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David Elam

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Supervisors:

Luca Anceschi, Professor, University of Glasgow

Nygmet Ibadilin, Dr., KIMEP University

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Introduction

The study of rentier states seeks to show the relationship between primary resource wealth and the quality of political governance, known as the resource curse theory. This thesis seeks to expand on existing theories using the case study of Kazakhstan and Turkmenistan to compare how the openness of these states affects the causality resource curse theory. This thesis therefore seeks to answer the fundamental question of whether a higher degree of openness destabilises rentier dynamics. Kazakhstan is a state that is relatively well integrated into the world markets and is an active participant within the international political community, whilst Turkmenistan is an isolationist state with little to no social and political freedoms. Neither state is optimal in terms of their quality of political governance, and both struggle with delivering better social, economic, and political outcomes for their population despite being rich in oil and gas respectively. They are ideally suited for this comparison as despite the difference materiality of their primary resource wealth, they represent two most different rentier systems in terms of international integration within the Central Asian region. This research therefore aims to offer a qualitative and critical theoretical insight into rentier states through the case studies of Kazakhstan and Turkmenistan, using this comparison to elucidate the effect of openness on the outcomes of the resource curse phenomenon.

Resource curse theory has tremendous explanatory power with regards to establishing and explaining the link between primary resource wealth and authoritarianism and rentierism. It observes a general phenomenon within which there are many incidental processes and dynamics that lead to the causation, and perpetuation of rentier dynamics, that enable secure authoritarian regimes. In practice what this means is that much of the theory is concerned with observing and analysing processes within a given state as a case study, specialised according to individual research interests. Resource curse theory sees authoritarianism and rentierism as largely inevitable outcomes, after which the two phenomena combine to create secure authoritarian rentier regimes.

In simple terms the economic benefit derived from resource wealth requires reliable buyers of the product, stable governance usually guaranteed by authoritarian processes, and highly secure political elites. The subversion of state institutions to function by design to uphold these economic structures, and a certain level of state benevolence to support their population and appease them despite endemic wealth inequality and slow economic development are further key dynamics within this process to consider. These aspects of secure authoritarian rentier regimes are well-established, intricately researched, and observed to maximise the explanatory power of theory that deals with these processes and examines these separate aspects of a regime's institutional design, how production is organised, and the structure of patrimonial networks. In isolation these analyses have great analytical utility, but when brought together with a recognition of the role that integration within the international political economy has to play, it has the potential to create a further nuanced analytical approach.

Problem Statement:

Resource curse literature has long theorised and sought to establish a causal link between states having abundant resource wealth and the emergence of secured authoritarian rentier regimes. The prevailing view is that the sheer volume of wealth accrued through rentier practice generated by abundant primary resources enables authoritarian governance due to the absence of a social contract governing the relationship between leaders and their population (Mahdavy, 1970; Beblawi, 1987). Authoritarian regimes use this wealth to consolidate and stabilise their regimes – making the security of the regime that controls this wealth synonymous with the security of the state it governs (Jackson, 2016). Critical approaches in this academic field tend to focus on qualifying the different paths to resource wealthy states reaching authoritarianism through institutional, economic, or political analyses (respectively: Luong & Weinthal, 2010; Mayer & Schouten, 2012; Ross, 2012). Such analyses therefore do not tend to consider the role of the international political economy, and the power structures in place that determine the interaction between secure authoritarian rentier regimes and the buyer states.

Research Questions:

This thesis will therefore be guided by the case studies of Kazakhstan and Turkmenistan, and their comparison with regards to their economic and political openness and how that affects their rentier dynamics. It will seek to illustrate the effect of openness by creating indicators of economic, and political integration – and then comparing the two case studies and their defining characteristics. This thesis therefore seeks to answer the fundamental question of whether a higher degree of openness destabilises rentier dynamics. This question will initially be placed in its theoretical, contexts in the coming literature review, after which.

The guiding question and hypothesis for this study stems from the problematisation of existing theory and the identified niche and can therefore be formulated as follows: "*Does the inclusion of resource wealthy countries in the international political economy destabilise rentier states?"*.

The initial research questions will be further refined after the literature review in the methodology section, after having carried out a more in-depth exposition of the broader theoretical concepts. The initial hypothesis will be subdivided according to how these concepts can be problematised, and how this relates to the research niche identified.

Literature Review:

This following chapter is a review of the theoretical frameworks that prevail within the academic community surrounding the concepts key to this thesis. It is crucial to form a basis for the critical theoretical approach that is a key aim of the research, to answer whether the *inclusion of resource wealthy countries in the international political economy stabilises rentier states*. The explanatory power of literature and theory around several causal links forming a chain of reasoning will be closely examined. As such this section will centre around the resource wealth and the resource curse, how the resource curse leads to authoritarianism, the resource curse, and its link to rentierism, the dynamic between authoritarianism and rentierism, and how these two in turn produce regime security and what that regime security fundamentally means. The literature will be approached chronologically to identify key shifts in the paradigm in terms of approaching the issue of resource wealth. Common causal themes and dynamics will be drawn out of these theoretical frameworks, with distinct approaches being identified through grouping the literature along a timeline of the 1970s to present day. After having considered the history of the theory and the analytical frameworks that are pertinent to the thesis, the analytical utility of approaches that recognise the importance of the international political economy will be considered and their potential role in filling the research niche identified and discussed.

The Resource Curse

Resource curse literature primarily seeks to explain how a state's endowment with natural resources can often result in rapid income gains that do not necessarily lead to consequent political, economic, and social development and growth. It was the problematisation of this puzzle that led to the formation of the "resource curse" as a broad concept referring to counter-intuitive results of the financial revenue accrued from these resources leading to slow economic growth, and in certain cases poorer social outcomes, and politically problematic institutional design to cope with this newfound wealth. The period between the before the 1990s saw a number of explanations emerge for this resource curse phenomenon, that essentially function as theories of development, and concern themselves with identifying primarily poor economic policy choices of managing newfound wealth. There is therefore a level of complexity present in this body of literature, as there is an element of agency ascribed to policy actors. On the other hand, some states are often described as 'falling into the resource curse' by the literature – suggesting an element of inevitability to revenues accrued from resource wealth being a poisoned chalice in terms of being used to deliver economic and social development. These varied approaches discussed below often come with their own caveats and are often the product of a specific historical period being analysed in detail in a single case study – with the findings from these analyses then transposed on to other case studies to examine their explanatory power on seemingly similar dynamics and processes.

The 1990s and early 2000s were a time where debate on the resource curse was very active – with theory being produced to encapsulate the broader dynamics of resource wealth and the resource curse, as well as delineating to specify circumstances under which this process was the most observable Karl and Gary observe this process generally as one where "development outcomes associated with petroleum and other minerals" are negative (Karl and Gary 2004, 2). Further caveats were added to the observation of this counter-intuitive phenomenon whereby "favourable natural resource endowment may be less beneficial to countries at low—and mid-income levels of development than the conventional wisdom might suppose" due to their relative economic immaturity (Auty 1993, 1). The nature of the resource curse and those most susceptible to it was further delineated to limit this curse to states that find themselves in a transitional process, developing nations with large resource endowment (Alekseev and Conrad 2005; 2009, 3). In the early 2000s the case of Nigeria was often used to illustrate the resource curse specifically with the impact of oil. Despite having accrued $350 billion in oil revenue since it became independent in 1960, the years between 1970 and 2000 saw its economy shrink in a marked way, with its poverty rate increasing from "36% to just under 70%" (Sala-i-Martin and Subramanian, 2003: 3). Cases like Nigeria illustrate this general approach to case studies in terms of using the observation of the inverse of the expected developmental process to inform the basis for theoretical causation.

Alekseev and Conrad's (2005; 2009) contribution crucially lay in their recognition of the need to narrow the explanatory scope of these theories – even going so far as to claim that the impact of oil and other mineral resources on a country's long-term economic growth "has on been on balance positive" (Alekseev and Conrad 2009, 1). This view has been echoed in the most recent comprehensive re-evaluation of resource wealth and the resource curse – going so far as to develop and build on Michael Ross' (2003, 337) claim that often intervening variables have atypical weight in terms of influence causational process, and that the "cumulative evidence…is more consistent with the idea of relatively circumscribed enclaves [The Middle East] of a potential resource curse and a larger region in which oil might be a modest resource blessing." (Smith and Waldner 2021, 4). Smith and Waldner's work is the most comprehensive re-evaluation of resource curse literature all the way back to the founding texts of the discipline,

This debate on the scope of the effects of resource wealth on states has since given way to a broader scholarly movement rethinking the resource curse – and most pertinently to this thesis re-examining oil wealth specifically. Oil is a unique resource in the sense that it does not require sweeping labour involvement like to production of agricultural resources, is not constrained by seasonality, and is universally in demand.

The Politics of the Resource Curse and the Rentier State

Most pertinently to the thesis, Hossein Mahdavy's 1970 essay *The Patterns and Problems of Economic Development in Rentier States: The Case of Iran* represented the beginnings of this school of thought. Mahdavy utilised the case study of Iran to elucidate how the funds accrued from resource wealth fundamentally change the nature of politics and the interaction between the government and the people it rules over. Mahdavy had two fundamental claims. The second was that because states accrued the majority of their wealth from their primary resources and thus not have to rely on taxing their citizens as the main source of income, there was no longer a social contract in play between the state and society. Governments could therefore enjoy a much greater independence from their citizens, and this according to him build on their capacity to maintain power through undesirable political dynamics (Mahdavy, 1970). This central claim of "no representation without taxation" informed the political dynamics of resource wealth until the 1980s, providing the foundation for further conceptual studies into further study in the Middle East as a region (Delacroix, 1980; Anderson, 1987; Beblawi, 1987; Luciani 1987). This body of work concerned itself primarily with the conceptualisation of 'rentier states' as states whose primary revenue streams were rents accrued from oil, and thus operated more on a distributive level as opposed to actively participating in extraction, using the case studies of the Gulf States in particular to illustrate these claims.

Later works with a much stronger empirical basis were emerging in the late 1980s (Anderson, 1987; Crystal, 1990; Gause, 1994; Vandewalle, 1998), but distinctly to those before them rather used the concept of the rentier state to illustrate its explanatory power with regards to the political implications of oil wealth. This body of literature interpreted oil and accrued oil wealth as positively impacting political stability and regime security, and further identified the unique historical context and how it affected this dynamic. This lay in the recognition of their history as post-colonial states, and the lack of developed states institutions before the Second World War. Thus, their claim was not one of resource wealth directly leading to poor political outcomes, but rather that the unique history of the region that was being studied meant that there were several variables, factors, and contexts that pre-disposed or made the region more susceptible to the patterns they were observing. Due to this holistic approach that was aware of the different capacity of the states in the Gulf and in the Middle East more broadly, this body of literature then became the new basis for further study due to all the opportunities it gave in terms of looking at these variables in isolation within the resource curse context. A unique and crucial contribution was made to the literature by Terry Lynn Karl, who in 1997 claimed that Venezuela was a case in point of the resource curse not being suitable for application purely through extrapolation onto other regions or geographical contexts. It was in fact Venezuela's oil wealth that "was the single most important factor in shaping the structural conditions for the breakdown of military rule, the subsequent creation of a reformist political space, and the maintenance of a democratic pact (Karl, 1987: 94).

By the early 2000s the outlook for resource wealthy states began to look increasingly bleak as far as the literature was concerned, with an element of certainty and inevitability creeping into analysis that went so far as to claim that "the price of oil and the pace of freedom always move in opposite directions in oil-rich states" (Friedman, 2006: 31). Michael Ross' *Does Oil Hinder Democracy* sought to establish whether the findings of rentier state literature could be extrapolated beyond cases in the Middle East and concluded that it does – however he did so in a way that diverged from the social contract approach to understanding the political ramifications of oil wealth, and instead posited that states with rentier economies have a vested interest in keeping incomes in their state from rising in order to limit the scope for democratising in the state (Ross, 2001). This view effectively informed an analytical approach that focused on the organs of government in terms of the analysis of institutional design.

Further methodological divergences included Ross operationalising oil reliance as the percentage of fuel exports to GDP, and not as the proportion of oil rent within the government budget – moving towards an understanding of rentierism as not something inherently interlinked with the state itself, but rather as a separate economic practice espoused by the state (Ross, 2001). Crucially and most pertinently to the purposes of this thesis, Ross thrived within the conflictual niche in resource literature that sought to disentangle oil, and the nature of the regime it produces. Oil and autocracy may be linked as they enable the survival of already existing autocracies independently of oil and can also be linked to the causal notion of a tendency for higher oil exports taking an existing regime further away from democracy (Ross, 2001). Jay Ulfelder (2007) takes Ross' idea a step further and using event-history data surrounding autocratic regimes tests the relationship between oil wealth and their survival as regimes. Ulfelder's key contribution lies in a probability model relating to stress points that are identifiable where regime change is the most likely, crucially showing that resource dependence lowers the probability of regime change.

The mid to late 2000s also represented a time of reflexivity in terms of looking beyond traditional case studies to illustrate the resource curse, due to a tacit acceptance of a resource curse immunity in wealthy and mature democracies outside of the Global South, and crucially in cases where privatised ownership of production disconnects revenues from directly flowing into state budgets. Goldberg, Wibbels, and Mvukiyehe (2008) took the United States from the 1920s through time as a case study, and argued primarily through evidence showing coal and oil rents are associated with lower rates of taxation, less competitive elections, and higher incumbent vote share (Goldberg, Wibbels, and Mvukiyehe, 2008: 479).

Further contributions built upon Karl's work on Venezuela and the potential positive effects of resource wealth, theorising conditions conducive to oil giving no effect, or even counting as a resource blessing. A theoretical model was developed that posited a case for a causal heterogeneity – that is to say that instead of oil having one kind of constant effect across time, there were crucial antecedent variables that influenced how this mechanism played out in a variety of countries (Dunning, 2008). When placed into the context of theories of political inequality, Dunning identifies some potential causal dynamics. An average voter under democracy is claimed to be poor, and thus prefers a higher rate of taxation to fund economic redistribution, while the median voter under an autocracy is rich and prefers no taxation (Dunning, 2008). Taxation under democracy in this context provides a positive effect on reducing the level of inequality between the rich that control the majority of assets, and the poor who wish for these assets, or the wealth and capital from these assets to be redistributed to them (Dunning, 2008). The unique consequences of oil therefore lie in the fact that oil can induce anti-democratic tendency that seek to control oil rents, whilst conversely also becoming a substitute for high taxation that would otherwise fund these redistributive policies without threatening the amassed capital accrued by the rich who control capital flows stemming from oil rent (Dunning, 2008).

Crucial stress points were identified that accounted for different faces of autocratic regimes – with a focus the boom-and-bust dynamics of oil across decades and how that intensifies authoritarian government dynamics, and how it can both secure and stabilise these regimes (Smith, 2007). Most pertinently, Benjamin Smith identifies case studies with enduring authoritarian regimes as those with the highest explanatory power, as well as having the most significantly negative statistical effect on the propensity for oil-backed regimes to become destabilised, or to fail completely (2007: 27). Smith further developed these conditions to posit a broad inference that oil states are most secure when they are built on wide-ranging social ties and enduring state institutions. Vulnerability therefore arises at a point where these crucial lynch pins are made to be less effective, or absent all together (2007: 31). That is to say that stable coalitions and state institutions are for Smith a direct result of the scarcity or total lack of oil revenue, as well as an absence of organised dissenting political entities. In cases where these pressures are not present, these states are markedly weaker, and are built upon much more unstable coalitions and this lability becomes a threat to the security of the regime as the institutions themselves are not adapted to cope with these pressures (Smith, 2007).

This movement of a tendency of the literature to start to question fundamental accepted wisdom with regards to oil wealth constituting a definitive resource curse peaked with Stephen Haber and Victor Menaldo who argued through a variety of statistical tests that there was no negative relationship between oil and democracy both in the long and short term (2011). In a number of their models, they even find statistically significant positive coefficients when measuring oil wealth, though not salient enough to constitute a resource blessing per se (Haber & Menaldo, 2011). Their crucial methodological contribution to the literature came from expanding their dataset to include development data back to the late 18th century, and in a set covering 53 countries in total: 8 of which showed a statistically significant relationship conducive to a resource cursed, 19 that exhibited characteristics of a resource blessing, and 26 countries that showed no temporally consistent pattern of association between resource wealth and authoritarianism (Haber & Menaldo, 2011).

The Resource Curse as Autocratic Survival

The past decade saw a further reconfiguration of resource curse literature, moving away from institutional, economic, and developmental analyses to instead focus on the link between oil, and autocratic and leadership survival. Building on Ross' body of work, David Weins, Paul Poast, and William Clark expand on the nature of the resource curse and claim that it should only be used in conjunction with perpetuating regimes. This is a marked departure from the previous decades' body of work, with the distinction that the resource implies autocratic survival, and not backsliding or the deconstruction of democracy – as democracies bring with them institutional checks and balances on elected leaders to prevent such processes from taking place (Wiens & Poast & Clark, 2014). Their analytical scope was also extended beyond authoritarian and autocratic regimes to include democracies, which was crucial in illustrating that resource dependence decreases the likelihood of democratic transition in autocratic regimes, but otherwise has no effect on pre-existing democracies (Wiens & Poast & Clark, 2014).

This type of methodology was further echoed by Joseph Wright, Erika Frantz, and Barbara Geddes (2015) who added a more dynamic study to the resource curse as autocratic survival. They sought to test the extent to which oil influences transitions themselves following autocratic breakdown – looking at (i) a transition from autocracy to democracy or (ii) a transition from an autocratic regime to a different autocratic regime. This approach was enabled by a novel dataset coded to distinguish different autocratic regime types that allowed for a more nuanced understanding of effects within a country, as well as cross sectional effects beyond the borders of a specific county. Their claim therefore revolves around the "unobserved factors that vary by country and may also be correlated with the level of oil rents and the latent propensity for regime collapse should be captured in the unit means for regime change (2015: 295). This approach crucially allows for differentiating between autocratic regime types in a meaningful manner as opposed to treating them as a singular phenomenon, whilst also better facilitating both intra and cross-regional comparative analyses much like the aims of this thesis. Further to this, when considering transitions from one autocratic system to another increasing oil wealth within individualised dictatorships holds back the scope for total regime change as well as new forms of autocratic governance (Geddes et al., 2015: 300). The security of regimes can therefore be seen to be stabilised by oil rents, that simultaneously secure existing regimes, as well as limit the possibility of new configurations of regimes introducing new autocratic governance styles – in essence oil rents ensure the continuity of both the decision makers and the systems through which they govern (Geddes et al., 2015: 304).

In the spirit of Geddes et al. (2015) and Clark et al. (2014) Christian Houle distinguishes between the processes of autocratic failure and democratic transition: in his models he views new autocracies and transitions to democracies as separate causational outcomes, preferring instead to model democratic transitions for a series of countries that are a minority where they have recently experienced autocratic failure (2019). Dissociating transition from failure therefore also broadens the scope of identifying stress points that facilitated atypical removal of leaders as constituting authoritarian failure, concluding that oil itself has no effect on the likelihood of autocratic failure, but crucially has a significantly negative effect on the likelihood of democratic transition induced by prior autocratic failure (2019). In practice, Houle's central claim therefore becomes one where oil rents perversely ensure autocratic renewal even where an autocratic regime or system is discarded, the perpetual effect of oil rent instead leads to the emergence of a newly formed autocratic regime. Failure therefore does not necessitate new forms of governance, but rather perpetuates non-democratic systems of governance.

Lessons from beyond the Resource Curse Literature:

Neo-patrimonialism has tremendous analytical utility directly applicable to the thesis due to its focus on how corruption and informality can be organised, institutionalised, and formalised by and for a given state. This is an especially important leveret given a more recent focus on the curse of institutions instead of the curse of the resource itself. Neo-patrimonialism theories therefore provide an actionable analytical lens through which one can delineate how these regimes function Henry Hale argues that in neo-patrimonial states, the relationships as well as the networks between outward facing politicians and their financial backers are more important to the functioning of the state than the formal institutions that make up the political frameworks of the state (Hale, 2015: 95). Potential problems emerge when constitutions and other legal frameworks become a hindrance to the various power organisations that emerge between political and economic elites, however political hegemony in authoritarian regimes translates into legislative hegemony allowing for changes in legal frameworks to remove potential blocks to the consolidation of power (Hale, 2015: 96). Neo-patrimonialism is therefore a well-rounded concept, with key aspects of corruption and informality theory at its heart, but it can also crucially provide an understanding for how autocratic survival can be maintained within a regime, and how access to power and instruments of power can be exercised to secure autocratic survival.

If a regime then has this legislative freedom, it can then instrumentalise its power to formalise and institutionalise these practices. The ruling networks are also able to function in the absence of financial capital, with the role of 'social' capital – the informal exchanges of favours and preferential treatment discussed previously – also an instrument for the consolidation of economic and political power (Hale, 2015: 96). In these cases where regimes wield uncontested political, economic, and legislative power, not only do they effectively control these processes by deciding who is included in these neo-patrimonial practices, but also, more importantly, the security of the regime becomes the security of the state owing to state capture that is inherent to these processes in authoritarian regimes (Jackson, 2016: 420). Established political regimes can therefore position themselves to dictate a "set of rules that are at least strategically accepted and not normatively opposed by major actors and that govern which individuals have access to the most important state positions, how such access is obtained, and how binding state decisions are made" (Hale, 2015: 6-8). The role of a single dominant patron, with executive power and control of ministries, and ministerial appointments therefore becomes one where they centralise control of neo-patrimonial networks within the office of the president in a single structure ruled by presidential vertical power (Hale, 2015: 425-6). Hale characterises this process as a transition away from multiple power pyramids that compete against each other and limit the possibility of one patron to consolidate power and therefore their security as a regime, to a single power pyramid structure enforced by a single dominant patron that holds the most powerful political office in the state (Hale, 2015: 425-6).

In essence, the analytical utility of defining neo-patrimonialism as a formalised combination of corruption and informality lies in drawing a key difference in its pernicious effects on democratic state-building projects, and how neo-patrimonialism is crucial to more authoritarian state-building projects, as well as its function as means to ensure autocratic survival. Whilst corruption conceptually allows for identifying political or economic exchanges and their harms to a democratic or authoritarian project, it does not elucidate the importance of exchanges of non-monetary social capital within regimes, nor does it recognise the ability of regimes to formalise and control these processes. It is however the conceptual convergence of corrupt and informal practices in neo-patrimonialism that promises to be a fruitful lens for providing a dynamic model through which autocratic survival can be discussed. This is due to neo-patrimonialism being a process that actively holds democratisation back, whilst also having the power to solidify authoritarian regimes and ensure autocratic survival, much like the broader claims discussed earlier when considering the history of resource curse literature and how it developed.

Conclusions

The works surveyed within the broad umbrella of resource curse literature provided this thesis with a strong and varied theoretical basis with regards to the resource curse, and how this area of study has developed since the beginning of the 1970s with Mahdavy's theoretical analysis of Iran as a rentier state. The various paradigm shifts that took place from that point to the present day in terms of methodological approaches, methods, and broad claims have been varied, although a few key trends can be identified.

The first major debate from the 1970s to the mid-2000s that is clearly discernible from the literature revolves primarily around establishing resource wealth as a curse, and within that how states with a significant resource endowment can instrumentalise rents to construct authoritarian regimes. The nature of the rentier state and the cases it could be observed in were the main focus of this period, with the analysis of the pernicious effects of resource wealth on the economy being the primary line of inquiry, positioning oil wealth as one of the most clearly observable causes of sub-optimal forms of governance, and as a direct cause of a lack of democratisation in newly independent states.

The second debate, and perhaps the most important, is one that centres around the period of the mid-2000s to the mid-2010s where the tendency towards fundamentally challenging accepted wisdom in resource curse literature became the main line of inquiry. This period was marked by two distinct realisations. The first was that transposing existing studies and analysis from one region such as the Middle East onto another region such as the Caucasus was not conducive to successful analyses that by now were a mix of theoretical and empirical approaches. The second was the beginning of a movement that began to recognise these faults and fundamentally challenge the conception of resource wealth as a poisoned chalice, with large-*n* studies again challenging the basis of theory that came before it to show that perhaps there is not a statistically significant uniform causal link to be found across case studies and regions, but rather that the uniqueness of individual case studies informs a uniqueness in paths of development and political outcomes.

The third debate revolves around the period from the mid-2010s to the present day where the literature sought to reposition itself to elucidate the impact of resource wealth on the security, and survivability of autocratic and authoritarian regimes. Though due to the marked reconfiguration of academic focus, lines of inquiry from the previous debate regarding the structure of the rentier economy have somewhat diminished in terms of their popularity as an analytical focus. Procedural elements such as ownership structure, power dynamics within regimes, and socio-economic trade-offs in terms of varying levels of state openness to the international political economy perhaps became no longer of direct relevance to the main lines of academic inquiry. Despite this, the modelling of the relationship between resource wealth through oil rents in particular and autocratic survival provide the main methodological inspiration for this thesis.

Having considered these debates across the different decades, they showed a willingness to reform and adapt pre-existing approaches to the subject and the case studies, but in sum show that the agency of these regimes is not considered in terms of informed decisions they make with regards to the level of integration into the world markets. Little attention is paid to the processes behind setting up rentier dynamics within states, and conscious and calculated decision-making regarding how different ownership structures can facilitate regime survival. It would be too big a claim to make that the absence of this consideration is an academic niche in and of itself – it may not be a consideration that is directly modellable within the recent tendency to conduct large-n studies that have a strong quantitative tradition. However, the nature of how this body of literature has developed provides a variety of theoretical and analytical approaches which have tremendous explanatory power and analytical utility when brought together in a way that is conducive to examining whether *the inclusion of resource wealthy countries in the international political economy stabilises rentier states.*

Methodologies, Methods, and Claims

This thesis will primarily utilise the qualitative research method of theory triangulation, whilst seeking to ground its findings by looking into the historical development of Kazakhstan and Turkmenistan after the fall of the Soviet Union to test *whether their integration within the international political economy is a force for stabilisation or destabilisation*. The overarching methodology will be discussed and then grounded in research questions and hypotheses in relation to the key learnings from the literature. Methods are broken down in terms of case selection, the use of qualitative and quantitative approaches to inform a mixed-methods approach will then be discussed, finally being tied into the main aims of the research.

Methodology

In terms of how the literature discussed applies to the thesis and the research question, there are some crucial points of clarification that are necessary to be made in order to better frame the scope and approach of this thesis. This thesis will not seek to prove or disprove whether the resource curse as a body of theory is valid in terms of the correlation between resource wealth and authoritarianism. It will also not seek to prove or disprove the link between resource wealth and the propensity for regime change. It will further not seek to make a judgement on whether rentier dynamics do ensure autocratic survival. Fundamentally, this thesis does not have the scope to embark on large-*n* empirical analyses of every resource wealthy non-democratic state to have ever existed, but it does have the scope to introduce a new line of inquiry with regards to varying levels of isolation and how whether that secures or destabilises rentier states. These caveats inform this thesis' approach to knowledge creation in a way that maximises the explanatory power of the research informed by a reflexive understanding of the practical limitations of the thesis as a body of work.

These three fundamental debates that are thematically present in the literature review instead will be used to provide a varied analytical framework and body of theory into which the variance in terms of the integration of Kazakhstan and Turkmenistan within the international political economy, borrowing on and building on the work from each of the three debates. The use of approaches to research from all three central debates have their merits, particularly when combined to counterbalance their differing lines of inquiry – though when combined are able to form a more holistic basis for approaching the question of how integration into the international political economy affects the stability of the Kazakhstani and Turkmenistani regimes. Crucially, the temporal scope of this thesis is limited to the period between the years of 1991-2006. Several factors inform this decision. As this thesis is primarily concerned with the nature of autocratic regimes and their stability as affected by their relative levels of openness to the international political economy, taking the period after 2006 would introduce multiple compounding and antecedent factors and variables. This is largely due to the death of Saparmurat Niyazov and how that symbolised the end the immediacy of the role that post-Soviet contexts had to play in Kazakhstan and Turkmenistan. It is also due to this period representing a time where crucial policy decisions were taken with regards to political structures, foreign policy alignment, ownership structure in the energy sector, and attitudes towards foreign investment. It is these policy decisions that will be placed under critical qualitative scrutiny, with a variety of indicators chosen to provide quantitative illustrations of how, why and in what contexts these decisions were made.

Research Questions and Hypotheses

With the aforementioned caveats in mind and how they inform the methodology of this thesis, it is easier to formulate central research questions, major hypotheses, and a fundamental thesis. A more nuanced understanding of the resource curse, rentier states, and autocratic survival has been established – in essence the resource curse and the associated wealth from rentier dynamics has the potential to stabilise autocratic regimes and ensure their continued survival. The new element at play is therefore how integration effects this dynamic – *Does the level of exposure to the international political economy effect the stability of Kazakhstan and Turkmenistan as autocratic regimes?* It is thus possible to break the main research question into sub questions:

1. *What are the effects of political exposure on the stability of the Kazakhstani and Turkmenistani regimes?*
2. *What are the effects of economic exposure on the stability of the Kazakhstani and Turkmenistani regimes?*
3. *What are the effects of stress events on autocratic regimes with varying levels of exposure?*

These three questions stem from the initial section of the thesis but are now modified to make more effective and actionable questions from which major hypotheses can be formulated. A focus on political and economic exposure is necessary as they are the two aspects that the three central debates covered in the literature review are mainly concerned with. Further, as the literature shows especially with regards to the third debate focusing on autocratic survival, political and economic factors go hand in hand when considering rentier regimes such as that of Kazakhstan and Turkmenistan.

Comparative Case Study as Method

The adoption of Kazakhstan and Turkmenistan as the case studies for comparison is ideal because both have elements that the literature itself accepts and has established: the role of resource wealth, regime security, and the rentier state, and how these processes cause authoritarianism. The comparison of these two states is not new, however the novel approach of comparing them with regards to their levels of relative international integration and how that affects the security of their autocratic regimes is a more novel approach. Comparative case studies facilitate a deeper theoretical and critical understanding of the topic in question, as it enables a focus instead on the theoretical discussion that is essentially comparative and can potentially lay the groundwork for research that draws comparisons across other case studies, with the view of exploring the validity of openness to understand the causality between resource wealth and authoritarianism, and regime security. This comparative approach informs the creation of tandem hypotheses to ensure a constant comparison between the two cases.

The role of stress events is therefore crucial to establishing an actionable line of inquiry where political and economic exposure can be measured, as well as establishing a measure of stability and whether there is a correlation between the two. Briefly, Kazakhstan and Turkmenistan are ideal for comparison due to their shared Soviet history, similar departures after independence from the Soviet Union, and a common trajectory in terms of tending away from democratic systems of governance. They also are both highly dependent on natural resources, with oil in Kazakhstan and gas in Turkmenistan representing the most valuable sections of their economies. Crucially, the value of both of their main exports are not directly influenced by them, which therefore provides the scope for considering stress events such as prices crucial for an analysis on their autocratic survival.

The main hypotheses therefore comes from the resource question, and how these dynamics are present in Kazakhstan and Turkmenistan, with differences in integration providing the inverse of the central argument:

<u>Hypothesis 1</u>

Kazakhstan as an autocratic rentier state is less stable as it is more integrated into the international political economy.

- *Whilst* -

Turkmenistan as an autocratic rentier state is more stable as it less integrated into the international political economy.

This hypothesis is underpinned by Kazakhstan and Turkmenistan's shared contexts in terms of autocratic/authoritarian rule, and therefore similar points of departure as newly independent states. Both states had very limited lustration after the fall of the Soviet Union, and their Soviet leaders carried over to govern over their newly independent states. Both states shared a similar trajectory in terms of building an economy heavily centred around rentier dynamics. Their divergence came with differing policy decisions in terms of their integration into the international community: with Turkmenistan opting for a more isolationist policy, a severely repressive presidential and non-pluralistic political society, and state ownership of gas production; whilst Kazakhstan sought to establish itself within the international community with a greater accommodation for international capital, a less repressive presidential and non-pluralistic political society, and more mixed ownership of oil production with transnational partners. This hypothesis forms the overarching hypothesis, and will thus be tested throughout the thesis, with several smaller consecutive hypotheses serving as related lines of analytical inquiry.

<u>Hypothesis 2</u>

Kazakhstan's higher level of integration makes it more susceptible to the destabilising effects of stress events, and therefore makes it a less secure autocratic regime.

- *Whilst* -

Turkmenistan's lower level of integration makes it less susceptible to the destabilising effects of stress events, and therefore makes it a more secure autocratic regime.

The basis of this hypothesis is found in the third debate discussed in the literature review that came to see resource wealth as key to the survival of autocratic regimes. The inclusion of the *destabilising effects of stress events* provides specific instances through which this relationship can be measured – and can thus be operationalised. This hypothesis will be explored through a combination of quantitative reasoning to establish the significance of the relationship between these events and the level of stress they induce on the respective states.

Mixed Methods: Qualitative and Quantitative approaches

The relationships outlined in the first two hypotheses will be explored through more narrow lines of operationalised inquiry in line with the mixed methods approach that will be applied. An illustrative example would be:

<u>Hypothesis 3</u>

Fluctuations in the world energy prices correlate with fluctuations in national GDP growth percentages, thus lower prices result in worse economic performance.

This hypothesis holds within it two major issues that rentier economies face – whilst the comparative aspect between Kazakhstan and Turkmenistan allows for determining whether levels of integration as an antecedent variable have an effect. Elucidating the effect of stress events on these regimes is also achievable owing to the occurrence of boom-and-bust periods in terms of world energy prices. These effects will be examined through a qualitative historical analysis, backed up by quantitative analyses seeking correlative significance. This mixed method approach lends itself well to the thesis as seeking correlation on its own is indicative of a potential issue, but grounding correlation within the literature discussed earlier enables a more critical understanding of the dynamics at play. Further, statistical analyses in isolation would not provide a sufficient basis for establishing correlation as indicators for 'integration' or 'exposure' or 'isolation' are more difficult to achieve in a way that can be directly related to more tangible values. As such, exposure will be analysed in two forms simultaneously as economic and political exposure go hand in hand as economic policy is inherently politicised in both Kazakhstan and Turkmenistan.

This then ties into how economic exposure will be operationalised in hypothesis 4. The primary measure for this will be the ownership structure of Kazakhstan and Turkmenistan's energy sector, with the expectation being that a tendency towards nationalised ownership is indicative of a conscious effort to limit the effects of stress events on their regimes. This tendency will be explored in more depth with regards to the conditions transnational companies operate in within Kazakhstan and Turkmenistan, as well as being tied into a measure of foreign direct investment and the globalisation index for these two states. This will therefore serve as a confirmatory qualitative analysis for *hypothesis 3* that seeks to illustrate a correlation between ownership structure and stability, with the expectation that:

<u>Hypothesis 4</u>

Turkmenistan's higher levels of state ownership in the energy sector makes it less susceptible to stress events, and therefore stabilises the autocratic regime.

- *Whilst* -

Kazakhstan's lower levels of state ownership in the energy sector makes it more susceptible to stress events, and therefore destabilises the autocratic regime.

The assumption underpinning this hypothesis is informed by debates discussed in the literature review – state ownership of the energy sector is generally seen as more regressive in terms of the propensity for states to integrate themselves within the international political economy, and as they have direct control over production, revenues and rents, and capital flows more broadly speaking they are better able to use these rents to secure themselves as regimes. Conversely, a lower level of state ownership corresponds with a higher level of market penetration by capital interests outside the state and are therefore indicative of a higher propensity for integration and therefore exposure. The chosen three indicators work best because they are either not hard indicators or represent indicators proportional to the sheer difference in size of Kazakhstan and Turkmenistan economically.

Discussion

Introduction

This discussion centres around the overarching research question of whether *the level of exposure to the international political economy effects the stability of Kazakhstan and Turkmenistan as autocratic regimes.* 'Exposure' is to be understood as fundamentally stemming from decisions within the Kazakhstani and Turkmenistani governments with regards to the trade-offs inherent to opening up or closing off towards the international political economy. A critical understanding of this trade-off is demonstrable due to relative differences between the two cases, with a comparison between two relative extremes within Central Asia thus facilitating the elucidation of the stabilising and destabilising effects of integration on autocratic regimes. This critical understanding will be facilitated by a historical analysis of Kazakhstan and Turkmenistan's Soviet legacies, and how these dynamics came to define socio-political life as well as their energy sectors. The period most in focus will therefore be that between 1991 to the mid to late 2000s.

The three central debates identified earlier in the literature review provide the theoretical basis for inductive reasoning as to where, how, and at what points in time the effect of integration, and the exposure that comes with it, affects these autocratic regimes. The first debate around the nature of the rentier state stemming from Mahdavy (1972) and Beblawi and Luciani (1987) provides an awareness of how oil rents are used by autocratic regimes to consolidate their political power through high-value economic windfalls. The second debate centres around the recognition for the need of more actionable research – a move away from largely theoretical analyses brought with it a tendency for a blended approach of theory and empirics that then led to the problematisation of using assumptions laid out in the resource curse to inform analyses centred around whether these states are fundamentally held back in their development (Ross, 2001), or whether this development happens out of the political will and agency of autocratic regimes in power (Ulfelder 2007). The third debate attempts to take these discussions to the end, claiming that resource wealth, rentier dynamics, and the ensuing socio-economic and political effects are inextricably bound to autocratic regime survival (Clark et al., 2014; Geddes et al., 2015; Houle, 2019). These debates show a logical progression in terms of the tendency of this body of literature towards seeking higher explanatory power along stratified lines of analysis, but still follow on from one another in terms of each debate building on the positives as well as the limitations of those movements that proceeded it.

With this in mind, the discussion will therefore follow a similar structure to how these debates developed, seeking first to account for the suitability of the selection of Kazakhstan and Turkmenistan as comparative case studies. As such, the historical, political, and economic contexts of the two states will be considered first in isolation to show that despite their differences in outcomes, their point of departure and inherent contexts make them ideally suited for a comparison. The period most in focus will therefore be that between 1991 to the mid to late 2000s. This is a crucial period to revisit as key decisions were taken in this period in both Kazakhstan and Turkmenistan that led to their divergence in terms of socio-political and energy development despite sharing points of departure. New approaches in the theoretical sphere and new methods of empirical analysis discussed in the three debates will therefore provide the grounding for this critical review of such a crucial period for the two states.

A comparative analysis of the two states will then follow through the qualitative and quantitative methods discussed earlier, aiming to answer the hypotheses laid out. The selection and structure of the hypotheses is informed by the three central debates in the literature. They are designed to incorporate a multi-faceted mixed methods approach that is most conducive to answering the fundamentally salient line of inquiry as to the effect of varying levels of openness upon autocratic regimes, and their ability to minimise the pernicious effects of stress events on their security as regimes.

The Social, Political, and Economic Contexts of Kazakhstan

The overarching aim of this section is to illustrate how the social, political, and economic contexts of Kazakhstan are inextricably linked owing to the influence of social clan structures defining the nature of the political system, and how through state capture the economic interests of the state become intertwined with the interests of the political regime. An explanation of the socio-political contexts will then be followed by a section detailing the period between 1991-2005 with regards to the Kazakhstani energy sector. It will be shown that the socio-political context informs key decisions within the energy sector. It will also be shown that how market penetrability and favourable conditions for transnational companies to operate in the energy sector were created. The transition from initial openness and the problems that came with it, to the Kazakhstani government's efforts to exert influence over transnationals will then be highlighted. Owing to this fusion between the structure of the regime and its implications on the structuring of ownership within the energy sector, these interdependent dynamics are crucial to consider to later show how Kazakhstan limits the impact of stress events on its autocratic survival given that it is relatively more open and more exposed than Turkmenistan.

<u>Clans and Presidential Autocracy: The Socio-politics of Kazakhstan</u>

Kazakhstan became independent from the Soviet Union at the end of 1991, but not of their own volition: "Independence…was neither the results of secessionist demand by its leadership, nor a national liberation movement; it resulted from the decision by Moscow to withdraw its maintenance of the Soviet edifice" (Cummings, 2002a: 1). Kazakhstan was therefore seen to be "catapulted into independence" (Olcott, 1992), unprepared for independence from Moscow and without a reformist movement that had prepared for this eventuality with reformist economic policy and a rapprochement with states outwith the Soviet Union. Russia therefore could no longer fulfil its functions as the Soviet administrate centre for the newly independent republics in this period. Kazakhstan's history as comprising many nomadic peoples added further peculiarities to the makeup of the political elites – that themselves were not fundamentally displaced following independence. Observers consider the political system as centred around these historical clan structures that survived under Soviet rule (Starr, 2006: 2; Olcott, 2002) – thought despite this there is a tendency within eminent Kazakh historians to advocated for a system that moves beyond seeing the clan system as a monolithic force, instead to marry clan structures within an institutional system based on a variety of other identities, rules and norms (Masanov, 2007).

These factors: the lack of post-Soviet lustration, the newfound freedom from the Soviet centre laid the foundations for Nursultan Nazarbayev to continue his leadership and reform the political system to build institutions that enshrined these clan dynamics. Though initially this was not the stated aim: "in its first years, the country's ruling elite at least flirted with the idea of a transition to democracy and supported thorough ongoing macroeconomic reform" (Olcott, 2002: 2). But it must be remarked that due to Nazarbayev being a Soviet legacy in and of himself, reforms were made in a way that did not fundamentally challenge or pose a risk to the stability of his political regime. For instance, initial experiments in parliamentary democracy faltered when parliamentarians took issue with its dissolution by Nazarbayev in 1995 – protests and open discontent were either peacefully supressed, or when they carried on members of parliament were simply forced out (Olcott, 1995). Further moves by Nazarbayev to secure his regime culminated with his creation of Assembly of People of Kazakhstan (of which he was chairman) through which Nazarbayev centralised power and all but removed the parliament's powers, thus removing its ability as a forum for the expression of discontent (Masanov 2002).

These moves ushered in a period that lasted until Nazarbayev's resignation where he ruled by decree, enshrined into law proposals that were not discussed by parliament. Checks and balances in the form of term limits, mass media, the judiciary, electoral oversight and so on were systematically rolled back to ensure autocratic rule.

Such moves clearly align with the modelling of single pyramid neo-patrimonial power structures. Nazarbayev effectively centralised power within the office of president and by extension his person. This enables the instrumentalisation of executive power and privilege to exert power within vertical pyramid structures not only to maintain control within these systems, but also to eliminate any threat from rival pyramids of power (Hale, 2015: 195).

Soviet Legacies and Rentier Dynamics: Structuring Oil Ownership and the National Wealth Fund

The central aim of this section is to illustrate the salience of Kazakhstan's Soviet legacy in how it informed key economic decisions with regards to oil production. As such the immediate economic issues will be discussed to show that the introduction of rentier dynamics were a reactionary response to existential issues that the economy faced.

The most illustrative period of the importance of infrastructure as a Soviet legacy and its bearing on the crystallisation of the rentier economy was the period of the 1990s that saw chronic mismanagement, and the difficulty of disentangling the Kazakh economy from Russia and the production chains between them (Elam, 2019; Pomfret, 2006: 46). The importance of this Soviet legacy is further illustrated by the Rouble Zone crisis, and slumps in the price of oil per barrel that created an acute need for hard currency with which Kazakhstan could meet its chronic need for imports (Elam 2019; Pomfret, 2006: 40). The initial steps towards the rentier economy see their foundations in these issues. The economic interlinkage with Russia, and the acute need for hard currency after the Rouble Zone crisis was solved initially through agreements with transnational oil companies that provided a Western outlet for oil production whilst at the same time provided hard currency through the rents that were accumulated by the Kazakh government (Elam, 2019; Palazuelos & Fernandez, 2012: 29). These agreements were becoming increasingly important due to Russian control over pipeline routes especially when it came to production at the Tengiz oilfield (Pomfret, 2011: 15).

These rents were the quickest solution to fix the serious economic crisis faced by the Kazakh regime post-independence, whose fundamental goal was to keep the Kazakh economy afloat in the face of the task of finding alternative trade partners to Russia (Elam, 2019; Olcott, 1992: 109). In essence, the initial existential problems with regards to the arrangement of oil production in Kazakhstan were sufficiently rearranged to allow for oil to emerge as the rent-producing monolith, and as such lay the foundations for the development of the production of oil and its emergence as the rent producing commodity through which Kazakhstan sustains itself (Elam, 2019). Having established the role of infrastructure as one that somewhat counter-intuitively set up the foundations for the Kazakh rentier economy, specific attention must be given to who's hands they are in, and to whom its fruits flow.

The initial crisis with regards to the structural problem of infrastructure as a real legacy from the Soviet era was effectively surmounted and changed to suit the purposes of those who would see the benefits of the rent (Elam, 2019). It is here that the role of Kazakh leadership is key to understanding the emergence of a matured Kazakh rentier state as Nazarbayev himself is a Soviet legacy, as well as the policy that he effects through his policy makers. Having effectively steered Kazakhstan through a difficult period economically in the 1990s, Kazakhstan set off on the path towards an oil-based rentier economy (Elam, 2019). The strengthening of Kazakhstan's economic position necessarily brought with it the strengthening of oligarch power, and in turn the strengthening of the ruling elite, as newfound revenues began to feed into patronage networks thus giving Kazakh elites a vested, monetary interest in facilitating the crystallisation of economic rentierism for their own benefit (Elam, 2019;

Palazuelos & Fernandez, 2012: 30). As well as co-opt and finance the state machinery to entrench their political position.

This dynamic is visible early as 1991 when oil rights were first sold by the elites – the funds from these deals went straight into the state treasury from where it was used to meld internal elite divisions on political lines through various pre-existing patronage networks in place (Elam, 2019; Olcott, 1992: 117). Regarding the specific Soviet legacies of infrastructure and political leadership, the link between the two is clear: the initial problems faced by the Kazakh state and the eventual solutions provided the Kazakh decision-making elite with the opportunity to place themselves in a position whereby they could directly exert their control over oil as a rent producing monolith (Elam, 2019). What began as a short-term solution in response to the shocks of the early 1990s brought on by sudden crises, or by crises that found their basis in the ferment of the various facets of Soviet infrastructure eventually crystallised into economic rentierism (Elam, 2019). This has further enabled the political elites to entrench themselves as the rents flowed through the state itself, and as such the period of the 1990s illustrates that oils rentiers ensure that their interests are protected and enhanced even through an economic crisis (Elam, 2019).

In terms of the practical structuring of oil production in Kazakhstan, there are two crucial elements to consider. The first is the structure of ownership and what that implies about elite motivations on the basis of the trade-offs between opening their market to the world (Elam, 2019). The second is the structure of the National Wealth Fund – a Sovereign Oil Wealth fund set up in Kazakhstan that serves as a vehicle for the reallocation of oil rents within the Kazakhstani economy. Further consideration towards the power dynamics inherent to the rentier process will be shown to better understand the implications of rentier dynamics and how different ownership structures bring with them different active trade-offs.

The issue of a power imbalance in the rentier economy can also be seen with Kazakhstani attempts at revising original agreements with transnational oil companies securing deals on their terms. The selection of Kazakhstan as a nuanced example of rentier economics is even more pertinent as despite having the 11th largest oil reserves in the world, it is not a member of OPEC (International Crisis Group, 2007: iii). As the oil rent is externally generated, the balance of power is with the buyer – given that Kazakhstan does not have OPEC behind it, and accrued rent circulates with a small fraction of society that is the singular power pyramid centred around the autocratic regime, its importance lies in equating economic power with political power (Beblawi, 1987: 386). Thanks to such agreements, transnational oil companies gain access to oil favourably: long-term exploitation rights, low tax obligations, freedom to export, limitless profit outflow, while in return the government receives rent from the oil companies (Palazuelos & Fernandez, 2012: 28).

The framework of rentier state theory when combined with the processes that Kazakhstan has undergone shows the importance of élite agency and the effects it can have on such a process, as the creation of wealth is "centred around a small fraction of society" (Beblawi, 1987: 384). More importantly the elites are in control of the rent and the creation of wealth, and the organisation of the mechanisms through which to maintain the avenues of rent seeking behaviour. It is thus that this process becomes ingrained within the system (Pomfret, 2006: 41-2). The intricacies of the duality of élite agency and intent, and the world mechanism that perpetuate the rentier state as understood through dependency theory provided a sufficiently nuanced and multi-faceted analysis through which the role of Soviet legacies have both facilitated the crystallisation of the rentier state as well as perpetuate its very existence.

These situations have led to a point where oil production is largely foreign owned, with foreign companies drilling over 80 percent of Kazakhstani oil (Palazuelos & Fernandez, 2012: 34). This perhaps shows that the profit incentives of transnational companies do not perhaps align with that of revenue maximisation for the Kazakhstani state. At a point which the state relies on transnational oil companies for capital expenditure and technical expertise, they are then beholden to the companies' profit incentive that can conflict with the government's own aim of revenue maximisation. The argument could be made that the profit incentive and long-term revenue maximisation for the Kazakhstani government should be aligned (maximised profits=maximised revenue). Two factors prevent this alignment: the first is the transnational nature of the companies, and the second is the relative short-termist interest of the political elites in Kazakhstan.

The trade-off at play here is twofold – allowing market penetration by transnational oil companies is problematic in the sense that as a state you must position yourself as an attractive state to invest in, whilst competing with a number of other oil-producing states. The implications of this imbalance mean that transnational corporations are able to negotiate conditions for contracts regarding exploration and production rights from a much stronger position, as they are able to pivot away to another state if the terms do not favour them (Johnston, 2007: 76). Though foreign interests owned more than 80 percent of oil produced in Kazakhstan in 2001 (Maslov, 2001: 5) this figure has reduced since, though it still means that the relationship remains extractive due to the majority of profits flowing out of the country as a result of a low tax burden on production (Smirnov, 2000). The contracts were so favourable to the companies that Kazakhstan's move to allow for near-total market penetration by foreign interests was seen as surprising, if not counterintuitive (Jones & Weinthal, 2001: 368). The government signed these contracts due to a lack of alternative: they did not have the capital, expertise, were running a deficit, oil prices were low, to embark upon production themselves. The neo-colonial dynamics of profit-sharing agreements signed in this period are found in the increased acceptance of transnational companies' operations in this country with regards to the high costs of international arbitration over disputes, as well as the extractive nature of the agreements signed (Muttitt, 2007: 20).

The nature of contracts and the levels of market penetration by transnational oil companies problematises the link drawn between resource wealth and authoritarianism, rentierism, and autocratic security. Agentic perspectives (individuals did this for their own financial gain) tend to be adopted to perhaps dodge the broader question of how complicit the actions of transnational oil companies in the 1990s are in this process. The duality of dependence that is caused works on two logical levels. The first is intuitive: rent was a convenient solution to solve existential economic issues that Kazakhstan faced. The second is more nuanced: transnational oil companies were well aware of the existential urgency of these decisions, and therefore exploited this power imbalance to create a situation of state dependence on oil rents in an exploitative manner, with no qualms or regard for the possibility of these rents being used to secure autocratic rule (Blömstrom & Hettne, 2001). This view is perhaps evidenced by Chevron's contractual clauses for the Tengiz and Korolevskoe oil fields that guarantee the contracts even if a change of regime takes place. This further problematises the relationship between transnational oil companies and states such as Kazakhstan, as the *modus operandi* of these companies can be seen to be exploitative and extractive, fulfilling a neo-colonial role in their interactions with resource wealthy states in this period after the fall of the Soviet Union.

The structure of the Kazakhstani sovereign wealth fund and the national wealth fund has two key elements to it that are important to elucidate. The structure of these funds brings with it two lenses through which they can be analysed. Firstly, wealth funds can be structured in a way to counterbalance the financial risks of exposure to transnational companies – and thus limit the pernicious effects of stress events. Secondly, these funds serve as the primary redistributive instrument of oil rents, and therefore play a key role in autocratic survival through their role as a source of funding for social welfare, infrastructural development, and emergency market interventions in times of crisis. The National Fund for the Future of Kazakhstan ("national oil fund") functions as the main stabilising and savings vehicle into which oil rents are funnelled – whilst the Samruk Kazyna ("sovereign welfare fund") acts primarily as a development fund facilitating the goals of the government (Kemme, 2012: 2). Crucially, these funds can serve as vehicles with which regimes can achieve their political objectives – be those altruistic or more problematic (Pirog, 2007).

Key issues with this set up revolve around the effective allocation of resources due to an absence of a profit motive or effective bureaucratic or civil structures to hold these funds to account (IMF, 2008: 14-5). Prudent spending therefore becomes a crucial issue, with a tendency towards large public endeavours with little social impact and even lesser economic growth implications common, and instead undertaken with political motivations for the appeasement of the population at large, as well as within single-vector power pyramids within the elites (Robinson & Torvik, 2005: 198; Hale, 2015: 426). To further problematise issues of transparency and good governance within the Natural Resource Fund, transnational oil companies are only weakly committed to corporate social responsibility and take little interest in the socio-economic impacts of their own, or the Kazakhstani government's expenditure (Luong & Weinthal, 2010: 260).

Ownership can also be more dynamic than just signing exploration and production rights off to companies from the outset. April of 1993 saw the wholesale development of the Tengiz Oil Field, at that point Kazakhstan's largest active oil field and the fifth largest in the world with between six and nine billion barrels of recoverable (IMF, 2003c: 8). By 1996 the government then sold Exxon Mobil half of its 50 percent share in TengizChevroil for approximately $1 billion (Luong & Weinthal, 2010: 263). This was facilitated by Nazarbayev's presidential decree on the Law of Petroleum, which enshrined in legislature the basis for "private ownership of petroleum once it has been lifted to the surface" (Sloane & Lain, 1995). This perhaps incentivised the general tendency of transnational oil companies to invest heavily in Kazakhstan's oil production, as between 1991 and 1997 a clear tendency towards encouraging private ownership had become a reliable *modus operandi* for the Kazakhstani government. The creation of pro-market conditions and favourable tax regimes, contract negotiations, and little regard for corporate responsibility thus made the Kazakhstani energy market an ideal site for market penetration for transnational oil companies initially. The table below encapsulates this trend, showing that Kazakhstan was favoured by American, British, Dutch, Brazilian, Canadian, Chinese, and Italian investment (from: Luong & Weinthal, 2010:

TABLE 8.1. *Overview of Most Prominent Early Deals with FOCs*

Field or Enterprise	Date	Foreign Participants' Share (percent)
TengizChevroil (TCO)	April 1993 April 1996	Chevron 50% Chevron 50%, ExxonMobil 25%
Shymkent Oil Refinery	July 1996	Vitol Munay 85%
Yuzhneftegaz	August 1996	Hurricane Hydrocarbons 89.5%
Karazhanbasmunai	March 1997	Triton-Vuko Energy Group 94.5%
Aktobemunaigas	June 1997	Chinese National Petroleum Co. 60%
Uzenmunaigas	July 1997	Chinese National Petroleum Co. 60%
Mangistaumunaigas	January 1998	Central Asia Petroleum (60%)
Karachaganak (PSA)	1997	British Gas (32.5%), Agip (32.5%), Texaco (20%), Lukoil (15%)
Northern Section of the Caspian – Kashagan (PSA)	November 1997	Offshore Kazakhstan International Operating Company (OKIOC) – Agip (14.3%), BP/Statoil (14.3%), BG (14.3%), Mobil (14.3%), Total (14.3%), Shell (14.3%)

266).

Table 1 from (Luong & Weinthal, 2010: 266)

With time a situation crystallised where the Kazakhstani government got up to speed with the rapid development of their energy sector and began to exert their influence over the transnational oil companies. It is important to note, however, that this did not fundamentally redress the imbalance of power between transnationals and the government, but instead served as a symbolic vector of further rent accumulation by the government. The use of environmental fines, and changeable tax codes and tax levies imposed upon transnationals became an avenue for redressing this imbalance. Environmental fines increased four hundred percent from 2003-2004 (Najman et al., 2008: 119). Constant changes in tax codes allowed for contracts to be amended if the position of transnationals improved due to changes in the tax law (Pearce, 2003: 62), with transnationals complaining about “the continuing changing of the rules of the game” (Nezhina, 2000: 32). The use of executive legislative power therefore gives the Kazakhstani government a lever to pull in negotiations, instrumentalised imposed fines and newly levied taxes to as a way to extract concessions from transnationals or to re-start negotiations that are often on a separate issue altogether (Luong & Weinthal, 2010: 269). Effectively, the fines and new taxes levied on these companies never truly redress the balance of power between transnationals and the government, but they were employed as a tool to renegotiate the contracts handed out in the decade before 2004 to address overly generous concessions and tax burdens on the transnationals.

Conclusions on Kazakhstan

This section illustrates how Kazakhstan’s transition from a Soviet state to independence led to the Nazarbayev regime’s consolidation of power. Nazarbayev achieved this by establishing himself as the single patron within a single-pyramid patrimonial power structure. This process was facilitated by political reform which invested the office of President with law making executive privileges by systematically reconfiguring the parliament, judiciary, and executive privileges. These changes eliminated internal political threats to the Nazarbayev regime, whilst also crucially ensuring they had a free hand to determine the ownership structure within the Kazakhstani energy sector.

The creation of an environment that encouraged private ownership of oil production in the 1990s was largely due to existential economic problems that the state faced after independence from the Soviet Union. This incentivised the formation of favourable market conditions that best allow the penetration of the Kazakhstani energy sector by private business interests. Initial contracts for production in the 1990s were heavily skewed towards transnationals in terms of their bargaining power. However, the terms of contracts were later reconfigured following changes to tax law, as a result of presidential executive law-making privilege. The implications of this are twofold and will be explored in greater depth in the comparative section of the discussion. In essence, though the rentier dynamic between the Kazakhstani government and transnational oil companies is to an extent symbiotic, the co-dependence that emerged remained strained and deeply problematic for the state. This is due to dependency dynamics that had been put into motion in the early 1990s.

The social, political, and economic contexts of Turkmenistan

‘Turkmenbashi’ and Presidential Autocracy: The Socio-politics of Turkmenistan

The socio-politics of Turkmenistan both before and after independence from the Soviet Union were largely defined by the presidency of Saparmurat Niyazov, who ruled Turkmenistan from 1985 until his death in 2006. Conferring the title Turkmenbashi (father of all Turkmen), Niyazov presided over a personalised autocratic regime with a firm basis in this cult of personality. It is thus crucial to firstly come to an understanding of how this presidentialism was structured in order to critically analyse how Niyazov’s foreign policy approaches were formed, and how that in turn informed Turkmenistan’s attitudes in setting up its energy sector post-independence. Owing to Turkmenistan’s isolation and opacity in terms of its policies, the discussion will mainly have to stem from flashpoints during the Niyazov period and what can be gleaned from these brief glimpses into the working of the regime. It will be shown that these three elements of the socio-politics of Turkmenistan go hand in hand. The primary goal of these three lines of inquiry is to show how presidentialism, isolationism, and state ownership coalesced to enable autocratic survival, and insulated the state from potentially destabilising events and factors that may have threatened the Niyazov regime.

The procedural elements of consolidating political power in the office of president unchecked will first be considered. Niyazov served as the head of state from 1990 as the chairman of the Supreme Soviet, and in fact announced sovereignty and declared independence before the collapse of the Soviet Union in 1991 (Dadabaev, 2007: 134). After his re-election in 1992, Niyazov stamped his name on farms, districts, and streets in the capital Ashgabat after himself (Anderson, 1995: 512). The transition relied on the previous seven years Niyazov was in charge, during which time he had consolidated the office of president to allow for total executive power, continuing an executive reformist agenda by limiting the power of the courts, parliament, and local soviets through Turkmenistan (Panico, 1995: 7). The formalisation of executive privilege vested in Niyazov led to the creation of a top-heavy system revolving around the vertical power exercised by the president, whose powers of appointment at all levels of political and administrative life was guaranteed by the judicial system and the reforms to it (Anderson, 1995: 512). Proposals were made in 1993 to grant Niyazov a life term in office, and this was granted by a referendum held in the beginning of 1994 (Anderson, 1995: 512).

Thus, the newly independent republic of Turkmenistan was constructed in such a way as to grant Niyazov as president total power, an aim that was seen as a necessity: *'I do not need this, but our state does…In the transition period in our state there must be one leader. Multipower centres would engender anarchy'* (Moskovskie Novosti, 31. 1. 1993). Turkmenistan's independence was therefore without lustration or any meaningful change in its political structure as Niyazov's previous control over policy was only strengthened in the post-Soviet period: without interference from Moscow, and crucially along the lines that suited him as a leader (Kiepenheuer-Drechsler, 2006: 129). The relationship between the government and the population of Turkmenistan has always been one of redistribution and reallocation – finding its roots in the period immediately after independence when shock therapy as a method of economic liberalisation in the transition period was rejected by Niyazov, and the subsidies of basic goods was widespread in order to provide for the population (Anderson, 1995: 518; Dadabaev, 2007: 131).

This level of unchecked presidential power enabled total control over Turkmenistan's foreign policy, which will now be discussed in further detail. The focus will primarily be on how isolation was part of a conscious trade-off between a lack of economic and political development at the benefit of the regime. Niyazov's political maxim revolves around a foreign policy based upon 'positive neutrality': that is to say a commitment towards policies that preserve independence, neutrality, the avoidance of military blocs, respect for other states, mutual non-interference, and a recognition of the special relationship between Turkmenistan and Russia (Anderson, 1995: 521). Participation in international organisations is kept at a minimal level. Though Turkmenistan is often a member of these organisations, these organisations are instead used as a platform through which agreements can be reached with other states and stakeholders on a bilateral basis as opposed to further multilateral cooperation between many states (Naarajärvi, 2012).

Such an approach to foreign policy making is therefore underpinned by a pragmatic approach, keeping obligations at a minimal level whilst having a very flexible foreign policy in terms of being able to pivot from one partner to another without the alienation of previous partners. Though this is not be understood as isolationist policy in the traditional sense, but rather as one where a controlled dependence from external sources of power such as that of the Russian federation can be best achieved (Anceschi, 2010b: 149). This approach has however been said to largely contribute to a façade for Turkmenistan's increasing isolation during this period (Kiepenheuer-Drechsler, 2006: 129). This extends not only to traditional international pole of power within the worldwide community, but also to states within Central Asia (Sabol, 2003: 51). Niyazov himself sums his foreign policy approach and the notion of 'positive neutrality' up in the following:

> *'The idea of neutrality, which has become embodied in our actual policy in the international arena, was the result of an organic combination on the one hand of the natural and logical development of the foreign policy course of a young state had had clearly defined its place in the community of nations and, on the other, of the mentality of the people and the historical traditions of the Turkmen's attitude toward peace…From the very outset we defined our neutrality as positive in quality, permanent in time, and principle in essence'* (Niyazov in: Obschichaia Gazeta, 1996).

An assassination attempt on Niyazov in 2002 supposedly perpetrated by Boris Shykhmuradov who had as Turkmen ambassador China in fact defected and advocated for regime change further deepened autocratic rule in Turkmenistan and resulted in crackdowns and reprisals against any members of the opposition from the perestroika era (Sabol, 2003: 54). The prospects for opposition groups removing Niyazov and deconstruction the regime he had built by then were seen as bleak, especially with the introduction of Stalin-era penal colonies where dissidents were sentenced to be imprisoned (Sabol, 2003: 55). Claims by Niyazov around foreign involvement in the attempt on his life further solidified this isolationist tendency (Dadabaev, 2007: 135). This general tendency toward neutrality therefore served as a key stabilising factor for the Niyazov regime politically, information about economic and political life in Turkmenistan in this period was (and is) limited, as too with information about the everyday life of the population – this opacity in turn strengths isolationist tendencies, and with it autocratic rule (Dadabaev, 2007: 132).

The balancing of domestic factors and their potential to destabilise the regime and threaten autocratic survival were therefore key in determining Turkmenistan’s foreign policy in the Niyazov era. They became the cornerstone of Turkmenistan’s foreign policy, the most important of which was the insurance of the survival of the Niyazov regime (Anceschi, 2010a: 94). The primary source of internal threats were largely eliminated as previously discussed, however the insulation of Turkmenistan from the pressures of political liberalisation from outwith the state were a further determinant. Crucial to the stability of the regime was the reliability of gas revenues to underwrite the Turkmenistani economy (Pomfret, 2008b: 22-26). This in turn was key to maintaining stability within the neo-patrimonial regime setup as well as provide the funds with which vertical power could be exercised within the distributive single power pyramid around Niyazov through neo-patrimonial distribution mechanisms amongst the elite (Hale, 2015: 420).

The hollowing out of state institutions and securing total control over the direction of foreign policy was a further determinant that is vital to understanding the Niyazov regime. Crucially, the independence of foreign affairs from the government was nullified through the logic of centralised diplomacy that is a Soviet legacy in and of its: effectively this did not allow for any decision-making power to the foreign ministries themselves (Nichol, 1995: 11). These unchallenged decision-making powers vested in the office of president were codified the 1992 Constitution making the president singularly responsible for determining the foreign policy of Turkmenistan (Turkmenskaya Iskra, 1992: Article 52, 1-3). This level of control is further evidenced by Niyazov dismissing A. O. Kuliev as it was felt that the foreign minister's policy agenda was developing independently of the regime's priorities (Anceschi, 2008: 21). Further dismissals included B. O. Shikhmuradov when it became felt that the foreign minister was becoming a political rival and was angling for the presidency (Bohr, 2003: 11). Longevity in office was therefore directly tied to relations with the power centre and fitting into the directives issued by Niyazov (Horák and Šír, 2009: 31). Thus, this model of direct control meant the hollowing out of the foreign ministry to serve as a vehicle to achieve presidential directives. This was seen as the most conducive method of making policy inextricably linked to the political priorities of the Niyazov regime – and therefore served as a key determinant in codifying the process of making foreign policy goals become tied to the security and survival of the autocratic regime (Anceschi, 2010b: 145).

Anceschi highlights gas revenues as a sticking point in terms of problematising the notion of positive neutrality, as the ramping up of gas exports at pace could only be achieved with Western cooperation, that threatened both to remove that political insulation as well as potentially alienate the Russian federation who was their primary international partner (2010: 94). Treading the fine line came with a recognition of these trade-offs, and the lack of expansion was a condition of maintaining client-patron relationships with Russia (Anceschi, 2010a: 95).

In essence, the highly personalised role of the office of president under Niyazov is key to understanding foreign policy motivations. The survival of the autocratic regime was the primary consideration: decisions were made often at the cost of development purely on this basis, and as such show the interests of the Niyazov regime becoming synchronous with that of the Turkmenistani state (Chehabi & Linz, 1998: 10). In sum, the socio-political elements of Turkmenistan seen in the construction and maintenance of the Niyazov regime led to the fusion of domestic politics and foreign policy, which was enabled by total presidential oversight and influence over foreign policy decisionmakers (Anceschi, 2010b: 154-55).

Soviet Legacies and Rentier Dynamics: Structuring Gas Ownership and Economic Isolationism

Any understanding of the structure of Turkmenistan's energy sector under Niyazov must therefore be informed by a recognition of foreign policy serving as a vehicle for realising projects and cooperation between states in a way that is conducive to the survival of the autocratic regime. The survival of regimes in Turkmenistan is directly linked to their ability to export gas, the proceeds from which effectively fund the everyday government activities, as well as providing a basis for social provision for the people. Apart from Uzbekistan, Turkmenistan was the only state among the energy rich post-Soviet republics to retain their ownership structure and keep everything in the hands of the government – thus greatly reducing the potential for foreign direct investment (Luong & Weinthal, 2010: 77). This approach was somewhat intuitive: Turkmenistan's gas production saw a boom in the 1980s, when the Soviet centre expanded production to make it the second biggest supplier of gas within the Soviet Union (Krasnov & Brada, 1997).

Opting for state ownership in a situation where Turkmenistan was the fourth biggest gas producer in the world when it became independent further shows the importance of considering the socio-political aspects of the Turkmenistani regime when seeking to understand policy decisions (Pomfret, 2004: 3). This tendency towards limiting foreign direct investment is seen to be much more conducive towards putting domestic energy needs first, with energy exports following the achievement of this primary goal. The decision to retain state ownership is seen as the most ideal form for rentier states as it "provides the government with the greatest amount of decision-making authority over the mineral sector and the most direct access to its proceeds (Luong & Weinthal, 2010: 46). This, coupled with states like Turkmenistan having little additional obligations on this revenue are better able to insulate themselves from pressures to generate new sources of revenue (Luong & Weinthal, 2010: 79)

Access to these proceeds as discussed in the literature review can often lead to suboptimal outcomes for wider society whilst simultaneously entrenching wealth disparity. Turkmenistan is emblematic of this problematic relationship, with its capital Ashgabat filled with lavish buildings while its population outside of the capital remain in varying levels of poverty (Luong & Weinthal, 2010: 81). Though it enjoys one of the lowest tax burdens on the general population in the world (Luong & Weinthal, 2010: 88). This is conditional on the special tax regime on gas, that initially in the 1990s in sum accounted for 86 percent of foreign exchange earnings outside of the agricultural sector (cotton being the other major resource for export) (Auty, 1997c: c). Further to this, there is a 50 percent tax levied on top of excises, the proceeds of which are funnelled directly into the Turkmen Foreign Exchange Reserve fund (Luong & Weinthal, 2010: 88). Issues with the Turkmen Foreign Exchange reserve persisted during Niyazov's premiership, with rents placed into off-budget accounts under presidential control that highlighted the potential for rent-seeking rather than actually productive behaviour, and thus show the further potential for the hollowing out of these state institutions (Pomfret, 2011: 28). Given Turkmenistan's socio-political context discussed earlier, state ownership can therefore be said to be the most conducive in terms of consolidating power and ensuring the survival of a hereditary autocratic regime.

Specific decisions with regards to structuring the Turkmenistani energy sector further illustrates this notion of nationalised production, exploration, and limiting foreign direct investment being conducive to the survival of autocratic structures. The oil and gas ministry was invested with much greater power, with Türkmengaz and Türkmenneft emerging to oversee and manage the production of oil and gas respectively (IEA, 1998). The oil and gas sector in Turkmenistan were designed from the outset on the rapid exploration of reserves to begin production as soon as possible for export (Auty, 1997: 3). Initially, Turkmenistan's competitiveness in the world gas markets was severely limited by its poor infrastructure and even poorer linkages to world markets through pipelines – the majority of which flowed towards Russia as part of its legacy as a former Soviet republic (Esen & Oral, 2016: 29). In the period between 1994 and 1999 the energy rents accrued directly to the Turkmenistani government was estimated to be between 33 and 64 percent of its total GDP – though due to the autocratic nature of the regime these figures are contested (Pomfret, 2004: 9). Rent incomes from cotton provided the greatest revenues in the mid 1990s for Turkmenistan, however improved market conditions after 2000 for gas export resulted in it overtaking cotton in terms of total value of exports (Pomfret, 2011: 19).

Niyazov embarked on making exported gas more competitive on world markets and raised the price of gas exports so historic trading partners could no longer afford Turkmenistani gas, and thus induce a shift in export destination to foreign buyers outside of the former Soviet Union (Rumer, 1992: 40). This was followed by Niyazov's first state visit to Iran[1] to seek support to build a pipeline carrying Turkmenistani gas to the European continent, with an agreement signed in August of 1992 – whilst simultaneously maintaining a deep scepticism of foreign companies and investors in the domestic energy sector (Luong & Weinthal, 2010: 82). The careful selection of international partners were therefore seen to be limited to actors at a

[1] See appendix *fig.* 2 for commemorative Turkmenposta stamp

state level such as Russia, China, and Iran, instead of large transnationals due to a shared understanding of authoritarian governance and a tendency not to pursue a normative foreign policy (Anceschi, 2010a: 95). The country's first oil and gas minister, Nazar Souinov had negotiated terms with small transnational companies to enter the domestic energy market and was replaced with Khekim Ihsanov who then unilaterally revised contracts and facilitated the introduction of clauses that "allowed the government to divert oil from export markets at prices set by government officials" (Auty, 1997c: 10). The creation of a hostile environment for transnational companies in Turkmenistan was therefore a key marker in terms of maintaining state control of the energy sector, and fundamentally disincentivising any further moves from transnationals to try to establish a foothold in the country. This tendency towards initial scepticism followed by an active disincentivisation of the involvement of transnational companies in the energy sector can be seen as a marked effort to redress the neo-colonial dynamics present in profit sharing agreements signed by these companies and the states they operate in (Muttitt, 2007: 5).

Turkmenistan therefore ensured unrivalled control over the production and export of its oil and gas through the tightest state controls and a ministry who had protectionist policy as a directive. Initial profit-sharing agreements with large western firms in the 1990s were occurring, however there was a marked pivot after 2000 towards smaller energy companies outside of the 'big six' (Pomfret, 2011: 19). This sentiment was codified in a decree by Niyazov in 1996 with the creation of five state concerns in the energy sector: Turkmenneft (development of oil fields, Turkmengaz (development of gas fields), Turkmenneftegazstroy (engineering and construction), Turkmenneftgaz (operations), and Turkmenegeologiya (exploration) (see details in: Hines & Varanese, 2001). This was followed by Niyazov signing a further declaration into law in March of 1997 declaring hydrocrabons to be "the exclusive property of Turkmenistan", with further provisions allowing for a unilateral annulation of agreements and contracts that were seen as invalid by the government (see details in: Hines & Varanese, 2001). Such was the success of this hostile environment that by the late 1990s large transnationals such as ExxonMobil and Monument ceased their operations in Turkmenistan due to their dissatisfaction with tax regimes (Lubin, 1999: 65).

Though the period after Niyazov does not directly fall into the scope of this thesis, it is nevertheless useful as a context through which to understand the difficulty of navigating one's energy security through diversification of export destinations. This had previously been discussed as a key problematic factor for the ensuing tension between Niyazov era 'positive neutrality' and diversification of energy partners. Essentially, a focus on this dynamic is proven as valuable given that the same issues still plague Turkmenistani elites today.

By the mid-2000s in Niyazov's last years as president it was becoming more urgent to find foreign capital and expertise in terms of developing their energy sector – however it was only in 2006 in that Niyazov made a trip to Beijing to seek Chinese involvement in Turkmenistan's gas sector (Pomfret, 2011: 20). Niyazov's successor Gurbanguly Berdymukhamedov took this to the end and concluded a project to open a gas pipeline between the two countries in 2009 – thus ending Russia's monopoly on gas exports (Pomfret, 2011: 20). Pomfret sees this this deal as crucial in improving Turkmenistan's bargaining power with Russia – with the opening of the Iran pipeline further diversifying export destinations. Competition for Turkmenistan's gas pipeline system between Russia, China, the EU, and India has more recently strengthened the country's bargaining power on the world gas market (Lee, 2015). Whilst a study into the impact on a transition to clean energy by the world's consumers of oil and gas predicted a greater importance of countries like Turkmenistan on the global markets (Esen & Oral, 2016: 36). The major force for diversification recently has been intense foreign direct investment from China, who have been increasingly active as virtually the sole investors in the Turkmenistani energy sector (Lee, 2015)

Conclusions on Turkmenistan

This section illustrates how Turkmenistan's transition from a Soviet state to independence led to the Niyazov regime's consolidation of power. Niyazov achieved this by establishing himself as the single patron within a single-pyramid patrimonial power structure. This process was facilitated by political reform which invested the office of President with law making executive privileges by systematically reconfiguring the parliament, judiciary, and executive privileges. These changes eliminated internal political threats to the Niyazov regime, accelerated by an unsuccessful attempt on his person in 2002 and the ensuing crackdown - whilst also crucially ensuring Niyazov had a free hand in determining foreign policy objectives that were conducive to the survival of his regime. This is crucially show by the ownership structure within the Turkmenistani energy sector, that was designed in such a way to disincentivise transnational companies from gaining control of production by creating a hostile environment for foreign capital.

The creation of an environment that discouraged private ownership of oil production in the 1990s was largely due to Niyazov's avowal of a foreign policy informed by the notion of 'positive neutrality' of which he had total control over as president. This incentivised the formation of unfavourable market conditions that made the penetration of the Turkmenistani energy sector by private business interests much more difficult. Instead, the government could be much more selective with who it let into the sector, and when they were let in, they did so on terms much more favourable to the government than that of the companies themselves. Initial contracts for production in the 1990s were heavily skewed towards the government through a complicated tax regime that prevented extractive profit seeking by transnational energy companies and kept the Turkmenistani government strong in terms of their bargaining power. The implications of this lie within the trade-off that has been shown as inherent to Turkmenistani policy making in this period. In essence, the rentier dynamics function on a state-to-state level with the seclusion of non-state actors in the form of transnational energy companies. Instead, deals are brokered with a select few states that align with the requirements of the Turkmenistani government that centre around a policy of bilateralism with like-minded states, partnerships with whom did not fundamentally threaten the stability of the Niyazov regime. As such Turkmenistan is unique in terms of its functioning of a rentier state as it is much more insulated from the international political economy and does so with an understanding of a net benefit to the chances of the survival of the autocratic regime, regardless of the socio-economic and political development costs. These costs were accepted by the regime as they stemmed from advancements that would potentially serve to destabilise the regime.

Comparative Analysis:

Introduction

After having considered the individual contexts of Kazakhstan and Turkmenistan between their independence and 2006, a comparative analysis of the two states will be covered in this section. The comparison will serve as a vehicle to critically analyse *whether their integration within the international political economy is a force for stabilisation or destabilisation*. This section will revisit the hypotheses lain out in the methodology, seeking to come to a conclusion on them individually through a combination of qualitative comparative analysis, as well as quantitative analysis to ground these conclusions in further illustrative and comparative datasets that can then be reinterpreted through the understandings reached in the contextual section. As was discussed in the previous section, Kazakhstan and Turkmenistan share a great number of contextual similarities: on the surface their shared Soviet history, shared autocratic presidential systems, shared rentier dynamics, and seemingly totally stable autocratic regimes make a comparison unnecessary. However, what the previous section sought to show was that despite these similarities, there is tremendous analytical potential in exploring the nuances between the two case studies, and what these may mean for answering the overarching research question.

A couple fundamental caveats have emerged that were initially suggested in the literature review, and further shown as crucial to analysis in the contextual section of the discussion. The first fundamental caveat that informs analysis is that in both the case of Kazakhstan and Turkmenistan, political and economic policy become intertwined and almost synonymous due to the nature of their autocratic presidential regimes of Kazakhstan (Pirog, 2007; Pomfret, 2006: 41-2; Kemme, 2012: 2), and Turkmenistan (Anceschi, 2010b: 145; Chehabi & Linz, 1998: 10; Hale, 2015: 420), with the fundamental prerogative of policy making becoming the perpetuation of autocratic regimes and the insurance of their security. The second caveat is with respect to the datasets: due to the all-pervasive nature of presidential systems of power in this period reported statistics that came from Kazakhstan and Turkmenistan are dubious at best – however this is not a fundamental problem for this thesis as the reality that the regimes sought to project outward is in and of itself valuable to analyse.

As such, this comparative section will first revisit the similarities and differences between their historical points of departure in terms of post-Soviet infrastructure, verticals of power, and the nature of their presidential regimes. Secondly, the differences in terms of structuring ownership in the energy sector will be discussed. After this broad comparison, the nuances gleaned from this analysis will serve as the main lines of analytical inquiry for seeking answers and conclusions to the four hypotheses lain out in the methodology:

<u>Hypothesis 1</u>

Kazakhstan as an autocratic rentier state is less stable as it is more integrated into the international economy.

\- *Whilst* -

Turkmenistan as an autocratic rentier state is more stable as it less integrated into the international economy.

<u>Hypothesis 2</u>

Kazakhstan's higher level of integration makes it more susceptible to the destabilising effects of stress events, and therefore makes it a less secure autocratic regime.

\- *Whilst* -

Turkmenistan's lower level of integration makes it less susceptible to the destabilising effects of stress events, and therefore makes it a more secure autocratic regime.

Hypothesis 3

Fluctuations in the world market price of oil per barrel correlate with fluctuations in national GDP

Hypothesis 4

Turkmenistan's higher levels of state ownership in the energy sector makes it less susceptible to stress events, and therefore stabilises the autocratic regime.

- Whilst -

Kazakhstan's lower levels of state ownership in the energy sector makes it more susceptible to stress events, and therefore destabilises the autocratic regime.

The analysis will therefore proceed with comparing the socio-political contextual similarities and differences, after which analysis will then focus on answering the third and fourth hypothesis, which will thus be followed by taking these findings and tying the back into the two overarching hypotheses detailed in the first and the second.

Socio-Politics and Structuring the Energy Sector: Contextual Similarities and Differences

The states of Kazakhstan and Turkmenistan both became independent from the Soviet Union at the end of 1991, however the two states differed in terms of how that independence was secured. Neither state had any lustration in terms of holding ex-Soviet leaders to account or barring them from standing for office, and both states had Soviet continuity personified in terms of their leaders, Nursultan Nazarbayev and Saparmurat Niyazov continuing on as heads of state. Both leaders were therefore handed a clean state in terms of how to construct their political institutions and nation-building programmes. Nazarbayev embarked on consolidating political power within his person and within his patrimonial clan networks (Starr, 2006: 2;

Olcott, 2002). Initial experiments in parliamentary democracy in Kazakhstan that resulted in protest and widespread discontent were quickly halted by 1995 (Olcott, 1995). Nazarbayev thus created a new Assembly of People of Kazakhstan of which he made himself chairman, through which he could exercise his unchallenged presidential power without having a parliament to challenge his decision, as well as no term limit (Masanov, 2002). It was thus through the consolidation of presidential power that Nazarbayev was able to institutionalise and guarantee the survivability of his neo-patrimonial network of which he was the sole patron (Hale, 2015: 195).

This process of securing oneself as an autocratic leader as well as ensuring the survival of one's neo-patrimonial network was also seen in Niyazov's construction of the political state in Turkmenistan after independence. Niyazov's regime was characterised by the cult of personality playing a much more important role in everyday life. His re-election in 1992 saw him rename key industries, streets, and districts after himself (Anderson 1995: 512). Similarly, to Nazarbayev, Niyazov sought to maintain the continuity of the nature of his rule from the previous seven years he served as leader, and embarked on a similar process of hollowing out new institutions such as the parliament, the judiciary, and ministries (Panico, 1995: 7). The formalisation and institutionalisation of Niyazov's patrimonial power and networks also centred around a hyper-presidential system, that was also unhindered by any prospect of a term limit (Anderson, 1995: 512).

Both Kazakhstan and Turkmenistan's policies are heavily influenced by Niyazov and Nazarbayev's regimes and their domestic aims. Though perhaps the extent of this is much more pronounced in Turkmenistan's case, where Niyazov's personal avowal of 'positive neutrality' is both institutionalised through his consolidation of power as president, as well as within the constitution (Kiepenheuer-Drechsler, 2006:129). This 'positive neutrality' and the isolationist tendencies that came with it became the cornerstone of Turkmenistani foreign policy, with the principal aim becoming the insurance of the survival of the Niyazov regime (Anceschi, 2010a: 94; Chehabi & Linz, 1998: 10).

This difference in foreign policy approaches is epitomised by decisions made in terms of structuring their domestic energy markets for both cases. Kazakhstan and Turkmenistan therefore represent two very different cases in terms of ownership structure, despite coming from most similar points of socio-political points of departure. It is therefore within this difference and the nuances that we can glean from it that fundamentally inform the quantitative analysis. Turkmenistan opted for near-total state control of all aspects of the energy sector, whilst simultaneously working towards an environment for foreign capital that was actively hostile (see Luong & Weinthal, 2010). Whilst this came with the slower development of the energy sector in terms of capacity for production, modernisation, and a lower capacity for capital investment overall, Turkmenistan was able to determine its future as an energy producing country of its own accord.

This comes into stark contrast with the case of Kazakhstan, who instead ended up with an energy sector with much higher levels of penetration by transnational companies and their capital. Whilst this meant much more rapid expansion in terms of productive capacity due to the influx of capital that could be used for modernisation, sub-optimal conditions negotiated in contracts meant that the balance of negotiating power lay with the transnationals. This balance was constantly challenged by the Kazakhstani government with nominal fines, changes in tax regimes, and the renegotiation of problematic contracts (Johnson 2007) However by this point the balance of power had fundamentally tipped towards Western capital in Kazakhstan, with neo-colonial extractive practices and instruments of control visible in transnational's dealings with Kazakhstan (Muttitt, 2007).

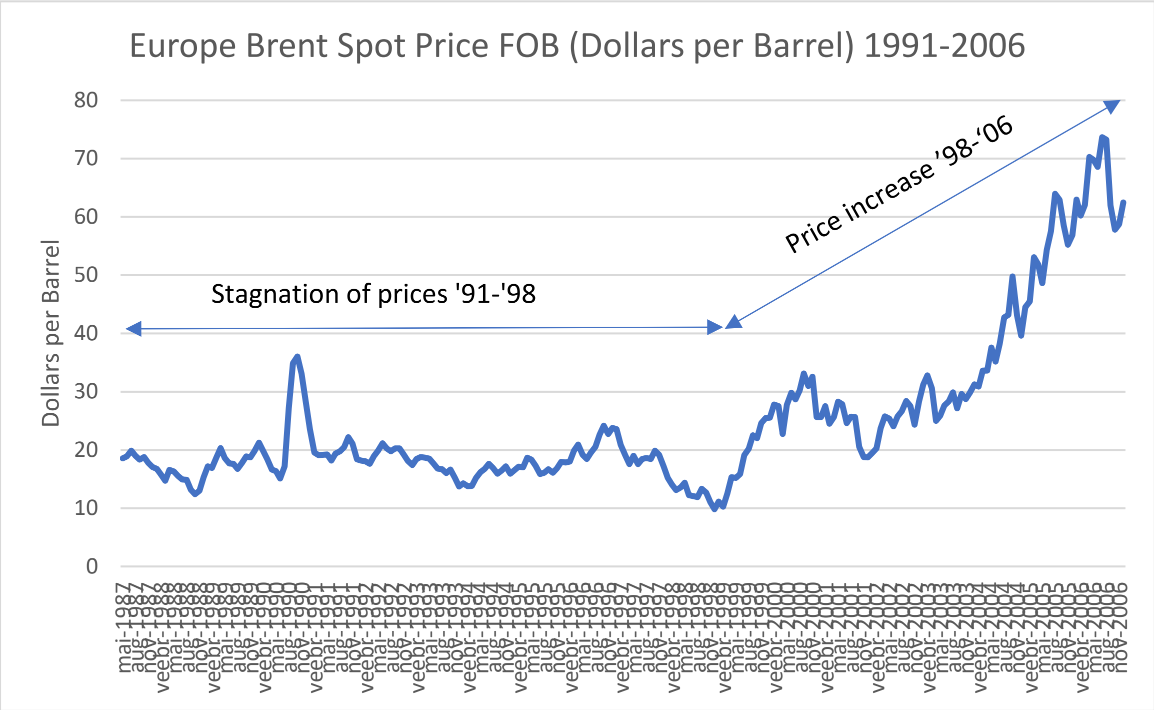
In sum, Kazakhstan and Turkmenistan shared a point of departure as new republics and on the surface appear to have both consciously developed policy toward securing themselves as autocratic regimes relying on rentier dynamics in using their natural resource wealth. Both Niyazov and Nazarbayev sought to consolidate the political power of their regimes, and in the process made the security of their regimes synonymous with that of the security of their respective states (Jackson: 2016). The key point of divergence therefore becomes policy decisions related to the structuring ownership, and the implications of this when viewed through a critical qualitative lens. The decisions taken in this period between 1991-2006 greatly influenced the relative economic and political development trajectories of the two states, with the puzzle informing the analysis becoming a question of what Kazakhstan opted for something that seems destabilising for the regime owing to a greater exposure to the international economy, whilst Turkmenistan opting for a more insular approach in terms of integration and energy sector structure being more understandable when viewed through the lens of autocratic survival (Anceschi 2010b).

Answering Hypothesis 3:

Fluctuations in the world market price of oil per barrel correlate with fluctuations in the rate of real change in national GDP, thus lower prices result in worse economic performance.

This hypothesis seeks to establish correlation between the stability of oil prices with the stability of the national economies of Kazakhstan and Turkmenistan as seen through the rate of real change in national GDP as an indicator. The rate of real change in national GDP as an indicator was chosen for two reasons. The first is that looking at nominal GDP performance as an indicator is useful for making surface level comparisons, however as an indicator of economic development it is not as granular and complex of an indicator as looking at the rate of real change. Using the rate of real change in national GDP therefore encompasses the following as an indicator. The annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Fig. 5: *- Graph of Europe Brent Spot Price FOB (Dollars per Barrel) (1991-2006) from raw dataset in fig. 4. (See appendix.)*

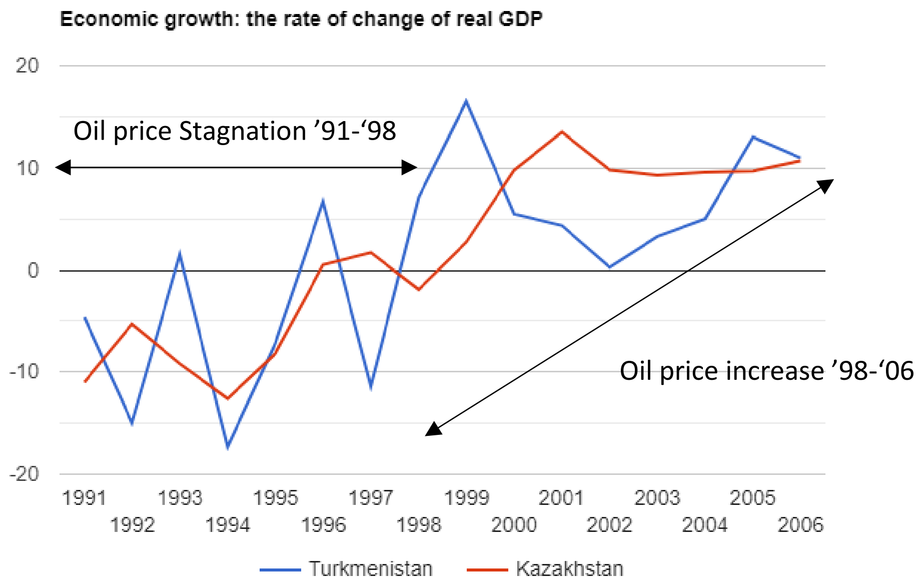


The Brent Spot Price is used as the standard unit of measurement that defines the price of oil per barrel. The graph for the period between 1991-2006 can be broken down into two clear sections: the first between 1991-1998 that saw a period of the stagnation of the price of oil per barrel in and around the $20 mark. This therefore represents two primary issues for Kazakhstan and Turkmenistan: the first is that they entered the market as newly independent states at a time when the outlook for oil producing countries was not auspicious. What this translates into can therefore possibly explain the differences in decisions in terms of policy with regards to the structuring of energy sector ownership in the two cases. Stagnant prices favoured transnational companies as they were able to negotiate contracts that favoured them much more, especially given that the newly independent republics were economically unstable and were therefore more likely to enter into suboptimal contracts with transnationals due to existential economic issues they faced. The decision by Kazakhstan to be more accommodating of transnationals could not have come at a worse time in terms of their long-term sustainability as world prices and their economic crisis put them at a systematic disadvantage at the negotiating table. It is therefore no surprise that they sought to redress this balance once prices picked up after 1998 through arbitrary fines, changes in tax codes, and unilaterally changing contractual terms. However due to Kazakhstan's decision to integrate more into the international political economy, we should expect them to be harder hit by the stagnation period, whilst performing much greater during the price boom between 1998-2006.

Turkmenistan's decision to maintain state control over all aspects of their energy sector whilst keeping foreign capital involvement at a minimum seems much more prudent given the world energy price conditions. For Turkmenistan we should expect the inverse: their lower level of integration should result in them being hit less hard by the stagnation period, whilst they would be expected to still benefit from the boom, but to a lesser extent. This will therefore be shown through the use of the rate of real change in terms of the two countries' GDP seen in *fig.* 6.

Combining Brent Spot Oil Price with the rate of change of real GDP can therefore serve to illustrate the destabilising effects of changing prices on the economies of Kazakhstan and Turkmenistan. *Fig.* 6 shows a correlation between this relationship – with both states experiencing sub-zero averages in terms of the rate of change of their real GDP, and with the end of oil price stagnation seeing their rate of change of real GDP enter positive values. The comparative conclusion that can be drawn therefore comes in the form of how their economies then performed during the boom – with Kazakhstan experiencing a period of sustained growth initially and then balancing out from 2002-2006. Turkmenistan on the other hand did not sustain the initial high value positive growth in real terms and teetered near no real change in terms of their GDP. However, from 2002 onwards they then experienced a period of further sustained positive economic growth.

Fig. 6: *Graph showing rate of change of real GDP of Kazakhstan and Turkmenistan between 1991-2006. From: https://www.theglobaleconomy.com/compare-countries/*



With the contextual understanding we have reached in terms of ownership structure in the energy sector we can therefore tentatively claim that there is a correlation between stagnant energy prices and the economies of Kazakhstan and Turkmenistan struggling to maintain economic growth in terms of the rate of change of their real GDPs. What may also be gleaned from this correlation is how the difference in ownership structure can affect this growth. Higher levels of integration as evidenced in Kazakhstan foreign-capital intensive energy sector and high levels of cooperation with transnationals may point towards a high-risk-high-reward dynamic where their economies are harder hit initially by stagnation but is more able to sustain net-positive growth. Lower levels of integration in Turkmenistan and their tendency to state ownership may therefore point towards a better ability in terms of riding out periods of stagnation, whilst simultaneously struggling to maintain net-positive growth in terms of their GDP. As such Turkmenistan's dynamic may be said to be one of lower-risk-low-reward in terms of world energy prices and their effect on their economy. As economic performance and autocratic survival are intertwined in Kazakhstan and Turkmenistan as discussed earlier, we can also tentatively claim that in the case of Kazakhstan higher levels of integration into the international political economy result in less assured autocratic survival due to being more susceptible to destabilising events. whereas the case of Turkmenistan may be said to show that lower levels of integration into the international political economy are better suited to ensuring autocratic survival as they are less susceptible to stress events such as world oil price stagnation and its pernicious effects on economic performance.

Answering Hypothesis 4:

Turkmenistan's higher levels of state ownership in the energy sector makes it less susceptible to stress events, and therefore stabilises the autocratic regime.

- *Whilst* -

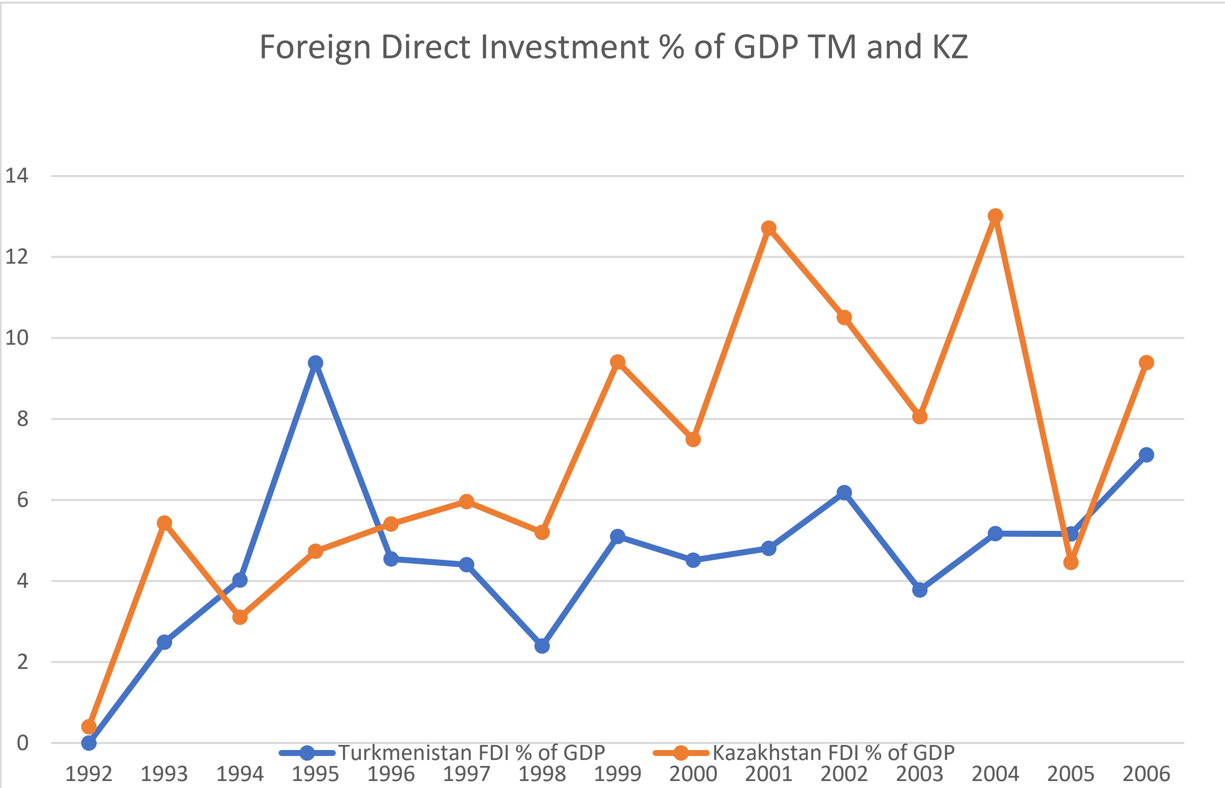
Kazakhstan's lower levels of state ownership in the energy sector makes it more susceptible to stress events, and therefore destabilises the autocratic regime.

The comparison facilitated between Kazakhstan and Turkmenistan through the vehicle of determining correlation between the effect of stress events such as stagnating oil prices on economic performance and what that means for autocratic stability in hypothesis 3 does show correlation between the two, and more importantly with nuance between the two cases. To better account for this nuanced gleaned from otherwise very general data, more analytical depth in terms of quantitative analysis is needed to distinguish between the extent to which integration into the international political economy has the ability to destabilise. It has already been shown in hypothesis 3 that: (i) there is a negative correlation between world oil prices and the economic performance of Kazakhstan and Turkmenistan, (ii) Kazakhstan seems to show a high-risk-high-reward dynamic due to higher levels of integration – and therefore is less stable as an autocratic regime, (iii) This high-risk-high-reward dynamic stems from a higher level of market penetration by transnationals, (iv) Turkmenistan seems to show a low-risk-low-reward dynamic due to lower levels of integration – and is therefore more stable as an autocratic regime, (v) This low-risk-low-reward dynamic stems from a lower level of market penetration by transnationals, and finally therefore (vi) more market penetration by transnationals is destabilising. However, the quantitative data is not rigorous enough in terms of analytical depth, and therefore three further indicators of integration and the role of foreign capital need to be considered in order to cement these correlative relationships between what has been shown in the six fundamental potential findings from hypothesis three that stem from the comparative mixed methods analysis that was undertaken.

As such, political openness and economic openness need to be considered in further depth. It has been established that the two are greatly intertwined in both the cases of Kazakhstan and Turkmenistan owing to dynamics of state capture due to highly personalised presidential regimes relying on rentier dynamics to ensure autocratic survival (Jackson, 2016; Hale, 2016; Anceschi, 2008, 2010a, 2010b [Turkmenistan]; Palazuelos & Fernandez, 2012; Smirnov, 2000; Kemme, 2012: 2 [Kazakhstan]). We can illustrate and analyse this in a quantitative manner through consider three indicators: Foreign Direct Investment as a percentage of Gross Domestic Product, Foreign Debt as a percentage of Gross Domestic Product, and the Globalisation Index. FDI as percentage of GDP will be used to illustrate the difference between Kazakhstan and Turkmenistan in terms of a tendency towards openness towards foreign capital and therefore integration into the international political economy. Foreign Debt as a percentage of GDP will be used to illustrate and analyse stability and sustainability of a reliance on foreign capital. Whilst the Globalisation index will be used as a wider indicator into the propensity of integration of the two states in a way that takes both of the previous indicators into account.

Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors and is divided by GDP. This indicator has been used by Pomfret (2011) to account for similar dynamics and processes for countries with natural resource wealth

Fig. 8: *Graph showing Foreign Direct Investment as a Percentage of GDP for Kazakhstan and Turkmenistan (1992-2006) from raw dataset in fig. 5(see appendix).*



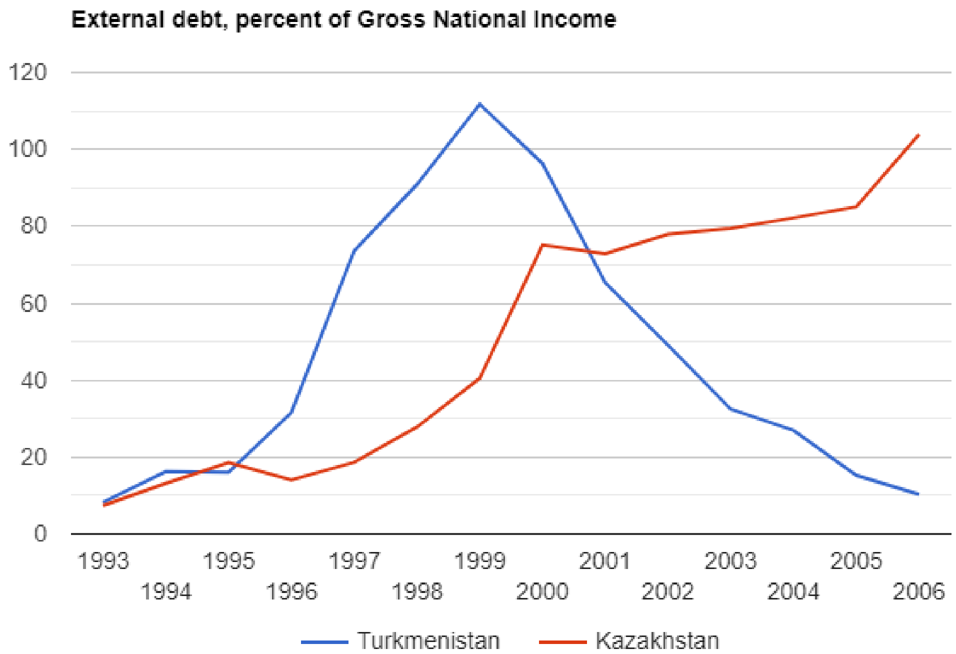
This graph shows two major trends**.** There is firstly a higher percentage of foreign direct investment as a percentage of GDP in Kazakhstan than that of Turkmenistan overall. This therefore shows that Kazakhstan over this period was more accommodating of foreign capital than Turkmenistan. Though the data is not stratified explicitly along foreign direct investment within the energy sector, the proportion of the GDP of both Turkmenistan and Kazakhstan that comes from the energy sector is one of a majority position owing to their rentier dynamics discussed earlier. Further to this, a potential relationship between the stagnation of the price of oil between 1991 and 1998 can be seen in the graph, with a sudden increase in foreign direct investment as a percentage coming after the increase in world oil prices in 1998. Again, this may potentially point to the high-risk-high-reward dynamic discussed earlier and gives us the opportunity to discuss this in terms of stability in the sense that foreign direct investment is crucial in Kazakhstan's energy sector as it is by design more reliant on transnational energy companies for funding the development of oil fields through exploration and production.

Thus, this reliance on foreign direct investment may further point to the destabilising nature of having an economy, and an energy sector specifically that is more integrated into the international political economy. Turkmenistan on the other hand broadly speaking exhibits a lower tendency towards accommodating foreign direct investment. This can again be explained through ownership structure within the Turkmenistani energy sector that is dominated by state-owned and state-controlled enterprise that is responsible for all aspects of the energy sector unlike Kazakhstan and is therefore less reliant on foreign direct investment to realise the productive potential of its gas reserves. As such Kazakhstan is much less insular – it is more open to foreign direct investment and shows a greater willingness to take on foreign direct investment especially in times of rising oil prices. Turkmenistan on the other hand may be said to be more insular as it is less open to foreign direct investment and therefore also less reliant on it as a proportion of is gross domestic product.

The key takeaways from the differences in foreign direct investment as a proportion of gross domestic product is therefore twofold: firstly, it is one of being able to determine the extent to which governments are willing to open up key sectors of their economy to foreign capital and therefore some level of foreign control. This would then logically follow as an indicator for reliance and dependency: Kazakhstan is more reliant on foreign investment and therefore has less of a say in how the energy sector itself is run and is less able to structure it and therefore has to accommodate for greater instability. Turkmenistan is less reliant and dependant on foreign investment and therefore has more of a say in how the energy sector functions due to greater levels of state control in all aspects of the process. Due to this difference in reliance, we can use it to reaffirm the claim that Kazakhstan is less stable as an autocratic regime as it is much more exposed to the international political economy and the higher level of foreign capital involvement in it economy. Turkmenistan is more stable as an autocratic regime as it is less exposed to the international political economy and potential stress events as it is less reliant on foreign capital.

Foreign debt as a percentage of gross national income allows for analysis from a further facet of policy that may be an indicator of economic and therefore political openness in terms of government policy. Total external debt stocks to gross national income. Total external debt is debt owed to non-residents repayable in currency, goods, or services. Total external debt is the sum of public, publicly guaranteed, and private nonguaranteed long-term debt, use of IMF credit, and short-term debt. Short-term debt includes all debt having an original maturity of one year or less and interest in arrears on long-term debt. GNI (formerly GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad.

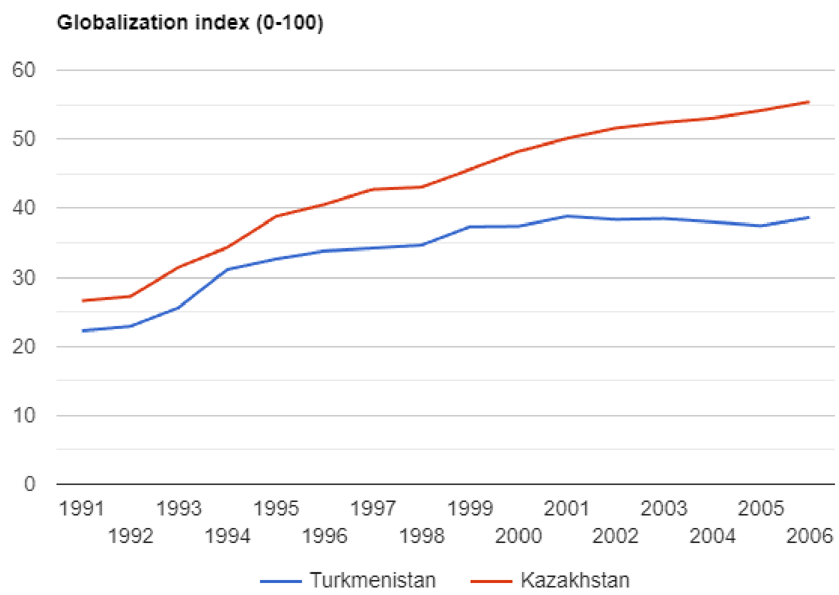
Fig. 9: - External debt as a Percentage of Gross National Income for Turkmenistan and Kazakhstan between 1993-2006. From: https://www.theglobaleconomy.com/compare-countries/ data sourced from World Bank.



Kazakhstan and Turkmenistan both start this period with low levels of debt as a percentage of their gross national income, though this may be attributed to their status as newly independent republics during which time securing lines of credit is difficult due to having to integrate into the international financial market. Turkmenistan initially exhibits rapid growth in terms of their external debt as a percentage of their gross national income until 1999, at which point by the end of 2006 they gradually revert to the levels of debt they had in 1993.This pattern is indicative perhaps of a certain level of pragmatism – they recognised the need for foreign capital credit initially, most likely to set up capital-intensive sectors of their economy such as the energy sector, at which point they then sought to minimise the proportion of external debt to their gross national income. This data is corroborated in their actions with regards to energy sector ownership, tax regimes, and the hostile environment they sought to create as an insulationary measure in this period as discussed earlier. Therefore, the initial debt can be said to expected from a newly independent state. They secure lines of credit to help them through initial economic problems associated with independence, issue government bonds, and then use the proceeds from bonds to pay off their external debt. Alternatively, they can use the proceeds from accrued rents to pay off the debt. As such indebtedness in Turkmenistan may be said to have been a short-term solution to short-term economic problems. Lower levels of indebtedness may also be seen as an indicator of a lower level of integration into the international political economy, and therefore a more insulationary policy in terms of limiting external liabilities and their potential to destabilise the national economy.

Kazakhstan on the other hand exhibits a markedly different trend. Unlike Turkmenistan, a period of initially high levels of external debt as a percentage of gross national income is sustained for longer, though with less intensity than Turkmenistan between 1993 and 2000. The key difference lies in the fact that in this period the graph may be said to show the opposite of Turkmenistan with regards to their relationship with foreign debt in the sense that levels of indebtedness were either maintained or increased in the period after 1999/2000. Higher levels of indebtedness especially when accumulated in a sustained manner over an extended period may be said to indicate a higher level of integration into the international political economy. Intrinsically this means dependence on external lines of credit, which though are lucrative in nature potentially point to a level of dependence on world financial markets. Again, this trend in the data for Kazakhstan seems to show external credit as a long to medium term solution to securing the capital necessary to function as an economy. Higher levels of indebtedness may therefore be seen as an indicator of a higher level of integration into the international political economy, and therefore related to a policy of higher level of exposure in terms of the lack of limiting external liabilities and their potential to destabilise the national economy. This again seems to point to the high-risk-high-reward dynamic that was discussed in previous indicators, though with debt especially with a trend like this as the risk gets higher so does the reward due to the destabilising nature of taking on so much external liability.

Fig. 10: Globalisation Index (0-100) of Kazakhstan and Turkmenistan



The overall index of globalisation covers the economic, social, and political dimensions of globalization. Higher values denote greater globalisation. The globalisation index was chosen as the final indicator as it encapsulates within it all the processes and relationships that have been discussed in this comparative analysis. The relationship between exposure and stability, and therefore autocratic survival is shown in its most basic form in *fig. 10.* The overall trend shown in the Globalisation index graph is one of further divergence – though Kazakhstan and Turkmenistan share a comparable point of departure in terms of globalisation initially, the period from 1994 onwards to 2006 sees Kazakhstan become much more globalised in terms of the distance between the two states and therefore the net difference in terms of globalisation as a score out of 100. Further to this, Kazakhstan's globalisation score increases at a steady rate throughout this time period, whilst Turkmenistan's globalisation score sees two significant plateaus between 1994-1998, and then from 1998-2006. This graph, though not as detailed or granular in terms of the data that it handles still has great analytical utility as it encapsulates within it all the processes that have been discussed and analysed using the mixed method approach previous. It points towards a greater tendency towards globalisation that in turn may be said to a point towards a greater tendency of integration into the international political economy on the part of Kazakhstan. Whilst for Turkmenistan what we see is a lesser tendency towards globalisation that may be said to point towards a less tendency of integration into the international political economy. Further to this, Kazakhstan’s sustained improvement in globalisation score points towards greater political will to integrate, whilst Turkmenistan’s lower overall score, and the two plateaus highlighted point towards a conscious effort to maintain lower levels of integration and therefore interdependence.

Conclusions

The conclusions will revolve around seeking to answer the first two hypotheses:

<u>Hypothesis 1</u>

Kazakhstan as an autocratic rentier state is less stable as it is more integrated into the international political economy.

- *Whilst* -

Turkmenistan as an autocratic rentier state is more stable as it less integrated into the international political economy.

<u>Hypothesis 2</u>

Kazakhstan's higher level of integration makes it more susceptible to the destabilising effects of stress events, and therefore makes it a less secure autocratic regime.

- *Whilst* -

Turkmenistan's lower level of integration makes it less susceptible to the destabilising effects of stress events, and therefore makes it a more secure autocratic regime.

These two hypotheses served as the overarching suppositions that informed greater analytical depth when the third and fourth were considered. Based on what was gleaned from seeking to answer the third and fourth hypotheses, it may be said broadly speaking that Kazakhstan is in fact less stable as an autocratic rentier state as it is more integrated into the international political economy. Turkmenistan as an autocratic rentier state has been found to potentially be more stable due to its lower levels of integration into the international political economy relative to that of Kazakhstan, that is more integrated.

The second hypothesis sought to delineate these findings, adding in the role of stress events and the comparative ability of Kazakhstan and Turkmenistan to respond to them. It has been shown that Kazakhstan's higher levels of integration make it more susceptible to the destabilising effects of stress events, and therefore in turn can be seen as a threat to regime security and the survival of the autocratic regime. Whilst Turkmenistan's lower level of integration does seem to make it less susceptible to the destabilising effects of stress events, and seems to make it a more secure autocratic regime. The broad dynamics were shown through the third and fourth hypotheses that sought to delve into the subject matter in greater detail from both a qualitative and a quantitative standpoint to combine contextual and political intuition gleaned from the literature with statistical trends and data sets and how the two combined to provide a more holistic understanding of the dynamic processes at play when dealing with the cases of Kazakhstan and Turkmenistan in a comparative manner.

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Appendix

Fig. 1. from: M. Blömstrom, B. Hettne, Development Theory in Transition, (London: Zed Books, 1984), pp. 60.

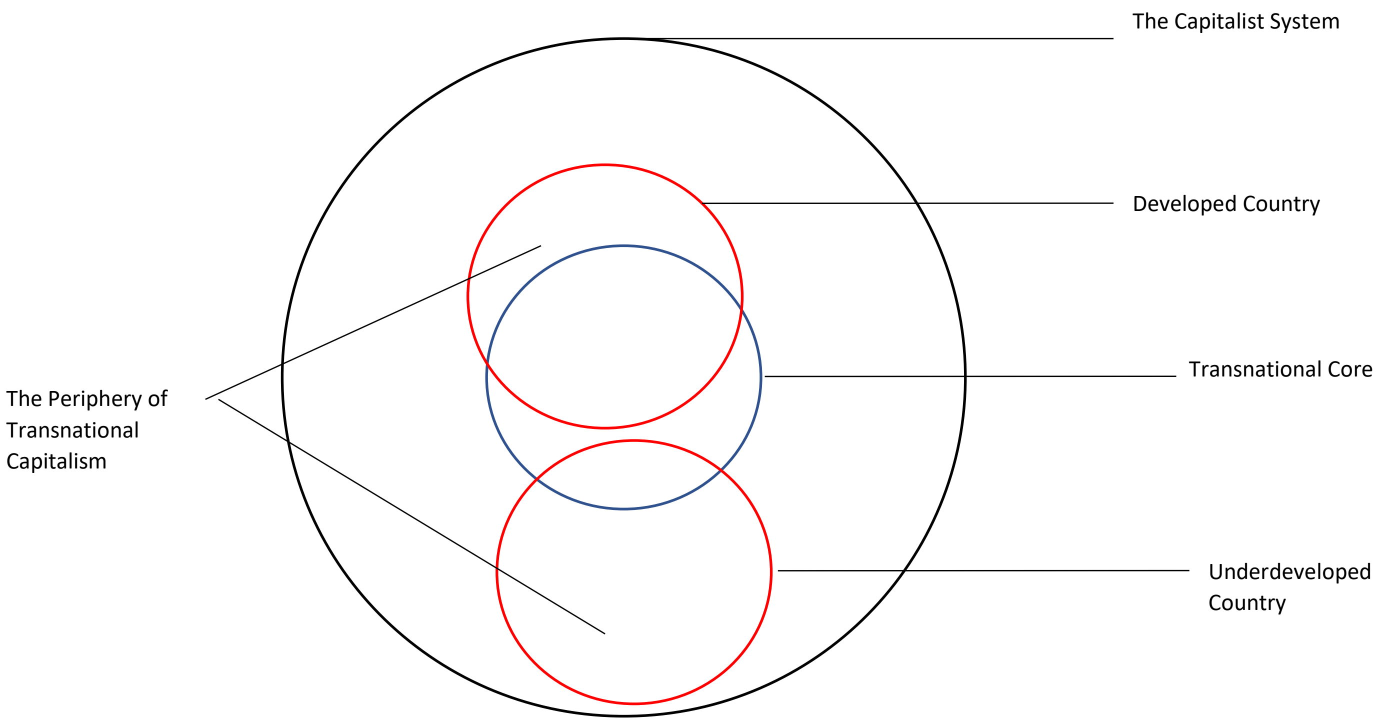


Fig. 2 from: Turkmenposta, Commemorating President Niyazov's first state visit when he went to Iran in 1996.

Fig. 3: *Overview of Most Prominent Early deals between Kazakhstan and Foreign Oil Companies 1993-1997. From: Luong and Weinthal (2010).*

TABLE 8.1. *Overview of Most Prominent Early Deals with FOCs*

Field or Enterprise	Date	Foreign Participants' Share (percent)
TengizChevroil (TCO)	April 1993 April 1996	Chevron 50% Chevron 50%, ExxonMobil 25%
Shymkent Oil Refinery	July 1996	Vitol Munay 85%
Yuzhneftegaz	August 1996	Hurricane Hydrocarbons 89.5%
Karazhanbasmunai	March 1997	Triton-Vuko Energy Group 94.5%
Aktobemunaigas	June 1997	Chinese National Petroleum Co. 60%
Uzenmunaigas	July 1997	Chinese National Petroleum Co. 60%
Mangistaumunaigas	January 1998	Central Asia Petroleum (60%)
Karachaganak (PSA)	1997	British Gas (32.5%), Agip (32.5%), Texaco (20%), Lukoil (15%)
Northern Section of the Caspian – Kashagan (PSA)	November 1997	Offshore Kazakhstan International Operating Company (OKIOC) – Agip (14.3%), BP/Statoil (14.3%), BG (14.3%), Mobil (14.3%), Total (14.3%), Shell (14.3%)

Fig. 4 **–** Raw dataset for Europe Brent Spot Price FOB 1991-2006 from: https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RBRTE&f=M

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1991	23.57	19.54	19.08	19.18	19.19	18.17	19.4	19.77	20.5	22.21	21.11	18.41
1992	18.16	18.05	17.63	18.92	19.89	21.16	20.24	19.74	20.27	20.26	19.21	18.14
1993	17.39	18.47	18.79	18.67	18.51	17.65	16.78	16.7	16.01	16.61	15.2	13.73
1994	14.29	13.8	13.82	15.23	16.19	16.76	17.6	16.89	15.9	16.49	17.19	15.93
1995	16.55	17.11	17.01	18.65	18.35	17.31	15.85	16.1	16.7	16.11	16.86	17.93
1996	17.85	18	19.85	20.9	19.15	18.46	19.57	20.51	22.63	24.16	22.76	23.78
1997	23.54	20.85	19.13	17.56	19.02	17.58	18.46	18.6	18.46	19.87	19.17	17.18
1998	15.19	14.07	13.1	13.53	14.36	12.21	12.08	11.91	13.34	12.7	11.04	9.82
1999	11.11	10.27	12.51	15.29	15.23	15.86	19.08	20.22	22.54	22	24.58	25.47
2000	25.51	27.78	27.49	22.76	27.74	29.8	28.68	30.2	33.14	30.96	32.55	25.66
2001	25.62	27.5	24.5	25.66	28.31	27.85	24.61	25.68	25.62	20.54	18.8	18.71
2002	19.42	20.28	23.7	25.73	25.35	24.08	25.74	26.65	28.4	27.54	24.34	28.33
2003	31.18	32.77	30.61	25	25.86	27.65	28.35	29.89	27.11	29.61	28.75	29.81
2004	31.28	30.86	33.63	33.59	37.57	35.18	38.22	42.74	43.2	49.78	43.11	39.6
2005	44.51	45.48	53.1	51.88	48.65	54.35	57.52	63.98	62.91	58.54	55.24	56.86
2006	62.99	60.21	62.06	70.26	69.78	68.56	73.67	73.23	61.96	57.81	58.76	62.47

Fig. 5: *- Graph of Europe Brent Spot Price FOB (Dollars per Barrel) (1991-2006) from raw dataset in fig. 4.*

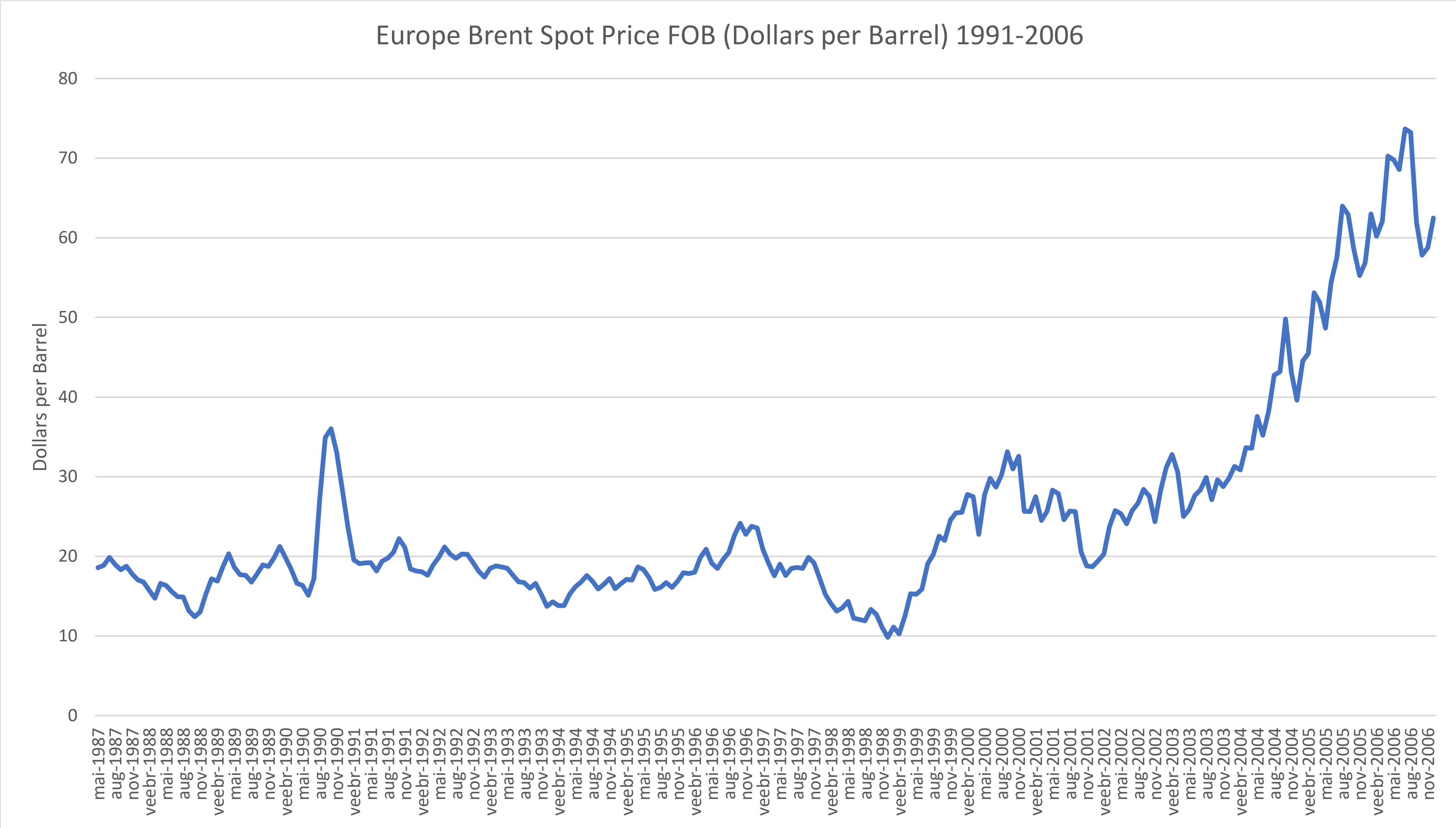


Fig. 6: *Graph showing rate of change of real GDP of Kazakhstan and Turkmenistan between 1991-2006. From:* [*https://www.theglobaleconomy.com/compare-countries/*](https://www.theglobaleconomy.com/compare-countries/)

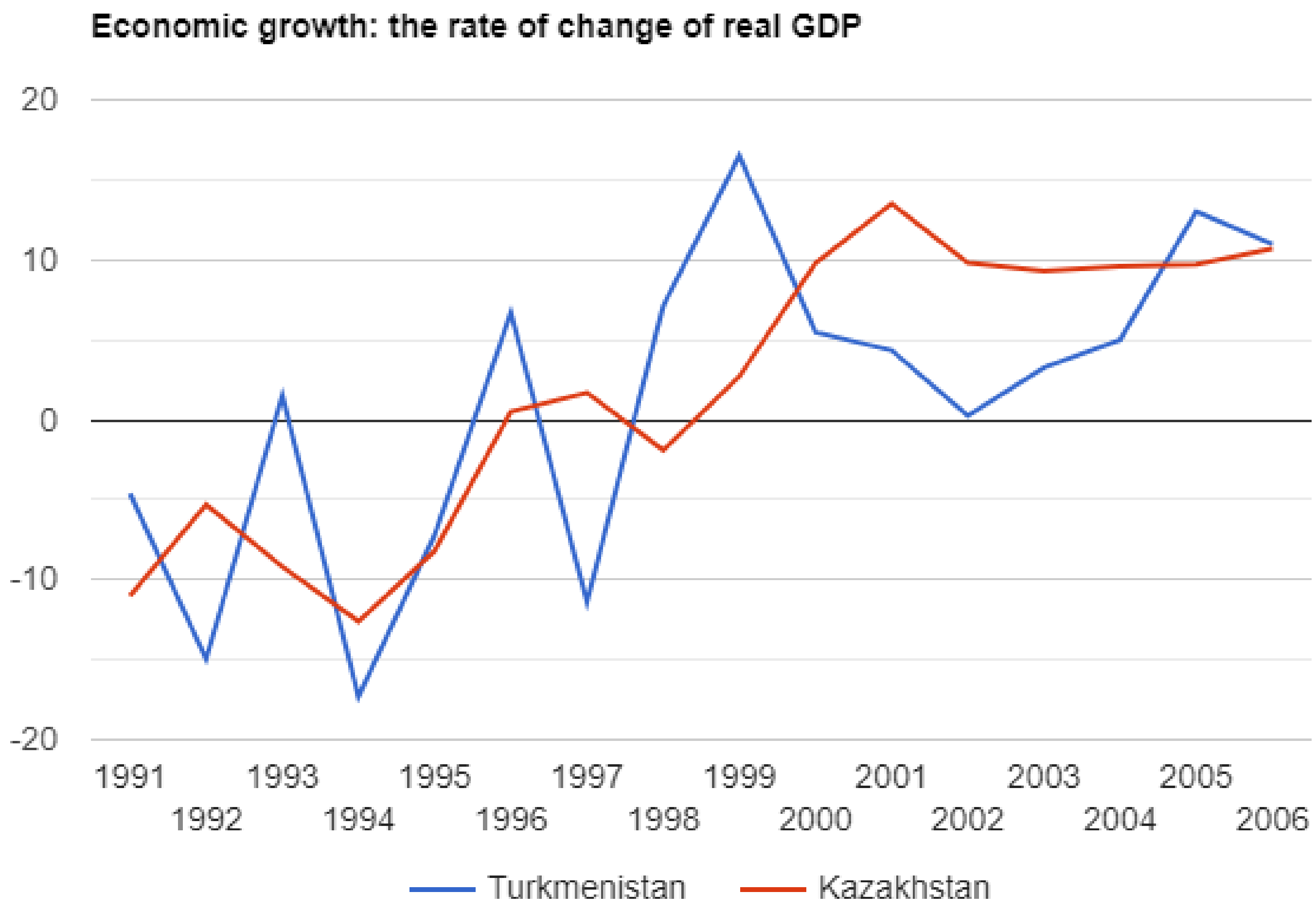


Fig 7: *- Raw dataset for Foreign Direct Investment as a percentage of GDP for Kazakhstan and Turkmenistan from:* [*https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?end=2006&locations=KZ-TM&start=1992&view=chart*](https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?end=2006&locations=KZ-TM&start=1992&view=chart)

Column1	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Turkmenistan FDI % of GDP	3.12E-07	2.484882	4.02168	9.386727	4.542703	4.401821	2.390923	5.100866	4.50999	4.809319	6.185597	3.780806	5.1723	5.160477	7.112223
Kazakhstan FDI % of GDP	0.401327	5.431184	3.104355	4.732432	5.405182	5.961401	5.201657	9.406774	7.492464	12.71549	10.50669	8.053699	13.01286	4.457111	9.396054

Fig. 8: *Graph showing Foreign Direct Investment as a Percentage of GDP for Kazakhstan and Turkmenistan (1992-2006) from raw dataset in fig. 5*

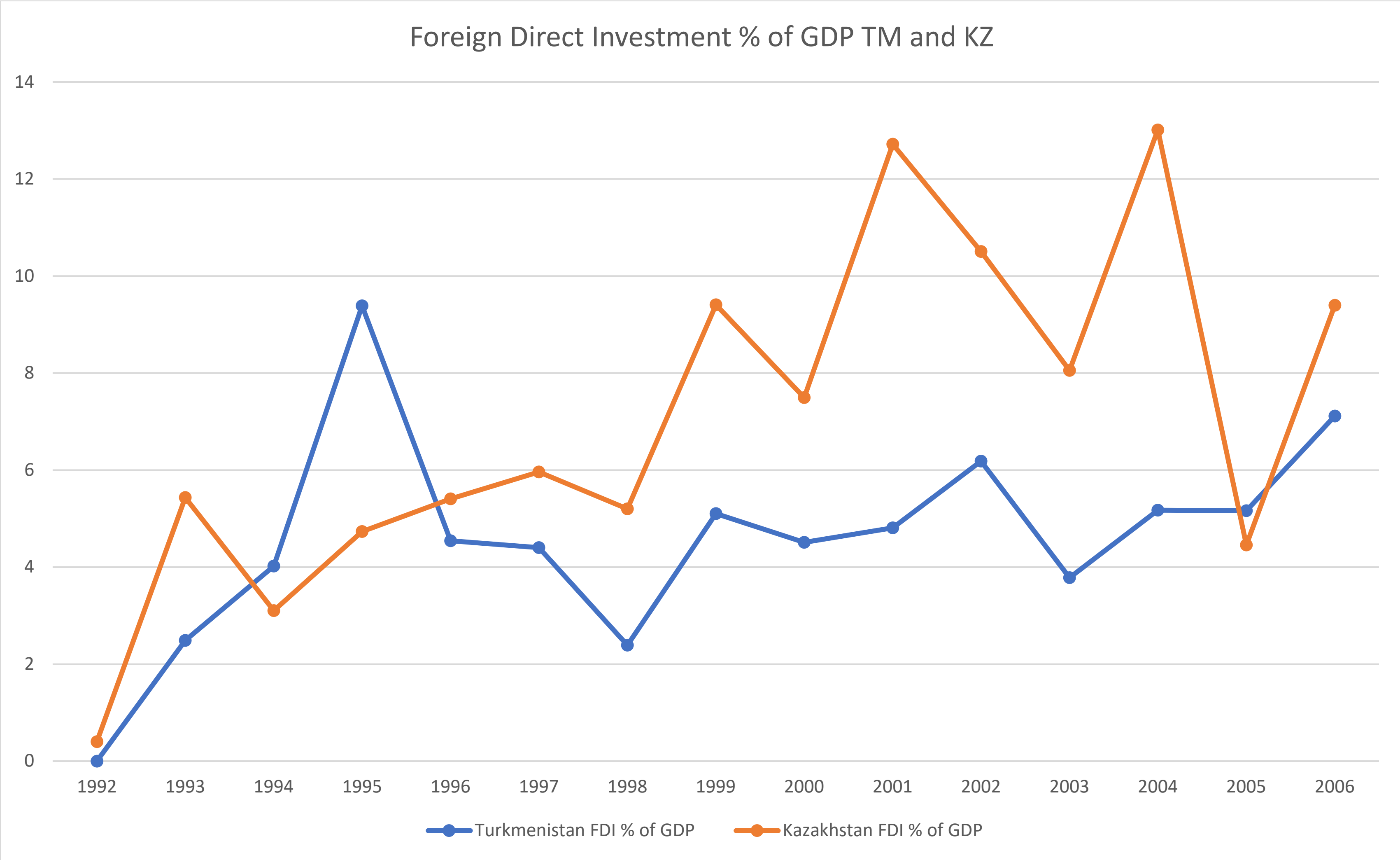


Fig. 9: - External debt as a Percentage of Gross National Income for Turkmenistan and Kazakhstan between 1993-2006. From: https://www.theglobaleconomy.com/compare-countries/ data sourced from World Bank

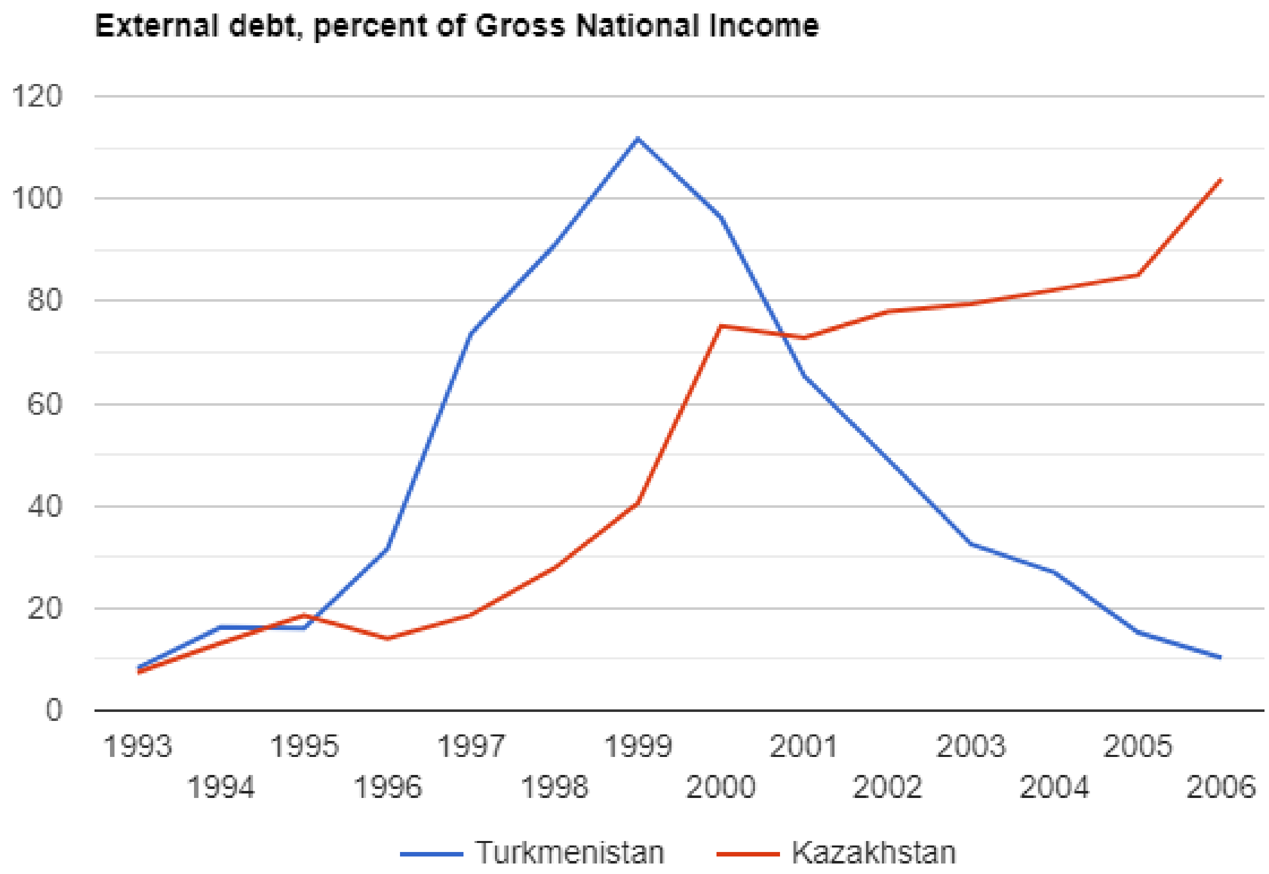
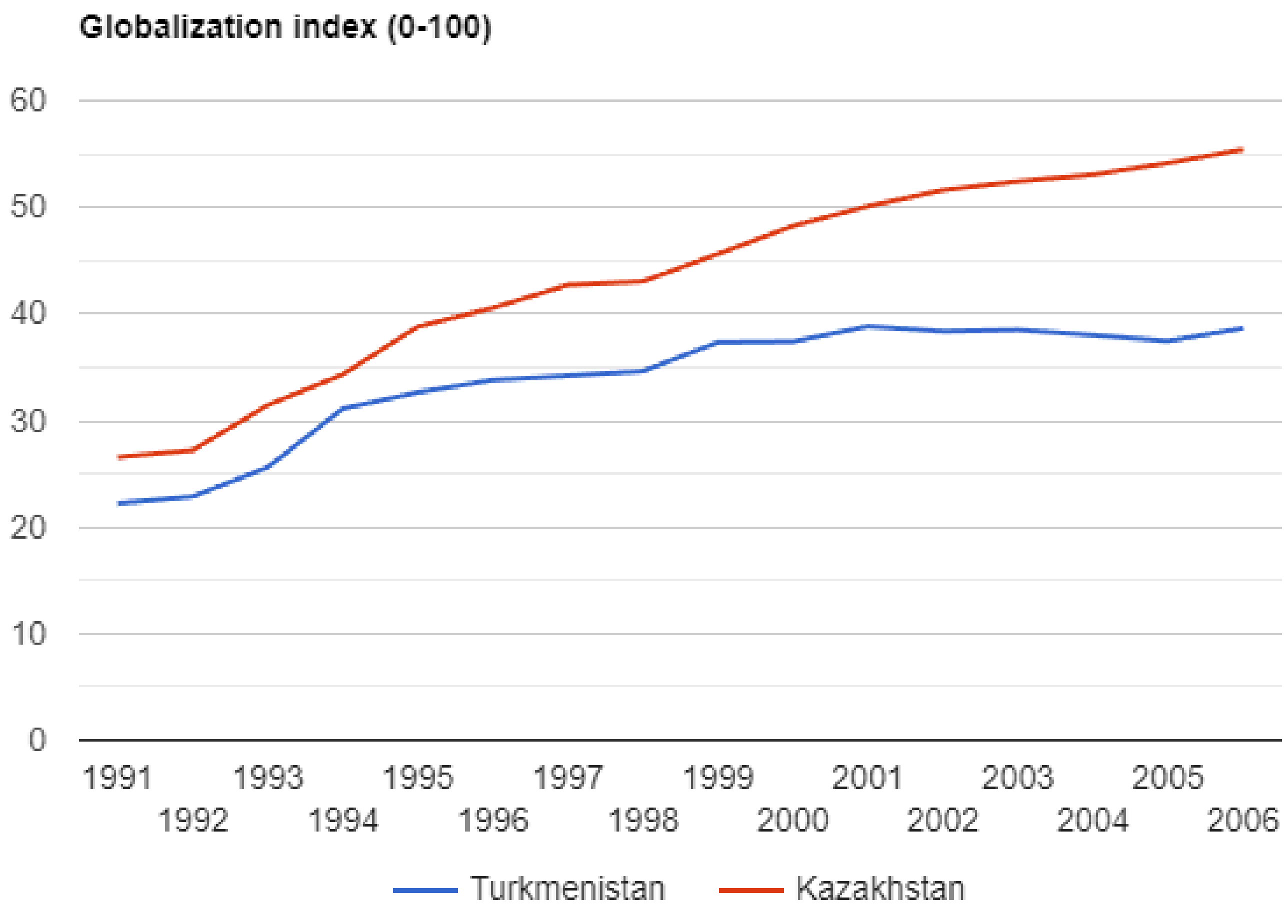


Fig. 10: Globalisation Index (0-100) of Kazakhstan and Turkmenistan, from: https://www.theglobaleconomy.com/compare-countries/ data sourced from World Bank



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