

AUTHORITARIANISM AND THE WEST'S DILEMMA

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According to Freedom House's latest report (Nations in Transit - 2024), the Central Asian countries and Azerbaijan, together with Belarus and Russia, are positioned at the lowest ranks regarding individual rights and freedoms among the 29 states in the former socialist bloc. The report indicates that in these countries where political opposition is suppressed and the authorities are strengthening their alliances and security apparatuses, the only hope for the revival of the rule of law lies in collaborating with democratic-minded countries in the West.[1]

The views in the report reflect the common assumptions of transitology studies, which were influenced by the modernization theory of the 1960s. From this perspective, it was anticipated that new states would develop their political and economic institutions based on Western models, thus moving towards a pluralistic democracy, transitioning from a planned to a market economy, and evolving from a state-dominated social arena to an autonomous civil society. However, in post-Soviet countries, corruption and cronyism extend beyond mere political repression and are deeply intertwined with interactions involving international institutions and Western actors during privatization process. This situation leads to questions concerning the West's role in this process.

Alexander Cooley and John Heathershaw's book *Dictators Without Borders* highlights the complexity of the relationships between former Soviet countries and the West. For instance, the leaked records from the Panamanian law firm Mossack Fonseca -known as the Panama Papers- reveal that a significant part of the UK's property markets are in the hands of offshore companies linked to many individuals, including political figures from Russia and other former Soviet countries. This situation demonstrates the exceptions the West provides to high-value investors, even amid suspicions of money laundering through offshore companies.[2]

As a consequence of the reactions to the Russia-Ukraine war in February 2022, the Economic Crime Act was introduced to eliminate the anonymous ownership of property by

requiring offshore companies to file their ultimate beneficial owners on a public register. However, it has been reported that 44-76 billion Pounds worth of UK real estate is still owned by offshore-registered companies, most of which have yet to comply with their reporting obligations.[3]

Another example in the book concerns the Tajikistan Aluminium Company (Talco), largest aluminum manufacturing plant in Central Asia, and Tajikistan's chief industrial asset. In Tajikistans economy, Talco is a fully state-owned enterprise. In 2008, it was reported that Talco's aluminum exports accounted for 33% of the country's gross domestic product, 48% of export earnings, and 75.3% of foreign exchange reserves. Following management changes and legal regulations in 2004, Talco's overseas trade operations began to be conducted privately through Talco Management Ltd (TML), registered in the British Virgin Islands. In 2006, Talco formed a partnership with Hydro Aluminium, majority-owned by the Norwegian government. This collaboration raised questions about the transparency of Talco's profits and transactions.[4] In 2013, *The Economist* published an article examining Talco's connections with the Tajikistan leadership and regime, alleging that Talco's profits were being routed to an offshore company in the British Virgin Islands. This situation not only highlighted the corruption concerns surrounding Tajikistan, but also raised questions about how businesses from countries like Norway, which is ranked among the world's least corrupt countries, become entangled in such transactions.[5]

The cases of James Giffen, Baker Hughes, and Kazakhmys, along with the Asia Universal Bank in Kyrgyzstan, the Manas jet fuel contracts, and the National Bank cases in Tajikistan are other examples discussed by Cooley and Heathershaw.

The fundamental values of the West, such as democracy and human rights, are often being tested in their foreign relations. The West's portrayal of itself as a bastion of democracy is also shaped by its desire to manipulate and direct international politics. The assertion in the Freedom House Report that Azerbaijani regimes military conquest and ethnic cleansing of Nagorno-Karabakh laid bare the deadly consequences of autocracys expansion underscores the report's subjective and biased perspective.

These examples all demonstrate the inconsistencies within the West's economic and political engagements with democratic principles. Isolating the regional countries in the international arena is not a solution. In this process, the West must also confront its own contradictions.

*Picture: The Economist

[1] Freedom House, "Nations in Transits 2024", https://freedomhouse.org/sites/default/files/2024-04/NIT_2024_Digital_Booklet.pdf

[2] Alexander Cooley and John Heathershaw, *Dictators without borders: Power and money in Central Asia*,

Yale University Press, 2017.

[3] Matthew Collin, Florian M. Hollenbach & David Szakonyi, The end of Londongrad? The impact of beneficial ownership transparency on offshore investment in UK property, March 13, 2023, https://www.wider.unu.edu/publication/end-londongrad-impact-beneficial-ownership-transparency-offshore-investment-uk-property

[4] *Ibid*.

[5] Catherine Putz, Who Really Owns Tajikistans Talco? Norway Wants to Know, *The Diplomat*, March 10, 2016, https://thediplomat.com/2016/03/who-really-owns-tajikistans-talco-norway-wants-to-know/

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