THEMATISCHE DOSSIER: 
Центральная Азия: «геополитический плюрализм» 
и поиск региональной идентичности


POST-SOVET STATES: 
CHALLENGES OF DEVELOPMENT

A.B. Krylov
The Primakov Institute of World Economy and International Relations, 
Moscow, Russian Federation

Abstract. The purpose of this article is to analyze the most significant processes and trends within the former USSR area associated, primarily, with domestic economic and political problems, the results of 25 years of independent development of former Soviet republics, specifics of their political and social and economic transformation. These and other topics are considered in the context of Russia’s interests and the role of Russia on the post-Soviet territory.

The author’s opinion is that a typical feature of oligarchic regimes in the post-Soviet states has become a refusal to have an independent policy and a course aimed at the introduction of an external control. In this case, the sovereignty and national interests of a country are sacrificed for the interests of the transnational oligarchy. Local politicians and oligarchs act as its agents. Naturally the externally controlled countries (Georgia, Moldova and Ukraine) have found themselves far behind the other post-Soviet states.

According to the author, the most successful of the post-Soviet states have become the states with a well-developed and rigid administrative and bureaucratic vertical of authority, which was able to limit the role of the oligarchy and local criminal structures in politics. Acting in this way, the nation-oriented part of the government and business have managed to prevent the dictatorship of the transnational oligarchy, overcome the negative implications of transformational crisis and ensure internal political, social and economic strength within new state boundaries. This creates opportunities for accelerated modernization and construction of a more democratic state system.

Key words: post-Soviet states, post-Soviet elites, oligarchic regimes, bureaucratic vertical of authority, the transnational oligarchy, modernization, sovereignty, national interests, globalization

THE POST-SOVET ELITES

The collapse of the USSR in 1991 led to a deep political, social and economic crisis in all post-Soviet states. The previous single state mechanism with all its political, economic and social institutions, the centralized planned economy, established technological chains, common education space, etc., was destroyed.

The newly established independent states declared their intention to build a democratic society and reform economy based on the market economy principles. Each of them used reforms in a special way, but in general they were being developed in one and the same
direction [Malysheva 2018: 111]. Quite soon, local elites took control over the government and major financial and economic structures. In most countries, the most profitable sectors of economy became private. Over a short period of time, all over the former Soviet Union, the political and economic elite integrated, a layer of superrich people appeared to include the government officials and their closely related businesses.

The post-Soviet elite was being shaped under the strong external influence and was largely determined by the trends which were observed globally. Russian sociologist Boris Kagarlitsky fairly emphasizes that the current “transnational bourgeoisie sees themselves not as the elite of their own countries, but as a part of a global ruling class being vitally concerned that ‘their own’ country, God forbid, has got out of the general structure and deviated from the ‘the only right course’”.

The history of the two world wars and of the whole 20th century has demonstrated that the communist slogans “Proletarians of the world, unite!” and “The proletarians have no fatherland!””, i.e. claiming that proletarians had united to protect their class interests regardless of their nationality, ethnic identity or religion, were very far from reality. Proletarians did not unite and fought against each other at the fronts of the two world wars. The slogan uniting people subject to classes has turned up to be much more relevant to the ideological communists’ major enemy, i.e. the part of the global elite who treat themselves not as the citizens of a particular country, but of the whole world.

The supranational elite (the oligarchy and the bureaucracy serving them) have their own vision of the future development of the world civilization, which is to become of the global nature with the role of individual states being steadily going own [Syzdykova 2013: 263]. Countries are to be succeeded by a global-size project. The current ethnic and cultural diversity will be replaced by the uniformity of a new human community with its uniform values, morals, the way of life, etc.

The ideology of globalization was based on globalism which meant the release of the economy from the power of local governments, its ability to stretch far beyond the scope of any national and governmental identity, as well as full depoliticizing of the economic operations. According to the German sociologist Ulrich Beck, the world market more and more substitutes or replaces political activity, and globalism is the ideology of world market supremacy, the ideology of neoliberalism [Beck 2001: 304, Aslund 2007: 106]. A joint research by American and Russian scientists summarizes that globalization leads to the integration of local national economies into a single world economy, blurring all kinds of lines, i.e. political, social, cultural. Cross-border flows of information, money, goods and people have become the results of the globalization. It has put economies, people and countries together closer than before and has caused a powerful shift in welfare and population from the West to the East and from the North to the South. At the same time, the globalization bears serious risks and causes instability and fragmentation [Global System on the Brink 2016: 172].

American political scientist Francis Fukuyama emphasizes the controversial nature of globalization. According to him, due to globalization, in 1997—2008, the world
product had grown up fourfold, hundreds of millions of people in Asia had become involved in modern production and freed from abject poverty and enormous wealth had been accumulated in the United States. But at the same time, over 1999—2011, the USA had lost from 2 to 2.4 million jobs, and multinational American corporations had accumulated more than USD 2 trillion in cash outside the country. George Soros (top 23 in the Forbes World’s Billionaires list with the wealth of USD 24.9 billion) perfectly represents the supranational oligarchy.

In 1992, he carried out a currency transaction causing the collapse of the British pound’s exchange rate. It brought to George Soros billions of profits, but turned out ruinous for the British economy and financial system, led to a political crisis and cost much for British taxpayers whose damage greatly exceeded the size of the profit gained by Soros. This example shows how destructive the financial activity of the supranational oligarchy can be for a country today.

George Soros strongly believes, today, the sovereignty of governments should be under the supervision of international institutes and economic organizations. To old-fashioned national states he offers a political alternative in the form of something similar to a global state and its supranational bodies. The formation and expansion of the European Union, where the “Brussels bureaucracy” serving the interests of the supranational oligarchy more often replaces the national states, is an example of how such ideas have been turned into reality.

In the today’s world, a conflict between the transnational elite on the one side, and political forces continuing to support the priority of independent states on the other side, has become acute and diverse. In the European Union the conflict leads to increased popularity of the anti-globalism movement, stimulates disintegration trends, separatism, the rise in popularity of euroscepticism, etc. In the USA, in many ways, it had defined the course of the 2016 presidential campaign.

As British professor Richard Sakwa from the University of Kent fairly indicates, the current west-based globalization model is being replaced by regional blocks focused on the introduction of a more pluralistic world system. This system is to include the “Expanded West” (the USA plus their allies) and “Big Eurasia” led by Russia and China.

Globalization turned out to cause many problems to the USA and other developed countries. However, it ended up with the transformation of the American industrial “iron belt” into a “rusty belt” of idling plants and disappearing cities. One of the main reasons

---

for the deindustrialization was moving productions to the Asian countries with cheap labor and the lowest environmental restrictions. The shift contributed to the extensive economic development, reduction in production costs and gaining excess profits, but led to the degradation of the environment and posing a real threat to the existence of humans themselves [Wooden, Stefes 2009: 132].

International free trade agreements served the interests of the transnational elite, but they contradicted the interests of the American and European industries because of the more and more increasing competition coming from China and other developing Asian countries. As a result, the globalism policy pursued by transnational elite was more and more incompatible with the interests of existing countries (including the United States and EU) and led to political instability, aggravation of social and economic problems and newly emerging crises in the international arena.

Having gained natural resources, former state-owned enterprises, infrastructure, power generation facilities, etc. in their possession, many newly established oligarchs started treating themselves as a part of the transnational elite, taking steps to withdraw their capital and businesses from a national jurisdiction and officially register their international status (a draft exchange of shares between the Russian companies YUKOS and Sibneft and Chevron-TEXACO American oil company, etc.).

A new post-Soviet elite was being formed in the environment of rapid social polarization of the society, a sharp drop in the standard of living of the vast majority of the population and decline of the industrial and agricultural production. In the environment of the intensive monopolization of economic and political life of a small layer of the post-Soviet elite, small and medium-sized businesses were mainly focused not on their growth but survival under difficult and sometimes extremely unfavorable conditions of bureaucratic, corruption and criminal dictate [Jones 2002: 121].

At the early stage of a new history of independent post-Soviet states, their elite clearly demonstrated such human vices as greed, swagger and social arrogance with blatant contempt for the majority of their impoverished compatriots [Collins 2006: 257; Everett-Heath 2003: 81]. New owners of enterprises in their majority sought to earn the maximum profit in all ways. At the same time, they invested nothing into the production and infrastructure that they then owned. It often came down to a mere sale of the former state-owned and “acquired” property, i.e. speculative operations with real estate, land, pipelines, equipment of mines, machines for scrap, etc. Such methods of managing resembled a robbery of the won country by wild barbarians.

A painful formation of the new post-Soviet states, with all its typical ugly peculiarities, was estimated by some experts as historically natural phenomenon. So, according to American political scientist Nikolai Zlobin, in the post-Soviet states, “we deal with the countries which have just appeared and which, by definition, can’t have any national elite capable to identify national interests. These elites have become the elites not due to any political selection, but largely by accident. Therefore, they can’t realize the national interests of their countries. In most cases, they are former Communist Party and Komsomol officials, as a rule, of the second and third echelons who have managed to
use the situation and easily change their beliefs. They are often former business criminals who have been legalized. And sometimes they are people with a criminal past.6

This assessment seems to be fair in relation to the post-Soviet states with the government being represented by surrogates and lobbyists of the interests of the world oligarchy who have actually refused any national sovereignty. In the other cases, the situation is not so clear, although the prospect of joining the transnational elite continues to be attractive to the local oligarchs.

The political elite of most post-Soviet states showed no willingness to renounce their authority for the sake of the ideals of globalism [Spechler 2008: 67]. So, they had to take into account the public mood more than in the countries actually kept under external control. Such an independent course was possible due to a support from the part of the conservative majority of the society and the part of the government and business, which was not ready yet to accept the ideology of subnational globalism and refrain from traditional values and the vision of the world.

Despite the peculiarities of its formation (a rapid process of “absorbing” the former state ownership, natural resources, etc.) the current post-Soviet elite is not anything unique in their human and moral qualities. The society has always been critical towards the elite. The words by Russian writer Ivan Turgenev about the elite consisting of people “of the highest rank and therefore of the lowest quality”7 sound very typical. It should be mentioned that Nikolai Zlobin emphasizes that the political elite of other countries, including western countries, are also of low morals8.

American political scientist Francis Fukuyama indicates negative for the US implications of the increasing social polarization, “America is suffering from political rotting... The income gap between the elites and the rest of the society had been growing over the past two generations. But only now it has become the core line of the national policy. In recent years, it has become much more difficult to deny that the income of the majority of Americans has not increased, while the elite have been living better than ever. Disparity in the American society is growing. Some of the facts, for example, say that a disproportionately huge share of the national wealth found in the pockets of 1% of the rich, more precisely, in the pockets of 0.1% of the American population, are becoming more and more undeniable. A new thing about this political cycle is that the focus of people has begun to shift from the excess wealth of the oligarchy to the limited circumstances of the others”9.

OLIGARCHIC DICTATE OR AUTHORITARIANISM?

It would be unfair to excessively idealize the other social groups of the society and be critical to the political elite. However, unlike their “ordinary citizens” with all their human frailties, the elite plays a fundamentally different role in the society. Therefore, their imperfections and vices have a particularly devastating effect on a state and society and that could be fully observed in the former Soviet Union.

In contrast to the Baltic States, the ruling elites of Georgia, Moldova and Ukraine, in exchange for the actual refusal to have an independent policy, did not manage arranging the membership for their countries in the EU and NATO. Funds, received as financial aid, as well as former state-owned property located in these countries, had been successfully “privatized” by the tops of the political elite and relevant oligarchs. It was quite natural that these countries were lagging behind the other post-Soviet states in their development. The prospects for their further existence on the global map remain very vague. The “Laggards” group also included the countries that had retained a much greater degree of independence in their actions. And here, the local elites, with their general and specific national features, had played their own role.

In a number of the former Soviet states numerous inconsistencies led to government coups and “color revolutions”. The change of ruling leaders and clans did not affect much the applied government model, did not tackle any problems of the community and only used to worsen the situation. The most vivid example in this regard was the Ukrainian Maidan of 2014, which caused the civil war and actually triggered the collapse of statehood.

Kazakhstan scientist Konstantin Syroyezhkin indicates the vulnerability of authoritarian power models in the post-Soviet states, “everything is based on the individual authority of one person, i.e. the president of a country, and therefore if this authority staggers, then political processes will become not only irreversible, but unpredictable. The main danger is in the weakness (to put it more precisely — in incapacity) of the existing political institutions. Today, the presidential vertical, which is being maintained due to the authority of Nursultan Nazarbayev, seems to be viable but not to the fullest. In this respect, if Nursultan Nazarbayev resigns from his post of the head of state, there can be a situation when, in Kazakhstan, there would be no capable political institute to act as a buffer or airbag. And in such circumstances, as we could see in Kyrgyzstan, political struggle can go far beyond the law, into the sphere of new shadow games and violence” [Syroezhkin 2013: 140—167].

Konstantin Syroyezhkin calls the Kazakhstan ruling regime a “clan and oligarchic system of power”. The Armenian experts give a similar definition for Armenia, i.e. an “oligarchic system of political power” (A. Iskandaryan) [Iskandaryan 2011: 19—28] or a “criminal and oligarchic model of power” (N. Akopyan)10. Russian experts Yuliy Nisnevich and Andrey Ryabov refer most of the former Soviet states (with the exception of the Baltic States, Georgia, Moldova and Ukraine) to “neoauthoritarian regimes”. Unlike typical authoritarian dictatorships, such regimes are more flexible and often

position themselves as supporters of the universal values of human rights and claim that their policies are guided by the generally accepted democratic standards [Nisnevich, Ryabov 2016: 162—181].

Actually, all post-Soviet states (both “neoauthoritative” states and states under external control) have all necessary attributes of western democracy: the Parliament, political parties, public, non-governmental and human rights organizations, universal suffrage, declared commitment to the principle of separation of powers, etc. At the same time, all of these are of decorative nature and have little effect on the real operating mechanism of authorities and everyday life of people.

A higher standard of living in most federal republics had been a special feature of the Soviet period over the last decades, if compared to RSFSR (Russian Soviet Federated Socialist Republic). It was due to the policy followed by allied authorities aimed at accelerating the development of the underdeveloped national outskirts. At the same time, despite certain distinctions observed, indicators of federal republics remained quite comparable in terms of key rates. Over 25 years, in the former Soviet Union, not only a rapid social stratification had occurred in certain states, but the states themselves had been divided into successful and increasingly lagging in terms of their social and economic development.

It is well known that the official statistics of the post-Soviet states has a low degree of reliability (often deliberately misstated for political purposes). In this respect, the assessments done by Global Finance Magazine (USA) based on the data of the World Bank and International Monetary Fund are of special interest. In 2016, the magazine published the ranking of 185 countries where the former Soviet republics were placed by their GDP (when calculating the PPP) per capita at purchasing power parity (in US dollars) as at 2015 as follows:

1. Kazakhstan — 25.367,27
2. Russia — 25.350,86
3. Azerbaijan — 18.913,51
4. Belarus — 18.882,48
5. Turkmenistan — 15.837,26
6. Ukraine — 8.493,56
7. Georgia — 8.222,77
8. Armenia — 7.748,05
9. Uzbekistan — 5.963,77
10. Moldova — 5.091,05
11. Kyrgyzstan — 3.581,33
12. Tajikistan — 2.830,14

The data provided by Global Finance Magazine demonstrate that, as a result of the 25-year period of the post-Soviet development, a group of the most successful states

---

with the GDP level (when calculating PPS) of USD 15.8—25.4 thousand per capita
(Kazakhstan, Russia, Azerbaijan, Belarus and Turkmenistan) was created. The other
states, in terms of their social and economic indicators were lagging behind [Dillinger
2007: 16]. It is quite natural that the most successful states included all the regions
with oil and gas resources. However, the group also included the Republic of Belarus
possessing none of these reserves but having the largest numbers in national export,
 debería: 12.

The start position of the Ukraine was more favorable than of Belarus. However,
over the years following the collapse of the USSR, the country “has lost a considerable
part of its strong economic and scientific and technical potential inherited from the
USSR, rolled far back in terms of the economic development, staying seriously behind
the neighbors both in the West, and in the East” [Shurubovich 2013: 24—37].

The crucial role in placing the former Soviet states in such different conditions
after 25 years of the collapse of the USSR was played by the domestic and foreign
policies of local elites [Jones Luong 2002: 201]. The elites had been formed in extremely
short period of time in terms of history as a result of the privatization during which
the former state-owned property was transferred into the private ownership. The leader-
ship of RSFSR had initiated a course on privatization and transition to private ownership
even before the collapse of the USSR. On 3 July 1991, the Law of RSFSR “On privatiza-
tion of state-owned and municipal enterprises in RSFSR” was passed13. Subject to the
Law, the privatization of the state property shall be organized by the State Committee
Congress of People’s Deputies of RSFSR, the Declaration of State Sovereignty was
the private ownership was declared legal; the concept of privatization was defined as
transfer of state or municipal property to private ownership14. In November 1991,
Anatoly Chubais was appointed the Chairman of the RSFSR State Property Committee,
and the stage of “accelerated” privatization had begun.

Within several years, the major part of the Russian national wealth had been
transferred into the ownership of a small group of people. In the course of privatization,
on the basis of the former state owned entities and ministries, new commercial structures,
serving the interests of high-ranking officials and related individuals including criminals,
had been founded. The political strength of the group of oligarchs was growing as their
wealth was expanding. In Russia, the period of domination of oligarchs was called
“semibankirshchina” by analogy with the period of the Time of Troubles of the early
17th century, the tragic times in the history of the country, with “semiboyarshchina”
which had become a symbol of national treason.

12 Market Analysis and Research, International Trade Centre (ITC). Trade statistics for international
business development. Monthly, quarterly and yearly trade data. Import & export values, volumes,
growth rates, market shares, etc. 2016. URL: http://www.trademap.org/countrymap/Product_
SelCountry_TS.aspx?nvp=1|112|TOTAL|||2|1|2|1|1|1|1|1|1|1|1 (accessed: 03.01.2018).
13 Law of the RSFSR “On privatization of state and municipal enterprises in RSFSR” of
10105310/ (accessed: 03.01.2018). (In Russ.).
The development of Russia under the scenario of oligarchical dictatorship with potential disintegration of the country was interrupted by the early resignation of Boris Yeltsin of 31 December 1999. After Vladimir Putin, a new president, had taken the power, the period of oligarchs’ domination in the political sphere ended. The change soon gave a positive effect on the living standards of people. According to the Swiss Le Temps, in Russia today, oligarchs have become “extremely invisible” as, having just come to the power, Vladimir Putin decided to considerably change the rules of the game offering them to leave the politics. If new rules had been accepted the economic status of the oligarchs who had built their monopolies through the privatization of former government ownership would have remained inviolable and they “were allowed to continue enrichment at breakneck pace”\(^\text{15}\).

The continuing monopolization of markets by government related oligarchical groups hinder the formation of a market economy, development of small and medium-sized businesses, causes the increase of shadow economy operations, reduces competitive power and has many other negative implications. In the former Soviet states, where oligarchs still maintain their dominant positions not only in the economy but also in politics, their impact on community becomes especially destructive and turns into a real threat to the security and state sovereignty.

In 2014, Vladimir Putin noted that in the today’s world, for most of the countries, “the concept of “national sovereignty” has become a relative value. Actually, the following formula was offered: The stronger the loyalty to the single center of influence in the world is, the higher the legitimacy of this or that ruling regime”\(^\text{16}\). Indeed, a typical feature of oligarchic regimes in the former Soviet states has become refusal to have an independent policy and a course on the introduction of an external control. In this case, the sovereignty and national interests of a country are sacrificed for the interests of the transnational oligarchy. Local politicians and oligarchs function as its agents. It looks very natural that externally controlled countries (Georgia, Moldova and Ukraine) have been found far behind the other former Soviet states.

***

The most successful of the post-Soviet states have become the states with a well-developed and rigid administrative and bureaucratic vertical of authority, which was able to limit the role of the oligarchy and local criminal structures in politics [Krylov, Areshev 2014: 26; Malysheva 2004: 91]. Acting like this, the nation-oriented part of the government and business has managed to prevent the dictatorship of the transnational oligarchy, overcome the negative implications of transformational crisis and ensure internal political, social and economic strength within new state boundaries. This creates opportunities for accelerated modernization and construction of a more democratic state system.

---


REFERENCES


Sakwa, R. (2016). The global crisis: Russia looking for a way out from the dead end. Polis. Political Research, 6, 52—68. DOI: 10.17976/jpps/2016.06.05. (In Russ.).


Years that have changed the Central Asia. (2009). Moscow: Centre of Strategic and Political Research, The Institute of Oriental Studies of the Russian Academy of Sciences. (In Russ.).

Received: 10.1.2018

Целью статьи является анализ наиболее значимых процессов и тенденций на территории бывшего СССР, связанных преимущественно с внутриэкономическими и внутриполитическими проблемами, итогов 25-летнего периода независимого развития постсоветских государств, особенностей их политической и социально-экономической трансформации. Эти и другие темы рассматриваются в контексте интересов России и ее роли на постсоветском пространстве.

По мнению автора, характерной особенностью олигархических режимов в постсоветских государствах стал отказ от самостоятельной политики и курс на введение внешнего управления, когда суверенитет и национальные интересы государств приносятся в жертву интересам транснациональной олигархии, а также выступающих ее агентами местных политиков и олигархов. Закономерно, что государства под внешним управлением (Грузия, Молдova, Украина) оказались на постсоветском пространстве в числе отстающих.

По мнению автора, наиболее успешными из постсоветских государств стали те, где была выстроена жесткая административно-бюрократическая вертикаль власти, сумевшая ограничить роль олигархии и местных криминальных структур в политической жизни. Таким путем национально ориентированная часть бюрократии и бизнеса сумела предотвратить установление диктата транснациональной олигархии, преодолеть основные негативные последствия трансформационного кризиса, обеспечить внутриполитическую и социально-экономическую стабильность в новых государственных границах. Это создает необходимые предпосылки для решения задачи ускоренной модернизации и строительства более демократического государственного устройства.

**БИБЛИОГРАФИЧЕСКИЙ СПИСОК**


Мальышева Д.Б. Решение конфликтов на постсоветском пространстве и за его пределами // Мировая экономика и международные отношения. 2018. Т. 62. № 2. С. 111—114.


Саква Р. Кризис мирового порядка: Россия в поисках выхода из тупика // Полис. Политические исследования. 2016. № 6. С. 52—68. DOI: 10.17976/jpps/2016.06.05.

Сызыхова Ж.С. Геополитические интересы России в Центральной Азии // Теория и практика общественного развития. 2013. № 8. С. 263—265.

Сыроежкин К.Л. Особенности государственного строительства в странах ЦА (на примере Казахстана и Кыргызстана) // Трансформация и конфликты в Центральной Азии и на Кавказе. М., 2013. С. 140—167.

Шурупович А. Экономика Украины на пути модернизации // Россия и новые государства Евразии. 2013. № 3. С. 24—37.


Дата поступления статьи: 10.1.2018


Сведения об авторе: Крылов Александр Борисович — доктор исторических наук, руководитель Центра постсоветских исследований Национального исследовательского института мировой экономики и международных отношений им. Е.М. Примакова РАН, президент Научного общества кавказоведов (e-mail: abkrylov@mail.ru).

© Krylov A.B., 2018