

Central Asia's Precarious Path to Development

Will Today's Projects Repeat Soviet-Era Mistakes?

By Artemy Kalinovsky

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More so than at any other point since the collapse of the Soviet Union in 1991, the countries of Central Asia seem poised for a major economic transformation. Chinese investment is tying the region together through its One Belt, One Road (OBOR) initiative and reviving long abandoned industrial and extractive projects. Uzbekistan's opening up under President Shavkat Mirziyoyev, in power since the death of dictator Islam Karimov in 2016, has removed one of the key obstacles to regional integration, and there are many other reasons to be optimistic. There are also signs, however, that the projects currently being pursued will repeat the worst mistakes of the Soviet era without restoring the standard of living and income security that the majority of the region's population enjoyed in the final decades of the Soviet Union.

Understanding the Soviet development legacy in Central Asia is crucial for two reasons: many of today's projects revive or build on Soviet-era ones; and the Soviet record still shapes the expectations of elites and ordinary citizens regarding what the state should do and what development is.

THE SOVIET LEGACY

The Russian empire conquered much of Central Asia in the nineteenth century, but it was only in the 1950s that local politicians and economists were able to convince their counterparts in Moscow to invest in the region's industrialization. In the postwar decades, industrialization was the measure of development and modernity, associated with higher standards of living and a virtuous cycle that included a more skilled work force, greater gender equality, and an improving life expectancy. Moscow agreed to build large hydropower dams in places such as Nurek in Tajikistan and Toktogul in Kyrgyzstan, meant to expand agriculture and power new territorial-production complexes—linked industries that would integrate peasants into the industrial work force and help raise standards of living.

The results of these new investments were mixed. Central Asia remained one of the poorest regions in the Soviet Union. Many of the new industrial jobs were filled by Russians and other Europeans. Cotton production, which planners hoped would become mechanized, still relied on manual labor, often carried out by women and children, undermining the goals of Soviet modernization and gender policies. Moreover, Soviet development left the region with a host of environmental problems, many of them connected to dam-building and irrigation schemes. Throughout this period, however, the stated Soviet commitment to equality—at the level of individuals, ethnic groups, and republics—meant that local officials could (and did) argue that Moscow had an obligation to correct these deficiencies. By the late 1980s, residents of Central Asia had access to a well-developed health network, electricity, rail and road transport, and free schooling. Still, in the perestroika era, many local intellectuals, like their counterparts elsewhere in the Soviet Union, were questioning the benefits of Soviet development, pointing to persistent poverty among the rural population and the lack of good employment for young people. Perhaps the most pressing issue was the ecological effect of

dam building and industrialization, of which the shrinking Aral Sea in Kazakhstan was only the most visible symptom. These concerns helped stop the construction of the Rogun Dam, upstream from Nurek, and a number of other industrial projects.

The collapse of the Soviet Union in 1991 dealt a sharp blow to Central Asia. With the end of socialism, living standards dropped precipitously, and in many areas the welfare state collapsed as well. One obstacle to the region's recovery has been the tense relationship between many of the new states formed by the Soviet collapse. Soviet infrastructure was designed with regional cooperation and open borders in mind. Electricity produced by hydropower in the mountainous republics of Kyrgyzstan and Tajikistan, plentiful in the summer months, was exchanged with the gas-rich republics of Kazakhstan and Uzbekistan. Train tracks and roads took advantage of favorable terrain, meaning that a trip from Dushanbe, Tajikistan, to north of the country would be easiest by way of Uzbekistan. Since the late 1990s, these roads and railways have increasingly become closed, making it difficult for residents of one republic to travel to another. More important from a macroeconomic point of view, transporting goods became much more difficult; Kyrgyzstan and Tajikistan found that they could not get their products to markets elsewhere in Central Asia, let alone in Russia, because of periodic blockades by Uzbekistan. The electricity exchange collapsed as well, leaving the mountainous republics without a stable power supply in winter and hindering attempts to revive any kind of industrial development.

Recently, however, Central Asia has seemed to be on the verge of a structural transformation, driven by changing regional politics and foreign investment. Mirziyoyev has made improving relations with his neighbors a priority. Travel between the republics has become easier, and Uzbekistan has lifted its objection to Tajikistan's decades-old ambition to restart the Rogun Dam and to reestablish energy links. Mirziyoyev's policies are already boosting [tourism](#) and [trade](#) between Uzbekistan and its neighbors. These are welcome changes. Along with massive Chinese investments in transport and infrastructure, open borders can help the region develop internal trade and reach markets in Russia and Europe.

WILL HISTORY REPEAT ITSELF?

At the same time, the kinds of initiatives being championed now threaten to revive the worst of Soviet-era industrialization without the mitigating factors that brought some measure of improvement to people's lives during that era. The concerns that initially led activists to mobilize against the Rogun Dam in the late 1980s have not gone away; cotton production is still labor-intensive (often involving child and forced labor) and reliant on chemical fertilizer, which runs off into streams and rivers, polluting the water supply. Chinese development has focused primarily on extractive industries (often restarting Soviet-era mines), many of which are heavily polluting. Transport initiatives, currently united under OBOR, are primarily designed to move goods from China through Central Asia, not to move Central Asian goods to markets outside the region. Although rents from these projects prop up government budgets and help local officials line their pockets, they do little for ordinary citizens. In addition, Chinese loans, the conditions of which are often opaque, may also leave these countries vulnerable. Tajikistan's debt-to-GDP ratio, for example, has [risen](#) from 33.4 percent in 2015 to 56.8 percent in 2018; debt to China accounts for nearly 80 percent of new foreign debt undertaken by Tajikistan between 2007 and 2016. China's virtual takeover of the [Hambantota port](#) in Sri Lanka last year presents an ominous precedent for Central Asian countries.

Moreover, these projects do little to mitigate the most urgent problem for the region: lack of jobs for young people. Back in the 1950s, local economists used the region's booming population as an argument in favor of industrial development: the abundant labor force would make it easy for labor-intensive industries to find workers, who were becoming scarce in the European parts of the Soviet Union. When employment failed to keep up with population growth, the region found itself with a large pool of underemployed labor—engaged seasonally on the farm, working in the gray market, or tending to small private plots on collective farms. Since the 1990s, young people from Kyrgyzstan, Tajikistan, and, to a lesser extent, Uzbekistan have had to look for jobs abroad—primarily in Russia. These laborers often have a difficult time in Russia, where they face harassment from bureaucrats and law enforcement as well as xenophobia. But their own governments have treated them with suspicion as well; Karimov even called them “[lazy](#)” for failing to find work in Uzbekistan. Paranoia about these laborers has only increased since the rise of the Islamic State (or ISIS), which has recruited migrants.

Yet so far Central Asian countries have been unable to offer workers any alternative to migration. Chinese projects often use primarily Chinese laborers and in any case are highly unlikely to make more than a dent in unemployment. Thus, although China has brought what the economist Branko Milanovic calls “[hard development](#)” in the form of large-scale transport and energy infrastructure to the region in a way not seen since the Soviet era, it is far from certain that this development will lead to meaningful improvement in people's lives. One of the reasons that this form of development is attractive to elites—and to broader publics—is that it harks back to a time when the region seemed to be moving toward a bright future. The Soviet Union, for all its faults, had a commitment to shared development that it wanted to demonstrate to its own citizens and the outside world. National governments today pay lip service to such ideals but feel much less pressure to live up to them. The World Bank, the EU, and other international organizations are supposedly committed to broad-based development, not helping elites, but their investments and influence in the region are relatively small. And the most important foreign partners, China and Russia, see no reason to pressure Central Asian governments on what are understood to be internal matters.

In the late 1980s, frustration at the uneven distribution of benefits from Soviet development and concern about ecological costs drove the protest movements that challenged the Communist Party's hold on power in the Soviet periphery. Both Chinese leaders and Central Asian elites have sought to avoid the kind of instability seen in the late Soviet and early post-Soviet eras. If they are not careful, however, they will spark resistance even fiercer than Soviet party bosses faced at the time.