmen or organized criminals represents a sort of "knife's-edge" equilibrium, in which no group is able to come out on top.<sup>14</sup>

The conclusion must therefore be that the stealing of natural resources, profitable enterprises and political offices in Kyrgyzstan, as well as the manipulation of law enforcement, have passed the stage of being a feature of transitional restructuring, and have consolidated into a permanent, systemic dynamic, which is not likely to disappear unless serious efforts are made. Hence, given the way the power system is constituted in Kyrgyzstan, it seems that the leadership has little interest in building up a stronger state. What has emerged is an elite that survives by controlling a few economic sources. The critical question for future development must therefore be how to prevent people from using public offices for personal gains.

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<sup>12</sup> Cited from Institute for Public Policy, *Kyrgyzstan Brief*, Issue No. 3, 2006.

<sup>13</sup> Author interview with high level official from the tax inspection, Bishkek June 2006.

<sup>14</sup> For this concept, see Timothy Frye and Ekaterina Zhuravskaya, "Rackets, Regulation, and the Rule of Law," *The Journal of Law, Economics & Organization* 16, no. 2, 2000, p. 482.