

Dictators Without Borders

AZARHSTAN

UZBEKISTAN

KYRGYSTAN

KRMENISTAN

TAJIKISTAN

AFGHANISTAN

*Dictators without
Borders: Power and
Money in Central
Asia cover.*

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THE GLOBAL NATURE OF CENTRAL ASIAN POLITICS

DICTATORS WITHOUT BORDERS: POWER AND MONEY IN CENTRAL ASIA *BY ALEXANDER COOLEY AND JOHN HEATHERSHAW*

BY RONALD MEYER

Five years after publishing his prize-winning *Great Games, Local Rules: The New Great Power Contest in Central Asia* (Oxford University Press, 2012), Harriman director Alexander Cooley returns to Central Asia with *Dictators without Borders: Power and Money in Central Asia* (Yale University Press), coauthored with British colleague John Heathershaw (University of Exeter). The two became collaborators after Heathershaw reviewed Cooley's *Great Games, Local Rules* in Chatham House's *International Affairs*, focusing on the chapter on corruption in Central Asia. For his part, Heathershaw had spent three years on the ground in Kyrgyzstan and Tajikistan and had done significant work on the Tajik transnational state, which led to two books on the politics of Tajikistan, published by Routledge in 2009 and 2012. As Cooley and Heathershaw shared their findings on transnational corruption, they began to discern patterns in methods and networks that played out time and again across the five Central Asian states. Their shared research interests laid the groundwork for the workshop "Central Asia's Hidden Offshore Ties: The Politics of Money-Laundering and Virtual State-Building" (Harriman Institute, 2013), which they followed up with a panel at the convention of the International Studies Association that same year. The two events formed the basis of

the articles published in *Central Asian Survey* as "Offshore Central Asia" (2015).

The title *Dictators without Borders* alludes both to Keck and Sikkink's *Activists beyond Borders: Advocacy Networks in International Politics* (Cornell University Press, 1998), a study of transnational activism and the impact it has had on human rights, and—perhaps more importantly—to the well-known humanitarian group Doctors Without Borders and a host of other groups "without borders" ranging from architects and reporters to the internet literature site Words without Borders. More than just a catchy riff, however, the title encapsulates one of the book's major premises. Conventional wisdom speaks of Central Asia's lack of connectivity and isolation (political, geographical, cultural). Cooley and Heathershaw, however, take to task the whole notion of Central Asia as a special case. Cooley began his book talk at the Harriman Institute (March 21, 2017) with three myths about Central Asia: (1) myth of globalization and the lack of connectivity; (2) partial liberalization; and (3) local traditions (clans, etc.). While he addressed all three myths, lack of connectivity took center stage. Cooley and Heathershaw show with meticulous deliberation that Central Asian elites are global actors who deftly make use of global relations,

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—*Foreign Affairs*

products, and institutions in pursuit of their own agenda. To take one example: In 2012 capital flight from Tajikistan in the amount of 65 percent of GDP per annum shows just how *connected* Tajik elites are and how adept they are at manipulating international institutions and practices to move money out of the country and into offshore accounts.

Why is the myth of lack of connectivity so potent? “Perhaps because if we focus on connectivity, then we don’t have to talk about other things,” Cooley offered as an explanation. He instead believes that we need to be more analytical: “Is Central Asia underdeveloped because of a lack of connectivity, or is it the wrong kind of connectivity? And if it’s the latter, then it’s a much more difficult problem.” One can make the argument that these are young democracies and it takes time to learn, but, Cooley counters, “they are savvy enough to use shell companies, hire prestigious public relations firms, know all about soft money, and know how to use think tanks.”

In this sense, *Dictators without Borders* continues the story from Cooley’s previous book, which, among other things, was “an attempt to look at how this region all of a sudden had become intensely interactive with the rest of the world and how it provided a window on the dynamics of an emerging multipolar world,” to quote Cooley from our interview in June 2017. As he shows in *Great Games, Local Rules*, by the mid-1990s Central Asian elites were already laying the foundations for stripping state assets, creating monopolies, and consolidating their own power, all the while paying lip service to Western democracy promotion,

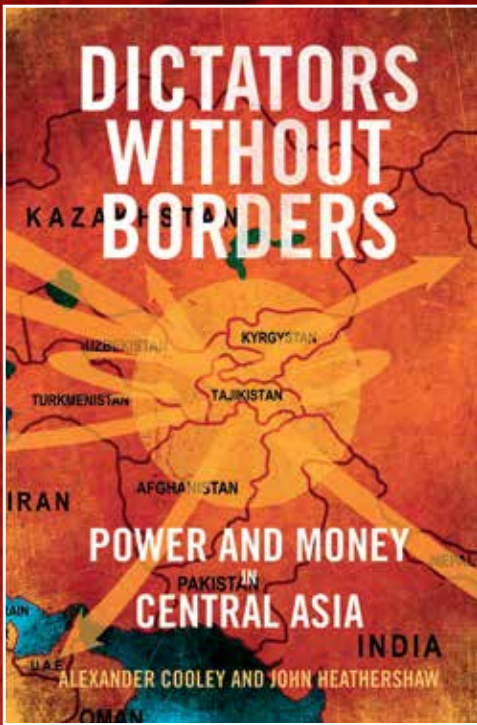
universal human rights treaties, and economic transition. *Dictators without Borders* builds on this backstory and puts Central Asia into a global perspective by examining how domestic politics, economics, and security dynamics are being staged beyond the borders of Central Asia. To quote Robert Legvold, former director of the Harriman Institute, in his review published in *Foreign Affairs*: “[Cooley and Heathershaw] are intent on highlighting the extent to which the corruption of authoritarian rulers in these countries relies on the complicity of outside abettors, including Western lawyers, banks, and even courts, and how such collusion erodes the power of international norms and institutions.”

In a series of chapters devoted to four of the five Central Asian states (Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan) Cooley and Heathershaw document staggering levels of state-directed corruption facilitated by Western institutions and procedures. The case of Mukhtar Ablyazov, in chapter 2, “Kazakhstan’s Most Wanted,” is a good introduction to the ground Cooley and Heathershaw cover. Nursultan Nazarbayev, Kazakhstan’s first and only president since independence, oversees what has been characterized as a “patrimonial” style of politics—that is, doling out state assets and positions to loyal supporters through both formal and informal channels. Ablyazov, Nazarbayev’s one-time ally and minister for energy and trade before cofounding an opposition party, was jailed and then pardoned. He went on to become chairman and main shareholder of BTA Bank. But the financial crisis of 2008 hit the bank hard, and it was effectively nationalized in 2009. According to BTA lawyers and Kazakh prosecutors, between \$8 billion and \$12 billion worth of loans were funneled to offshore shell companies that Ablyazov controlled. Ablyazov fled to London following the bank’s nationalization, where he applied for political asylum, which was granted in 2011. BTA’s new management has initiated a vigorous legal campaign to reclaim about \$6 billion of the bank’s assets from Ablyazov. There have been fourteen court battles in the United Kingdom. In 2012 he was found in contempt of court on three counts, including failure to disclose his assets, whereupon he fled to the south of France on a Central African passport, which he had acquired along the way.

On December 16, 2011, Kazakh police opened fire on protesting oil workers in Zhanaozen. At least sixteen workers were killed and sixty-four injured. Forty-five individuals were indicted for a trial, during which



Alexander Cooley in his office at the Harriman Institute.
(Photo by Jeffrey Schifman)



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the Kazakh authorities tried to make the case that the defendants had close ties to Ablyazov, framing him as a threat to the Kazakh state. Two years later the Kazakh authorities, making use of the Interpol Red Notice system, had Ablyazov arrested in France to be extradited to Russia. The extradition order was found to be politically motivated and was subsequently revoked. That same year Ablyazov's wife and daughter were arrested and forcibly transported to Kazakhstan. After international protests of this extraordinary extradition, the two women were allowed to return to Italy.

Dictators without Borders provides many more details, financial and otherwise, to flesh out the story of “Kazakhstan’s most wanted,” but the patterns established are repeated in endless variation throughout the region. Massive sums of money are funneled to offshore accounts to minimize tax liability, facilitate capital flight, conceal the national origins of investments, and provide official actors plausible denial about the legality of their transactions. You wonder why the Netherlands is responsible for 42 percent of inward direct investment in Kazakhstan and 58 percent of Kazakh outward investment—what exactly are they trading? Central Asian governments routinely make use of international instruments and courts in pursuit of political exiles (the Interpol Red Notice) and domestic political agendas.

To take one more colorful example, Uzbekistan, the most “closed” of the Central Asian states, is the most involved in international arbitrations. Gulnara Karimova, the former president’s daughter, erstwhile United Nations diplomat, and gatekeeper to the communications industry in Uzbekistan, married while still in her teens an Afghan American businessman, whom she divorced thirteen years later after a bitter custody battle over their two children. The Uzbek government, in retaliation, placed her former husband’s name on an Interpol warrant list for “import-export fraud,” expropriated his Coca-Cola bottling plant in Uzbekistan, and deported a couple dozen of his relatives. She earned a higher degree from Harvard’s Kennedy School, entertained pop star pretensions, and headed a large charitable institution—all the while officially in the service of the Uzbek Ministry of Foreign Affairs as counselor to the U.N. and then Moscow, permanent ambassador to the U.N. and international organizations in Geneva, and ambassador to Spain. But it’s her financial dealings that have garnered the most press attention of late. The repercussions

from the myriad corruption scandals involving her telecommunications enterprises set off reprisals at home, when in 2013 she was removed from the ambassadorial appointment to Spain and forced to return to Uzbekistan having lost her diplomatic immunity.

Dictators without Borders adroitly sets out many more pieces of the Central Asian puzzle, particularly as concerns the involvement of the West. For example, the quid pro quo exacted for U.S. military bases in the region, about which Cooley first wrote in his book *Base Politics* (Cornell University Press, 2008); the lack of regulation in the luxury real estate market in London, New York, and other major capitals, for which Central Asian actors gladly pay premium prices in order to safely stash their money overseas; the funding by Central Asian states of centers at major universities in the West; and the use of public relations firms and charitable organizations to further the advancement of Central Asian elites. What becomes clear, to return to Robert Legvold's review quoted earlier, is that the West, whether consciously or not, abets the aspirations of Central Asian actors.

Of course, writing a book about corruption presents its own particular methodological dilemmas. Cooley and Heathershaw viewed their work as a "statement book" as opposed to a comprehensive sweep. The authors made the decision early on in their project to rely wholly on public sources and openly available information, much of which had become accessible as a result of legal proceedings, government investigations or audits requested by international organizations, and documents that were leaked for political purposes; they would not rely on interviews with the subjects, their lawyers, or their family members, nor would they attend court proceedings in progress. The plus side of this decision is that anyone can verify the numbers and transactions, not to mention that given these litigious times the prospect of a libel suit being initiated by one of the book's actors is much diminished. Even so, the authors brought in a lawyer to comb the manuscript for potential legal problems, which on occasion led them to rephrase a passage.

The information culled from public documents is rounded out by data from WikiLeaks, which has the advantage of capturing the perspective of the political actors in process, and not after trials, arrests, or convictions. The downside is the politicization of the source and the charges of false documents, which have

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led Cooley to conclude that he would hesitate to use WikiLeaks in future work. And last but not least, the Panama Papers were released in 2015—just as Cooley and Heathershaw were finalizing their manuscript for Yale University Press. According to Cooley: "The Panama Papers offered a really interesting additional hook, but there's not a lot of information on Central Asian actors, partly because of their skill at embedding and concealing these transactions. The Papers were useful in corroborating the embedded nature of corruption, but there was no 'aha' moment."

All this barely scratches the surface of Cooley and Heathershaw's engaging, agenda-setting book, which the *Economist* lauds as "insightful and topical, a comprehensive take on a neglected region," and *Publishers Weekly* praises as a "lucid, iconoclastic primer on the region that demolishes the artificial distinction between domestic and international politics in Central Asia once and for all." But I think Ricardo Soares de Oliveira, writing for the *Times Literary Supplement*, got it just right: "This ambitious and eye-opening book shows what political science at its best—based on real-world knowledge, free of jargon and focused on substantive concerns rather than disciplinary marginalia—can contribute to pressing contemporary debates." ■