Central Asia and the Struggle for Soviet Legacy

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Abstract
The paper discusses the "struggle for Soviet legacy' as a key concept for understanding relations in Central Asia. This struggle is a path of dependent development, in which the resources and values created in Soviet times determine interstate relations in the 21st century. The authors argue that in Central Asia this legacy rests mostly on the mega industries created during the Soviet era, and national resources and practices of their distribution. The paper concludes that in fact the struggle for Soviet legacy means confrontation over the contours of new geoeconomics in Asia.

Keywords: path dependence, regional economy, integration, foreign investment, resource nationalism, geoeconomics.

The idea of this article was inspired by reflections on Tajik President Emomali Rahmon's remarks at the CIS summit in Astana in October 2022. Among other things, he said that the Central Asian countries should not be treated as the former USSR. There is more to this statement than just political rhetoric. This is rather an attempt to break away from "path dependence" (Nort, 1997), which constantly ushers relations in the region into the framework of post-Soviet ties. Therefore the question arises: Is there a way to step out of this development path? What else should be said and what remains outside politicians' public statements but is self-evident?

The title of the article contains the idea of "struggle for Soviet legacy." This is a key concept for understanding relations in Central Asia. This struggle is a path of dependent development, in which the resources and values created in Soviet times determine interstate relations in the 21st century. This concerns not only large enterprises or mineral deposits, but also territories, state borders, transboundary rivers, and energy systems. Since most of these resources are systemically important, they directly affect both the level of inequality and the political ambitions of individual leaders. And so the struggle to change this state of affairs is the struggle for Soviet legacy.

The legacy of Soviet civilization, especially when it comes to core infrastructure, constitutes the foundation of the regional economies, even though this infrastructure is rapidly degrading. The Soviet legacy includes infrastructure projects, large industrial systems, language, cultural commonness, as well as a combination of problems left over from the Soviet Union, but largely aggravated by the drawing of new state borders and differences in the economic development models adopted by the new independent states. Communal infrastructure is rapidly decaying in modern conditions, causing large-scale man-made accidents. Irrigation is a no smaller problem. The constant struggle for access to water has long attracted world attention. The shaky basis from the past highlights the need for reform or depreciation. Only after this foundation becomes a thing of the past will it be possible to stop speaking the political language inherited from the Soviet Union. There is no doubt that this will happen soon, but for the time being the

legacy still has a direct impact on many ties within the region. Even the poignancy of conditionally postcolonial discussions about the recent past is a consequence of dependent development.

The foundation of a new regional order is currently under construction. New economic sectors, such as information technology or communications, exist outside Soviet-era infrastructure. But attempts are made to upgrade it, including with the active participation of the World Bank. A vivid example is the Rogun hydroelectric power plant in Tajikistan, which was designed back in 1976, but became of interest only in the 21st century. The project to develop the Kumtor gold deposit in Kyrgyzstan was also fully prepared in Soviet times, but actual work to implement it began only after the collapse of the USSR.

A similar example is the Aral Sea problem, inherited by Kazakhstan and Uzbekistan from the Soviet Union. By and large, this is a whole bundle of environmental and political issues that need to be resolved in the long term. Many of them have a direct impact on the nature of interstate relations: the future of not only individual countries, but the entire region depends on how they will be (or will not be) resolved.

So what is Soviet legacy, which influences the development of modern Central Asia, actually like? We will try to take a look at most of its significant elements, including some purely symbolic ones that have become such by having triggered the declared decolonization.

LEGACY OF MEGA INDUSTRY

Mega industry is a network of Soviet industrial enterprises that were built or designed by the whole nation in order to be included in the system of nationwide economic relations (Iwasaki, 2000). Many such projects have become monuments to the bygone era. Some were implemented after former Soviet republics had become independent states; they generate a significant part of their GDP, but carry numerous sociopolitical challenges.

Plans to collect rent from the export of natural resources as the basis of national welfare were common for the economies of most post-Soviet Central Asian states even though the need to attract foreign investors forced them to find a balance between resource nationalism and the interests of transnational business. It is this paradox that creates problems.

The Kumtor gold deposit in Kyrgyzstan is an example. It was discovered in 1978, but a feasibility study for its development was prepared only a decade later. Actual mining operations began in independent Kyrgyzstan, with the support of foreign investors. There is no doubt that the development of such a large highland deposit in the early 1990s would have been impossible without their participation. Nevertheless, the question of its nationalization remained on the agenda and in focus throughout almost the entire post-Soviet period. The Kumtor deposit is geopolitically important for Central Asia itself and beyond (Fumagalli, 2015). This is not only about a direct connection between gold output and quotations on world exchanges. For many years, the main foreign investor in Kumtor was the influential Asian corporation Centerra Gold, which at various times had carried out projects in a huge territory stretching from Turkey to Mongolia. At Kumtor, the company controlled nearly 70 percent of profits, being one of the key beneficiaries. Everything changed in 2022, when the mining enterprises became the property of Kyrgyzstan. Centerra Gold has left but this does not mean that foreign investors are lost forever. The deposit still looks quite promising, and the steadily growing interest of China and Russia in the Kyrgyz economy takes local enterprises to a completely new level of relations.

No less indicative is the situation in the metallurgical industry of Uzbekistan, which claims to be a regional leader. Enterprises established after World War II have been modernized to secure the country the status of leader. Uzbekistan ranks seventh in the world in gold mining and fifth in the production of uranium. The uranium deposit near the city of Uchkuduk, developed by the Navoi Combine, has close ties with the American, Chinese, Indian, and French markets. Throughout the post-Soviet period, the state has invariably retained a high share of ownership in the mining industry (compared to other countries in the region).

The Rogun hydroelectric power plant in Tajikistan and the development of gas fields in Turkmenistan add to the picture. The construction of a gas pipeline from Turkmenistan to China, which passes through Uzbekistan and Kazakhstan, is a positive example of post-Soviet cooperation. And yet, this project dates back to the period of economic ties between the republics of Soviet Central Asia (Iwasaki, 2000). But it

is worth saying that the period of independence has become an era of path creation (Garud, Kumaraswamy and Karnoe, 2010) for a number of industrial projects, which simply could not have been implemented in the USSR for various reasons. The abolition of the cumbersome Soviet planning system opened up new opportunities for independent states to develop industrial facilities of a different type—involving foreign investors, but based on Soviet geological and technical solutions. For example, the modern geo-economic situation in Central Asia has turned into an intricate complex of three interdependent factors: Soviet legacy, foreign investment, and resource nationalism. The latter is not just a tribute to populism, but rather it is part of the Soviet-era legacy with the matching understanding of fair distribution of natural wealth.

The struggle of the Central Asian governments for national control over natural resources should lead to the consolidation of efforts at the regional level. An attempt to act as a "united front" can create favorable economic conditions. But these countries have constantly been at loggerheads with each other since the collapse of the USSR, with external actors—Moscow, Ankara, Beijing, and Washington—meddling in the emerging political contradictions (Bordachev, 2016).

RESOURCE NATIONALISM

The 21st century is characterized by a global rise of resource nationalism, and the Central Asian countries are no exception (Shmat, 2015). But the idea that only the people of a state can be the sole beneficiary of all natural wealth on its territory has Soviet roots. The so-called natural rent, or payments to all citizens of a state from the profits of the mining sector, is undoubtedly a more recent phenomenon.

As noted above, the concept of resource nationalism originates in the constitutions of the Soviet republics, which stated that natural wealth belongs to the state. Article 11 of the Constitution of the Kirghiz Soviet Socialist Republic stated: "Land, subsoil resources, water, and forests are the exclusive property of the state" (Article 1 declared the state socialist and popular) (USSR Constitution, 1985, Article 524). Similar wording can also be found in Article 11 of the constitutions of the Uzbek SSR, Kazakh SSR, Turkmen SSR, and Tajik SSR.

At this point, the term 'nationalized' means "transferred into public ownership." Article 14 of the Constitution of modern Turkmenistan states: "Land and mineral resources, flora and fauna as well as other natural wealth shall be the national wealth of Turkmenistan, protected by the state and subject to rational use" (Turkmenistan Constitution, n.d). This idea, however, does not exclude concession agreements with foreign investors, but the state retains ownership rights. Similar provisions can be found in almost all constitutions of the post-Soviet states in Central Asia, all of which essentially echo Article 11 in the constitutions of the long-gone Soviet republics (USSR Constitution, 1985).

At the same time, Mongolia is almost the only example of relatively successful natural rent payments. In the post-Soviet period, this country, which was part of the socialist camp in the past, had to deal with the same corporations as Kyrgyzstan, including Centerra Gold. And yet, Mongolia's experience is a separate matter. Its situation is different and influenced by special factors, but what makes it similar to the examples discussed above is the same wording of the article declaring state ownership of natural resources, just as it was in the socialist-era constitution.

In fact, Soviet law and propaganda laid the foundation for the idea of fair distribution of natural resources. And when we speak of Soviet path dependence, we mean primarily that experience. Populist rhetoric about national wealth with reference to the experience of Middle Eastern states is nothing more than the adoption of Soviet law, reinterpreted based on the experience of Arab oil-producing countries. This creates an interesting relationship between national identity and the subsoil resources of the territory on which a nation exists.

Epithets like "national wealth" and "foundation for the future" are categories of political and historical optimism characteristic of Central Asia and closely related to resource nationalism. The latter is a completely measurable phenomenon. For example, Verisk Maplecroft ranks countries by the risk of resource nationalism development. Kazakhstan and Tajikistan have a traditionally low index (Who We Are, n.d.). This allows global players to influence the economic situation, and countries neighboring Central Asia to "interfere in the internal affairs of the state." For example, in 2022, the World Bank advised Tajikistan to reduce

government expenditures on the construction of the Rogun hydroelectric power plant and increase private financing, citing as a reason the growing public debt and its payment problems (Tajikistan, 2022).

Describing the situation in Kazakhstan, orientalist Alexander Kadyrbaev notes: "The peculiarities of privatization in Kazakhstan's oil and gas industry created a situation where the government was unable to pursue a consistent policy to defend national interests before foreign investors, help keep domestic oil refineries operating at full capacity, and ensure the collection of taxes from oil companies in full" (Kadyrbayev, 2014).

The transition to new economic realities in the 1990s relied on specific resources and the industrial basis. At the initial stage, it was important to reconsider this baggage as national rather than Soviet, but this was done based on the Soviet language of national politics. As a result, by the beginning of the 21st century, rapidly spreading resource nationalism had acquired hybrid features, on the one hand, of peripheral capitalism, and on the other, of the Soviet understanding of fair distribution of social benefits. But it must be noted that peripheral capitalism is almost universally combined with the popularity of left-wing ideas, which have their own traditions in Central Asia.

This is why we are talking about resource nationalism in this region as a kind of path dependence, originating in the late Soviet era. In addition, the struggle for Soviet legacy is ideologically connected with two opposing ideological postulates. One of them, particularly in Tajikistan, is focused on cooperation with global financial institutions in the implementation of Soviet-era mega industrial projects. The other one (milder in Kyrgyzstan and more radical in Mongolia) insists on the exclusive right of the people to ownership or preferences in the mining industry.

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In the current rhetoric of political leaders, Central Asia is gradually abandoning clichéd assessments habitual for the post-Soviet space. But this is a long process, and it is by no means driven by the desire to overcome great-power thinking. It is motivated by economic ties, national interests, and transnational ambitions. All of these

variables come directly from what we call the struggle for Soviet legacy: competition for the redistribution of spheres of influence, for access to resources, for the possibilities to export them to certain destinations, and for political integration scenarios. And it is also a battle for understanding the common past, which is actively used as an instrument of competition for access to mineral resources.

A way out of this situation is possible through integration within the EAEU or the EAEU+ format. This will allow Central Asian countries to gain a stable and strong regional position that will directly affect their relations with foreign investors and the supply/demand balance in the markets. It takes time to embrace this objective necessity. Currently, resource nationalism is the only more or less popular program to counter the predatory exploitation of resources and infrastructure for their export by multinational companies.

Another important aspect of Soviet legacy is memory and identity, directly or indirectly related to the Soviet idea that natural wealth should belong to the people. Perhaps this is the most important part of Soviet legacy, which the supporters of the idea of decolonizing the Soviet past are so eager to get rid of. The egalitarian side of the Soviet project has happened to be outside of political statements or attempts to rethink not only the common past, but also social values.

This discourse directly conditions influence on the political systems of Central Asian countries. Over the years of independence, regardless of how authoritarian or democratic their regimes are, rich resources and Soviet legacy have influenced the formation of political institutions, ideologemes, and relevant governance practices that are projected into the system of power structures. A vivid example is Kyrgyzstan, where the open political struggle between parties is reflected in political programs and election rhetoric, and the formation of governments on a party basis and the creation of relevant parliamentary factions unequivocally show the weight and importance of certain committees, ministries, or agencies.

The struggle for Soviet legacy goes on because the industrial base and infrastructure created by Soviet civilization will be of interest to world powers and transnational corporations for many years ahead. This is why references are made to both the common past and the

key point of no return—the collapse of the USSR. Qualitatively new relations can only emerge if either the spheres of influence are finally redrawn, or economies of a completely different type, which are not based on the export of natural resources, are built.

All of the above does not concern solely Central Asian countries. In many ways, this directly affects Russia's reflections as the successor of the USSR and Soviet legacy as a whole. Theoretically, this is not only a question of attitude towards Soviet legacy in Russia's domestic discourse, but also modern Russia's influence on this legacy in the new independent states that once were part of the USSR. This is especially important in the new geopolitical picture of the world, which entered an active phase of formation at the end of the winter of 2022.

Gold, fresh water, uranium, gas—all this is in such demand that the level of competition for them will only grow in the future. The geographical proximity of major consumers—China and India—will also affect the nature of this competition. In fact, the struggle for Soviet legacy means confrontation over the contours of new geoeconomics in Asia.

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