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BOOKS IN REVIEW

CENTRAL ASIA'S GLOBALIZED DESPOTS

Marlene Laruelle

Dictators Without Borders: Power and Money in Central Asia. By Alexander Cooley and John Heathershaw. Yale University Press, 2017, 312 pp.

Alexander Cooley and John Heathershaw's new book marks a milestone in the study of Central Asia and of the post-Soviet space more broadly. Beyond area studies, *Dictators Without Borders* offers thought-provoking reflections on the mechanisms of political and financial globalization, and on the erasure of what distinguishes "the West" from "the rest."

Grounded in a pathbreaking examination of materials from U.S. and European judicial investigations into the offshoring mechanisms and extraterritorial activities of Central Asian presidential families, the book combines scholarly analysis, investigative journalism, and policy recommendations. It begins by arguing that, contrary to the conventional wisdom of Western pundits and international organizations, Central Asia is not a remote place that is detached from the rest of the world and in need of greater "connectivity." On the contrary, it contends that Central Asian states—and in particular their elites—are in fact highly globalized and well integrated in the world economy. They have learned quickly and well how to use international mechanisms that serve their political, security, and financial interests.

Cooley and Heathershaw's case studies of Central Asia's globalized elites include the fallen Kazakhstani oligarch Mukhtar Ablyazov, whose turn toward opposition helped to make him an "obsession" of long-ruling President Nursultan Nazarbayev; Maksim Bakiyev, son of

Kyrgyzstan's former president Kurmanbek Bakiyev; Gulnara Karimova, daughter of Uzbekistan's late president Islam Karimov; and the presidential Rahmon family of Tajikistan.

Probably the most fascinating case is that of Ablyazov, whom Cooley and Heathershaw call "Kazakhstan's most wanted." Chair of Kazakhstan's first bank (called BTA) from 2005 to 2009, Ablyazov was once one of Kazakhstan's top oligarchs, but has also been a foe of President Nazarbayev since the early 2000s. After Kazakhstan's sovereign wealth fund, allegedly overseen by the president's family, took control of BTA in 2009, the bank launched legal proceedings against Ablyazov. The toppled oligarch fled first to London and then to France, where he was arrested and nearly extradited. His supporters present him as Kazakhstan's version of the formerly imprisoned Russian oligarch Mikhail Khodorkovsky, punished by an autocrat for funding his liberal opponents. Kazakhstan's authorities call him an international criminal and fugitive, guilty of massive money-laundering.

The presidential families in other Central Asian republics have themselves been the perpetrators of offshoring strategies, of which Cooley and Heathershaw offer detailed portraits. Tajikistan's President Emomali Rahmon, who built his power during his country's civil war (1992–97), appears to have enabled the offshoring of profits from the state-owned Talco aluminum-smelting plant to the British Virgin Islands. The state that Rahmon heads is estimated to have lost US\$1.1 billion in revenue to this trading scheme from 2005 to 2007, a stunning sum, as Cooley and Heathershaw point out, for a country whose GDP in that latter year was only \$3.7 billion. These arrangements came to light in a London High Court dispute between Talco's new controllers and a firm that Tajikistani authorities together with presidential associates had ousted from the smelting plant's business in 2004. The case dragged on from 2005 until 2008, as each side charged the other with financial malfeasance. Total legal expenses may have run as high as \$200 million, making it one of the costliest court battles ever waged. Tajikistan's government paid most of the bill.

In Uzbekistan, it is the eldest daughter of the former president Islam Karimov, Gulnara Karimova, who built a vast commercial empire with her homeland's wealth before seeing that empire dismantled amid transnational legal troubles, public scandal, and elite infighting in late 2013 and early 2014, when Uzbekistani authorities reportedly put her under house arrest. Despite Uzbekistan's political closure and isolationist economic policies, the country's elites became actors in a global drama that involved luxury villas in France, Belgium, and California; a New York court hearing; Swiss bank accounts; and Swedish media investigations.

Cooley and Heathershaw also profile Maksim Bakiyev, the son of Kyrgyzstan's President Kurmanbek Bakiyev. The elder Bakiyev rose to the presidency after the 2005 Tulip Revolution, only to become increasingly corrupt and repressive until his own overthrow in 2010. Bakiyev the young-

er enjoyed a longstanding relationship with an entity called Asia Universal Bank, which reportedly offshored several hundred million dollars during the regime's final hours. Maksim himself fled to Britain, where he applied for political asylum. No doubt the pain of his exile is eased by his residence in one of London's priciest mansions. Before his flight, Maksim's seemingly ubiquitous moneymaking activities may have involved, among other things, fuel sales to the U.S. military base at Manas.

Although the authors do not analyze Turkmenistan in detail, they do provide an early mention of how Saparmurad Niyazov, who ruled it first as Soviet-era Communist Party boss and then as national president from 1985 till his death in 2006, stashed at least \$8 billion in a secret account at Deutsche Bank.

These case studies show how business networks, elite bank accounts, overseas courts, third-party brokers, and Western lawyers all connect Central Asia's supposedly isolated leaders with global power centers. The figures studied here have employed a dizzying array of deceptive practices and manipulations of international law to remove, embezzle, and spirit away funds from their countries of origin. They have also grown adept at playing the cards of soft power in the West, including diplomacy, high-profile charitable deeds, and parties with jet-setters and hired celebrities.

Cooley and Heathershaw offer significant insights into politics in post-Soviet Central Asia. They show us how authoritarianism is not only a political approach, but a business built on stealing national wealth and doling out the loot to a favored few. In addition, they explain how authoritarianism as defined by political scientists also has ties to deeper societal tendencies. These include illiberalism driven by the treatment of identity and value differences as national-security problems, and a tendency to question the notion of progress itself. When it comes to values, Central Asian regimes seek to legitimize their authoritarian practices through skillful agenda-setting. They focus on civilizational identity and the search for a lost national authenticity in order to forestall awkward questions about how they govern and their customs of curbing rights, shrinking liberties, and muzzling civil society. In recent years, they have buttressed their antiliberal narrative by accusing "the West" of "imposing its values" as part of a scheme to disempower other societies—charges that some in Central Asia clearly credit.

In these pages, we learn not only about the misdeeds of grasping Central Asian despots and the globalized face of their chase after ill-gotten money and power. We also learn some hard truths about "the West." In many ways, the Central Asian elites are products of the West—not the ideal, archetypal West of liberal values, accountable governance, democratic processes, and multilateralism, but "another" West. This is the West of banks and law firms that are expert at "working the system," of tax havens, luxury real estate, diplomatic immunity, and "investment visas" meant to attract the owners of large financial assets. Central Asia's undemocratic elites have

learned to thrive in this shadow West, where international mechanisms such as Interpol warrants are used and abused for political purposes. Tracing the story of these elites reveals a troubling and often-observed side of the West, with provocative implications for politics and policy.

The first is that the Central Asian elites act as a sort of “picture of Dorian Gray” for the West, recording Western governments’ every sin. In the early 1990s, international financial institutions and Western countries imposed market reforms across most of the post-Soviet space in a not especially democratic way, backing local autocrats as long as they agreed to adopt investor-friendly reforms. Many local citizens, however, condemned these policies as blind to the massive socioeconomic traumas that had followed the Soviet collapse.

Popular perceptions conflated markets and democracy with endemic corruption. In the eyes of the most jaundiced, the three look like the tentacles of a malevolent conspiracy against ordinary folks. Western countries and international financial institutions should take note of this, and rethink how they approach the region. They must reflect on the part that they have played, however unintentionally, in feeding illiberal values, or at least in intensifying skepticism about democracy. When many citizens hear talk of democracy as rhetorical fluff that local rulers and Western donors use to cover up their disempowerment of local communities, something has gone badly wrong. Democracy promotion cannot thrive where conspiracy theories run wild and the West is widely condemned for imposing its own agenda.

The second implication is that Western policy makers, whether in government or NGO ranks, cannot challenge Central Asia’s authoritarian corruption without candidly confronting the loopholes that exist in the “West” itself. The 2015 leaking of the Panama papers (materials pertaining to offshore financial transactions) showed just how common both tax evasion (illegal) and tax optimization (legal) are throughout Europe and the United States, and the extent to which Western firms have mastered this game. Under these circumstances, it is naïve to hope that Central Asian elites will embrace transparency.

This conclusion suggests that policy toward the region needs profound reshaping. If the West and international organizations aim to help Central Asian societies become more prosperous, improve life for citizens, and ensure greater respect for their rights, then it is imperative to press the fight against authoritarianism not only as a political practice, but also as an economic and financial one. Cooley and Heathershaw outline small steps toward this goal. The West should put its own house in order before asking others to do the same.

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