

# CHANGE AND CONTINUITY IN UZBEKISTAN, 1991-2016

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Uzbekistan has entered a dynamic new phase of development. The obvious motivating factor is the transition in presidential leadership, following the death of Founding President Islam Karimov on September 2, 2016, and the election of Shavkat Mirziyoyev on December 4, 2016. It is easy, perhaps all too easy, to attribute the change simply to the differences between these two leaders.

Some international observers who were critical of what preceded the present changes see today's developments as a sharp break with the past, a radical transformation along fundamentally different lines than what preceded them, a welcome opening to a more market-based and participatory system. Others, who also have little good to say about what came earlier, are quick to conclude that less has changed than meets the eye, and that the many recent reforms are mainly for show. But beyond these are a third and more credible group, who applaud the new directions and wish them all success, but perceive them not as a revolutionary break with the past but as the logical next steps after what came before, and the culmination of Uzbekistan's post-independence development.

It cannot be denied that the differences between Uzbekistan's two post-independence leaders are striking. Mr. Karimov, who was 53 when he was named Uzbekistan's first president, had spent two decades working for the State Planning Committee of the USSR, known as "Gosplan," the powerful agency that was responsible for developing detailed plans for every sector of the state-controlled economy. Gosplan prepared the overall plan but it fell to others, mainly the regional First Secretaries of the Communist Party and managers of the great industrial and agricultural

enterprises, to make sure they were faithfully implemented.

Karimov then served as First Secretary of the Central Committee of the Communist Party of Uzbekistan. In this capacity one of his main concerns was to manage the republic's always-complicated relations with Moscow, where most decision-making in the USSR was concentrated. In addressing this important issue, Karimov inevitably drew on his republic's prior experience in dealing with the imperial center.

## THE SEEDS OF SOVEREIGNTY, 1959-1991

In the decades since the death of Stalin in 1953, Moscow had been intent on extracting the maximum volume of cotton, minerals, and vegetable produce from Uzbekistan. It also called for certain manufactured goods, including key parts for airplanes. It placed similar demands on the other republics of Central Asia, including wheat from Kazakhstan, meat and electronics from Kyrgyzstan, etc. Under the powerful leadership of Sharof Rashidov (1959 -1983), Uzbekistan managed to meet these demands, while at the same time working out a practical *modus vivendi* with Moscow that allowed a high degree of local autonomy. Along with neighboring republics of Central Asia, Uzbekistan thus carved out and maintained a significant sphere of self-government, even as it remained under Soviet rule. To be sure, some of the practices by which Rashidov and his regional counterparts achieved this were considered illegal under Soviet law, but they brought undeniable benefits to Uzbekistan and all Central Asia. This system lasted until Mikhail Gorbachev, in an effort to reintroduce strict centralization, accused Uzbekistan of gross corruption, especially in the cotton sector. But by then Rashidov was dead and the USSR itself was tottering on the brink of collapse.

Western and Russian pundits have often argued that President Karimov was in fact a holdover ruler from the Soviet era, in other words, that he owed his position to Communist Party leadership in Moscow. But his appointment to the role of First Secretary of Uzbekistan's Communist Party occurred only after Gorbachev had twice failed to appoint someone who was acceptable to the Uzbeks. It was fellow Uzbeks who advanced his promotion and it was Uzbeks who then confirmed him by election as the country's first president in 1991. In short, Karimov's rise was intimately a part of the move towards sovereignty and self-government that had started in late Soviet times.

However, like other post-Soviet leaders in Central Asia, Karimov knew the Soviet system from the inside and harbored no illusions about

its actual workings. Like them, too, he was accustomed to functioning in a “top-down” world. He observed how small changes in the economy or government could have immense and unanticipated consequences. This focused his attention on the intricacies of policy making and inclined him to leave details of practical implementation to others.

## PROTECTING SOVEREIGNTY, AT ALL COST: 1992-2003

Following the collapse of the USSR in 1991, Uzbekistan was assaulted by pressures from every side. Observing this situation from the inside, President Karimov was acutely aware of the fragility of his new country. He therefore committed himself above all to preserving and strengthening the sovereignty of a newly independent Uzbekistan. This was his main strategic goal, which he pursued with impressive focus.

Karimov knew that the collapse of the USSR had unleashed expectations among the Uzbek public that would be difficult, if not impossible, to satisfy. He listened patiently as international financial institutions and western governments pressed him to undertake what they called “shock therapy,” a rapid-fire privatization of state assets and plunge into the bewildering world of market economics. Others counselled him to seek to maintain or rebuild the old economic ties with Russia and slip back under the Moscow’s umbrella. This advice came just as Russia was forming a web of new institutions designed to embrace the former Soviet Union, including a military alliance (subsequently created as the Collective Security Treaty Organization), which Moscow pushed Uzbekistan to join. Then, too, President Karimov had to face fringe domestic groups that dreamed of turning Uzbekistan into some new kind of Islamic theocracy. When these radical Islamists beheaded the local chief of police in the city of Namangan and took over the city hall, Karimov rushed to the site and faced down the insurgents. He prevailed that time, as discussed elsewhere in this volume, but he knew that there could be other extremists like those he confronted at Namangan.

Faced with such formidable pressures, President Karimov concentrated on harboring the existing strengths of Uzbekistan’s economy and society and making sure that they were not eroded by ill-conceived or reckless reforms. Rather than embrace any of the nostrums that others dangled before him, he instead chose his projects solely on the basis of how much they would protect and strengthen sovereignty. He was also quite prepared to brush off domestic or foreign criticism. Thus, Uzbekistan’s early strategy was thoroughly defensive in character.

Karimov was not the first president of a new state to focus single-mindedly on the protection of sovereignty and the avoidance of foreign entanglements. This in fact was the main focus of many post-colonial rulers, beginning with America's George Washington. Most post-colonial rulers of the 1950s and 60s took the same path. This focus bore solid fruit for Uzbekistan. By militantly protecting the state against grave external and internal challenges, Karimov created an environment in which Uzbekistan could adopt a new constitution and laws, create essential ministries at home and establish embassies abroad, and take the first cautious steps away from an economy dominated by the state.

Uzbekistan's desire to preserve those assets it had inherited from Soviet days was most evident in the economy. This is understandable, because Uzbek cotton had been one of the USSR's most prized agricultural products. Its uranium, gold, and other natural resources had been a boon to the Soviet economy, while factories in Tashkent turned out airplanes and military gear that met a high standard of industrial production. Of course, these had all been state-owned enterprises. Rather than place them at risk through a potentially destabilizing privatization, President Karimov maintained the state's role in all three sectors, introducing only a very limited privatization in mining and manufacturing. Strict centralization of the economy also reduced the power of regional factions and of centrifugal political forces generally.

The concern that drove these decisions was to avoid exchanging one form of external control for another. Beyond this, Karimov steered clear of any measures that might foment social unrest. Thus, his ministers were well aware that western seeds and equipment would enable the country to produce better cotton and with much less water and labor. But they feared that much of the labor thus freed would join the ranks of the unemployed and give rise to instability.

No decisions by the Karimov government caused more international and domestic consternation than its refusal to make the country's new currency, the som, convertible and the laws that made it difficult for foreign investors to repatriate their profits. Since the government was wary of foreign control of any sort, this did not bother most Uzbeks. But by sheltering Uzbek producers from the bracing discipline of competition, this policy discouraged modernization. Far more serious, the existence of an exchange rate set by bureaucratic decree rather than by market forces led inevitably to the appearance of illicit currency traders at markets and street corners selling soms at much lower "bazaar rates." This dual ex-

change rate gave rise to innumerable and often highly ingenious forms of corruption.

These new avenues for corruption, added to bad habits that had become entrenched in Soviet times, signaled to many potential foreign investors that Uzbekistan was not a welcoming place to do business. Even though hundreds of foreign firms persisted and even thrived there, scores of others departed or pulled back on proposed investments.

Closely related to Karimov's economic protectionism was his drive to build up the technical competence of young Uzbeks in many fields. Unlike many of its neighbors, who concentrated on the establishment of new universities and the opening of branches of foreign universities in their capitals, Uzbekistan focused on vocational and technical training at the high school and collegiate levels. The rationale for this was simple. Communism had fostered education that served the needs of the centralized economic plan, but it had vitiated the population's centuries-old skills and had denied young Uzbeks access to many of the new fields that are essential in a market economy. To address this problem, some four hundred vocational-technical "colleges" were opened to train skilled workers in fields as varied as metalworking, accounting, and fashion design. Inspired by German and Swiss prototypes, these institutions were designed to bridge Uzbekistan's eventual transition to a competitive, market-based economy.

To the surprise of Uzbekistan's western critics, the economy continued to thrive through most of the 1990s, and even to outpace its Central Asian neighbors. After several years of reduced output after 1998, during which time neighboring Kazakhstan pulled ahead by cashing in on its newly tapped reserves of oil, Uzbekistan's GDP growth rebounded after 2006 and continued to show vigor thereafter. Because Uzbekistan had shied away from foreign borrowing, it survived the 2008 financial crisis almost unscathed. Thanks in part to its go-it-alone strategy, Uzbekistan suffered little from the decline of world energy prices or from sanctions against Russia. To be sure, economists at the International Monetary Fund pointed out that the Uzbek economic model had run its course and was beginning to flounder. Yet for the time being at least, President Karimov's strategy seemed vindicated.

After protecting the economy, the main concern of the Uzbek government in its first decades was to steer clear of geopolitical pressures that it could not safely manage. As mentioned in chapter one, this goal caused Uzbekistan to join, but then back away from, Russia's regional military

alliance, the Collective Security Treaty Organization (CSTO). Uzbekistan also joined, but then quit, the regional organization GUUAM (Georgia, Uzbekistan, Ukraine, Azerbaijan, Moldova), which was designed to balance Russia. Similar maneuvering played a part in Uzbekistan's decision to allow, but then cancel, a U.S. transit and supply base outside its southern city of Khanabad.

On the same grounds Uzbekistan consistently opposed the opening of Russian bases in neighboring Kyrgyzstan and Tajikistan, and the doubling of the number of Russian troops in Tajikistan in 2011. When in 2010 Russia proposed to open a military training facility in Kyrgyzstan's sector of the Ferghana Valley it vehemently objected and enlisted China in support of its position. Russia backed off, only to return with a proposal to establish a base there in 2017. Yet even in the sensitive area of security Uzbekistan has shown high degree of deftness, in this case by purchasing certain military hardware and parts from Russia.

Over most of the first two and a half decades of independence, Uzbekistan's relations with neighboring states in Central Asia were often frosty and at times poor. Foreign observers tended to ascribe this to the personages involved. To be sure, all the region's first leaders – Karimov, Askar Akaev of Kyrgyzstan, Nursultan Nazarbayev of Kazakhstan, Saparmurad Niyazov of Turkmenistan, and Imomali Rakhmonov (later Rakhmon) of Tajikistan—were strong personalities who insisted on being accorded what they considered their due as founding presidents. Indeed, their frosty relations were not notably different from the relations among leaders of many other post-colonial states.

A different line of explanation traces the prevailing coolness to disagreements over water and hydroelectric energy, with upstream countries (Kyrgyzstan and Tajikistan) insisting on holding water to use for much-needed hydroelectric power and downstream countries, mainly Uzbekistan, demanding water to nourish the crucial cotton crop. But this scarcely accounts for the caution with which Presidents Karimov and Nazarbayev long treated each other, nor for the coolness that prevailed between Tashkent and Ashgabat, The Turkmen capitol.

More substantive differences underlay some of these tensions within the region. Undelineated borders, the presence of many members of titular nationalities of the new states on both sides of borders, and disagreements over the flow of water and hydroelectric power from upstream countries all contributed to this situation, which was further exacerbated at times by complex personal relations among some of the new leaders.

Uzbekistan, with borders touching all the other regional states, protected its territory with a resolve that gave rise to disagreements with its neighbors. Tensions with Turkmenistan traced to ancient enmities dating back half a millennium. Border disputes soured contacts with Kazakhstan. Feuds over Uzbekistan's thirst for water from upstream Kyrgyzstan during the cotton season and Kyrgyzstan's need to conserve water in order to generate hydroelectric power during the winter generated tensions with that country, as did the limited rights of ethnic Uzbeks in Kyrgyzstan's South. Further discord with Kyrgyzstan arose from Uzbekistan's fear that Russian investors could take over Kyrgyz hydroelectric dams, putting downstream Uzbekistan in jeopardy. As to Tajikistan, in spite of the two countries being, in the words of both presidents, "one people with two languages," Dushanbe's proposal to complete the enormous Rogun hydroelectric dam was perceived by Tashkent as a threat to its agriculture and caused it to close its border with Tajikistan.

Post-colonial tensions between neighboring states were nothing new: witness conflicts in Asia, Africa, and the Americas, including the young United States' invasions of both Canada and Mexico. But in spite of often tense relations with its regional neighbors, Uzbekistan exhibited a readiness to lay aside old enmities when important concerns were at stake. A notable example is the breakthrough in its relations with Turkmenistan that occurred in 2007. As part of its effort to diversify its energy markets, Turkmenistan had proposed opening a pipeline from its great Bagtyyarlyk and Iolotan gas fields to China's industrial heartland. The pipeline had to cross Uzbekistan, but Turkmen and Uzbeks had been at odds since the Uzbek Shaybanid dynasty first established itself in Bukhara in the sixteenth century. Yet when its own interests and the interests of the entire region were at stake, Tashkent lay aside centuries of conflict and within weeks opened cordial relations with Turkmenistan that continue in the present.

A major factor affecting both the foreign and domestic relations of Uzbekistan during the first decades of independence was concern over Islamic extremism. Three quarters of a century of official atheism under Communist rule had closed mosques and Muslim philanthropic institutions across Central Asia and severely diminished the public's familiarity with Hanafi Islam, the moderate school of Muslim law that had prevailed across the region for a millennium, and of the local traditions associated with it. The collapse of Communism thus created a vacuum which various fundamentalist and radical Muslim groups sought to fill. Ideologues

of Muslim extremism arrived from the Persian Gulf countries and Pakistan, while home-grown groups like the Islamic Movement of Uzbekistan (IMU) sprang up on their own. Besides receiving funding from abroad, several of these movements organized traditional protection rackets at the region's large markets while others made money from drug trafficking.

Mention has been made of one such group, which emerged at Namangan shortly after independence. By the end of the 1990s Islamic extremists perpetrated various terrorist acts in the capital and in Bukhara, while the IMU attempted in 1998 and 1999 to invade Uzbekistan from Tajikistan via neighboring Kyrgyzstan. These efforts by radical Islamists culminated on May 13, 2005, when allies of a group calling itself "Akromiya" briefly seized the city government in the eastern city of Andijan, murdered local officials, and shot their way into a prison in which several of its members had been incarcerated. The government quickly put down this uprising, but only after a bloody confrontation between armed insurgents and security forces that caused the loss of some 188 lives, many of them spectators or civilians whom the insurgents used as human shields.

A closed environment for media within Uzbekistan, poor reporting by foreign news agencies, and outright distortions by some members of the international human rights lobby (which branded the armed insurgents "peaceful protesters" and "especially pious Muslims") led to a temporary breakdown of Uzbekistan's relations with both Europe and America.

The main focus of western concern was the criminal justice system and conditions within Uzbekistan's jails, and the legal status of religious dissenters. Well-documented problems in both areas received wide international coverage and contributed to the partial breakdown of relations with the West. Many of the West's complaints were well-documented and justified. Others, such as the case of a jailed Uzbek citizen named Shelkovenko, who was said to have died under torture, turned out to be groundless. In that instance, an international commission that included former U.S. diplomats and the chief forensic pathologist of the Province of Ontario found the charges to be unfounded, and demonstrated convincingly that he had committed suicide. The commission's report went unreported in the West.

Meanwhile, the government in Tashkent took serious measures to stabilize the situation following the armed uprising in Andijan. Besides a general crackdown on groups deemed extremist, it established an Islamic University in Tashkent, expanded and modernized the training of mullahs, and encouraged the publication of authoritative Uzbek writings



on the history and nature of Islam. Central Asia and Uzbekistan, after all, were not minor outliers to the Muslim world, but one of the major historic seats of the faith. As it embraced this fact, the Uzbek government endeavored to reaffirm the moderate and intellectually serious traditions that had long characterized Central Asian Islam.

A particular challenge facing the new government was to affirm the region's traditional Islam while at the same time remaining open to citizens of other religions, whether Christianity, Judaism, or any of the many other faiths practiced in Uzbekistan today. Beginning with the establishment of the new state in 1992, Uzbekistan worked to achieve this by underscoring the *secular* character of the state, its laws, and its courts. Only by maintaining the neutrality of civic institutions could citizens practice religious freedom or, if they wish, the freedom not to follow any religion. The problem was that the Soviet Union had implanted in Uzbekistan laws and a court system that denied many rights that are generally concerned essential to modern and open societies.

Uzbek concerns over Islamic extremism were intensified by the situation in Afghanistan and Uzbekistan's relations with that country. The IMU and other extremist bands could use Pakistan and adjoining areas of Afghanistan as a safe haven. To counter this threat Tashkent allowed NATO to bring in war supplies through Uzbekistan via the Northern delivery Network (NDN). It also collaborated with the Asia Development Bank to build a railroad from the Uzbek-Afghan border to Mazar-e-Sharif, some forty miles south of the Uzbek-Afghan border. At the same time, Uzbekistan remained on armed alert and was wary about expanding trade ties with its Afghan neighbors.

The decision early in 2012 by U.S. President Obama to announce the withdrawal of NATO forces from Afghanistan and the announcement of his "pivot to Asia" placed new stresses on all Central Asia. Russia's President Putin had already announced that other powers should consider Central Asia as Russia's "zone of privileged interests," and he now had an opportunity to make good on that declaration. He did this by offering \$2 billion of military aid to Kyrgyzstan and \$200 million to Tajikistan. Europe became Central Asia's leading investor and trading partner during this period, but it was China that came to fill the geopolitical and gap created by the U.S.'s announced withdrawal.

## THE SEEDS OF REGIONALISM

In light of the tensions that had long prevailed within the region, the steps towards comity that arose from this unenviable situation are worth noting. In September 2012 President Karimov travelled to Astana and the following summer President Nazarbayev paid a return visit to Tashkent. At that time they signed a Treaty of Strategic Partnership which, as Uzbekistan declared, would “make other countries take their position into consideration.” Meanwhile, breaking the ice between Tajikistan and Uzbekistan, Presidents Rakhmon and Karimov in October, 2012, congratulated each other by telephone on the opening of Uzbek-Tajik relations twenty years earlier.

These gestures built on many inconspicuous examples of cooperation within the region that had taken place in spite of the more visible tensions. Thus, back in 1992 the regional presidents had agreed to rebrand what had been known as “Middle Asia” as “Central Asia.” They also banded together to prevail on the United Nations to recognize the entire region as a nuclear free zone. Initiated by Uzbekistan in 2006 and finally ratified by the UN after a push from Kazakhstan, this seemingly innocuous measure had important geopolitical implications. In the face of opposition from the United States, Britain and France, it asserted the right of regional countries to pursue their own collective interests and the readiness of the United Nations to affirm that right, as it did in 2016.

Another successful regional initiative of the early post-Soviet years was the Central Asia Economic Union, which was established by Uzbekistan, Kazakhstan, and Kyrgyzstan in 1997, with Tajikistan on the verge of adhering to it when this body finally closed its doors. Turkmenistan, citing its status as a neutral country, stood aloof, even though it would later support the nuclear-free declaration. The Central Asia Economic Union, which Uzbekistan strongly supported, called for cooperation in economics and transport, education, culture, and security. So promising was this “Central Asia Union” that newly elected President Putin of Russia demanded to be admitted as an observer. Two years later he demanded full membership and then used that status to propose the Union be closed down and replaced by an entity of his own making, which later became the Eurasian Economic Union. Uzbekistan refused to join the EEU and maintains that posture in the present.

President Karimov died on September 2, 2016. As is the case with all world leaders, historians will long debate his achievements and shortcomings. Some will hail him as the father of his country while others

will revile him as a dictator. True, he was ruthless towards those whom he suspected of terrorism, yet after 2005 the focus of Islamic extremism in Central Asia shifted from Uzbekistan to the nominally more open societies of Kyrgyzstan and Kazakhstan. What is undeniable is that his austere strategy successfully protected Uzbekistan's sovereignty during a period of great fragility and maintained the economy's productivity during what might otherwise have been a period of destabilizing transition. Believing that strict control from above was necessary to these ends, and that a degree of autarky was also essential, he isolated his country both from its neighbors and from potentially beneficial international contacts.

## SOVEREIGNTY ESTABLISHED AND FIRST STIRRINGS OF CHANGE

Many statements suggest that President Karimov fully understood the eventual need for fundamental transformation in his country. But he doubted that his own generation could bring about the needed reforms of the economy, government, and legal system. Instead, he looked to the next generation to lead more sweeping changes. During a 2002 visit to Washington, an American Congressman asked him when his government would transform Uzbekistan into a market economy with an open and democratic system of government. Karimov candidly declared that these steps, while both desirable and inevitable, would have to wait until a new generation of young Uzbek men and women would emerge from their studies at home and abroad and take command of the country. He confessed that "These young people return from abroad more like you than like us." "But they are ours," he continued. "They are Uzbeks, and will be able to lead those changes that we consider inevitable and that many abroad are so eagerly awaiting."

Arguably the most important signal of future directions prior to the death of President Karimov was the appointment in 2003 of Shavkat Mirziyoyev to the post of Prime Minister in 2003, a post in which he served down to 2016. Mirziyoyev, born in 1957, and therefore a member of the middle generation, brought with him many members of the still younger generation of which Karimov had spoken so positively in Washington. The son of a medical doctor, he had been trained in practical technology, including the vitally important field of irrigation. During the seven years he spent as governor (*hakim*) first of his native Jizzak region and then of Samarkand he had ample opportunity to apply his very practical approach to problem solving.

One can be sure that President Mirziyoyev's future biographers will want to pay particular attention to his work as Prime Minister during the years 2003-2016. However, the task will not be easy, for policies arose from many quarters, above all from the President, but also from the Ministries and Olij Majlis. The Prime Minister was thus only one of many initiators of policy. Moreover, any estimation of Uzbek policy in that period will inevitably be influenced by the point of view of the evaluator. Both foreign and domestic opponents of the Uzbek government found much to criticize during those years, especially in the area of judicial proceedings and human rights, but also in Tashkent's economic policies and foreign relations. At the same time, many positive changes were quietly stirring beneath the seemingly placid surface of Uzbek life in those years.

Areas in which such advances were discernible include education, where hundreds of new vocational-technical schools paved the way for economic diversification and renewal; the state's "top down" introduction of political parties and the gradual process by which they began to take root; the expansion of relations with China and renewal of relations with the West, enabling Tashkent once more to pursue a foreign policy based on balancing external forces; and new initiatives in regional relations that began to soften often negative relations with neighbors. Above all, it was during the decade before 2016 that the ministries of Justice and Internal Affairs quietly set about reforming courts and jails, laying the groundwork for fundamental reforms in law and human rights.

## PRIME MINISTER MIRZIOYEV: FIVE PROJECTS

Shavkat Mirziyoyev was closely involved with all programs and actions of the Uzbek government during the thirteen years preceding 2016. Serving in that post between his forty-sixth and fifty-ninth year, the Prime Minister was relatively young, vigorous, and unceasingly active. If the President focused above all on high strategy, the Prime Minister, as is appropriate, focused on the careful implementation of policies and on removing institutional and personal impediments to effective governance. This task put him in perpetual motion, appearing now in one provincial capital and now in another. He became known as the government official who "kicked the wheels," in other words, who checked on what was actually happening and not just on what officials in far-off Tashkent thought should be taking place.

In this role, the Prime Minister gained a keen understanding not only of the strengths and weaknesses of hundreds of specific officials at all

levels, but of the structural factors that hindered the smooth execution of policy. And while he knew full well that a visit by the Prime Minister could bring everyone to attention, he also understood that the administration as a whole suffered from the lack of regularized feedback from citizens who were directly affected by its workings. Without such regular and blunt feedback from ordinary citizens, he concluded, no administrative system could be expected to function in an effective and honest manner.

A full accounting of Mirziyoyev's actions and initiatives as Prime Minister must await future historians. However, the following five projects have already come to be viewed as among the signature issues from the period of his service as Prime Minister.

First, Mr. Mirziyoyev moved immediately to devise a "Strategy for Improving the Living Standards of the Population." Covering the period 2004 to 2006, this program was prepared by a series of Uzbek working groups in collaboration with the Asia Development Bank (ADB) and on the basis of a World Bank study on "Living Standards Assessment" and of a United Nations Development Program study on "Macroeconomic Policy and Poverty in Uzbekistan."<sup>1</sup> Both international studies were bluntly critical of Uzbek practices in the agricultural sector that had continued unchanged since Soviet times. In addition to calling for increased investment in the rural sector and the modernization of the disastrously inefficient irrigation systems inherited from the Soviet era, these studies called for increasing the allocation of land to private farmers (*dekhans*) through long-term leases, and, above all, the phased transition from a cotton monoculture to the development of other agricultural crops. It is easy to dismiss such ambitious goals as utopian, since they all required massive investments that were not forthcoming from any quarter. But this does not diminish the importance of the Strategy as such, for it sent a clear signal to the entire country that the status quo in the rural sector was unsustainable and that fundamental changes could not forever be postponed.

Second, the Prime Minister spearheaded practical efforts to improve the working conditions of Uzbek laborers and especially to address the problem of child labor. Several national governments and international NGOs had been highly critical of Uzbekistan's practices with respect to labor, especially in the agricultural sector. Even as the criticism continued, the Uzbek government between 2005 and 2008 teamed with the International Labor Organization (ILO) to promote workers' rights, enhance social protection, and strengthen dialogue on work-related issues. A particular concern of their joint effort was child labor, which had been widely

employed throughout the Soviet economy as a means of accomplishing simple but important tasks like cotton picking, and also as a way of inculcating Communist principles regarding work.

Under Mirziyoyev's Prime Ministership, this entire system came under close scrutiny for the first time, not only in isolation but in relation to education and youth employment generally. He led efforts to improve the working conditions of Uzbek laborers and to address the problem of child labor. In 2008, he signed resolutions establishing minimum age requirements and prohibiting child labor.<sup>2</sup> The Uzbek government also gave international observers from the International Labor Organization (ILO) unimpeded access to cotton fields and educational institutions. Sustained consultations with ILO experts gave rise to a body of legislative measures that were finally ratified by Uzbekistan's parliament and formally instituted in 2017. Similarly, between 2011 and 2013, also with technical support from the ILO, Uzbekistan developed a national- and enterprise-level Occupational Safety and Health Management System based on social dialogue.<sup>3</sup>

This initiative resulted in a further collaboration with ILO to create a "Decent Work" country program for Uzbekistan that came into being in 2014. The purpose of this program was to bring Uzbekistan's overall labor policies into line with international labor standards. It called for the implementation of a National Action Plan for the application of the ILO Conventions on Child Labor, for updating standards for agricultural labor generally, and for enhancing the capacity of trade unions and employers to implement fair labor standards at work sites. The stated goal of the program was to promote the realization of fundamental principles and rights at work and to improve social dialogue between labor, employers, and government. In practice this meant strengthening the labor market and related information systems, especially for young workers, and the institution of a State Employment Services.<sup>4</sup>

This "Decent Work" program advanced by Prime Minister Mirziyoyev also focuses on wages, social protection floors, and occupational safety. In all three areas the program strengthened the voice of workers in their interaction with employers and the state, while also engaging employers more actively in the process of social dialogue. Significantly, it also enhanced prospects for collective bargaining and tri-partite consultation on all matters regarding production.

Passage of the Decent Work program shifted the focus from legislation to implementation. This in turn led to numerous international and

national monitoring visits to fields and work sites. It also shifted attention to Uzbekistan's possible accession to the International Trade Union Confederation (ITUC). Besides strengthening the labor market and related information systems, especially for young workers, these initiatives led also to the institution of a State Employment Services.

Most, if not all, of these initiatives were duly reported in the national press and by specialized international organizations. But most either went unreported internationally or were noted purely as statements of intent, which could easily be ignored in practice. The skepticism of many international observers is understandable. After all, the conditions that gave rise to the "Decent Work" program had existed for years, and had continued even as new approaches were being actively discussed and legislated. It is undeniable that the Uzbek government proceeds with what seemed to many as near-glacial deliberation. Yet the changes embodied in legislation from the years of Mirziyoyev's service as Prime Minister were both real and substantial, and would make it possible for him to focus fully, and in a highly visible way, on their implementation after 2017.

A third body of legislation from the period 2003–2016 that reflects Shavkat Mirziyoyev's active stewardship concerned initiatives to counter the ecological impact of the drying up of the Aral Sea and to restore it as a significant body of water. The Prime Minister led a 2014 international conference at Urgench that led to the signing of agreements on national and regional projects on the Aral Sea Basin totaling \$1.9 billion, with grants for technical assistance valued at \$200 million.<sup>5</sup> The following year Mirziyoyev brought the recommendations of the Urgench conference to the World Water Forum's first meeting in the region, which unanimously confirmed them. This regional consultative process, carried out under the World Water Council and at a time when intraregional relations in Central Asia were far from harmonious, would become a model for regional cooperation after 2016.<sup>6</sup>

A fourth area of Mirziyoyev's special interest as Prime Minister concerned the modernization of rural life, an issue on which he had gained close knowledge during his years as governor (*hokim*) of his native Jizzakh region and nearby Samarkand. He knew full well that much rural housing was grossly inadequate. But rather than treat the national problem of affordable housing in isolation, he proposed to use the construction of rural housing as an engine for job creation and business development. The legislation that embodied these concepts bore Mirziyoyev's strong imprint.

It was clear to all that the need for better housing in the coun-

tryside had to be met if rural dwellers were not to flood to the cities or simply flee abroad in search of work and better living conditions. Soviet rule had imposed bland, multi-story blocks on all rural settlements. Earlier Uzbek officials had wanted to replace these with three models of government-built and government-owned apartment houses of drab types known since Soviet times. Mirziyoyev instead called for six different prototypes, including single and two-family units, and insisted that they be financed in such a way as to enable residents to become property owners. The problem was money. During his term as Prime Minister Mirziyoyev garnered backing for this initiative from the Islamic Development Bank, the Asian Development Bank and the Saudi Development Fund. Finally, on October 21, 2016, Shavkat Mirziyoyev, who had just been named Acting President, signed a decree authorizing \$1 billion for the program and confirming plans to shift funding gradually to private capital.<sup>7</sup>

The key to this project was the system by which residents could take out fifteen-year mortgages on their future residences at 7% annually, rising to 9% after the first five years. Women were to be given priority in receiving mortgages, which helped stabilize rural society at a time of change and uncertainty. Several hundred thousand jobs were thus created, private producers of heretofore unknown modern construction materials received large orders, access to fresh water was improved, and significant efficiencies were achieved in electrical consumption. Most important, the quality of life of rural inhabitants was improved. These were the kinds of benefits that Mirziyoyev achieved by bundling together separate but related issues and priorities. This approach was to become a trademark of his activity after the 2016 elections.

The Soviet Union left Uzbekistan with a host of giant state-dominated enterprises whose directors acted virtually as barons in their various fields of endeavor and regions. Following the collapse of Communism it was clear to all that the country's future growth would depend on the dynamic development of small business and private entrepreneurship. This became a fifth focus of Shavkat Mirziyoyev's attention during his years as Prime Minister.

As early as 1998-1999 the government had moved to foster bank loans to small and medium-sized businesses, commercial farmers, and individual entrepreneurs. Problems of access to credit and of the non-convertibility of the som meant that these steps had little impact. So beginning in 2000, the National Bank of Uzbekistan created concessional lending funds through commercial banks.<sup>8</sup> However, such activity entailed risks



for banks, the managers of which pointed out the lack of legal provisions for all matters respecting micro-financing. Mirziyoyev proposed new laws on “On Microfinance” and “On Microcredit Organizations” that were passed in 2006. Interest rates on microcredit loans were also reduced and other steps taken to make loans to entrepreneurs more attractive.

However, none of this had a major impact until 2011, when the total fund for small loans was expanded and commercial banks were freed from income taxes on loans to small and medium-sized businesses. In making these loans special attention was to be paid to women entrepreneurs and to enterprises created by graduates of the country’s new vocational college.<sup>9</sup> The government also backed up commercial bank lending to private farms in remote and undeveloped areas. In 2015 the government announced it would expand by 2.5 times the funds available for small business loans.

As a result of these and other targeted measures, commercial bank loans to small businesses and private entrepreneurs over the period 2000-2015 increased 118 times, and microcredits 204 times, respectively.<sup>10</sup> Soon these improvements began to have an impact on various international indexes of competitiveness. Thus, in the International Finance Corporation’s (IFC) “Doing Business” report for 2016, Uzbekistan advanced in the ranking category “Credit System” from the 105th place to number 42. In 2016 alone some 31,766 new non-farm enterprises were set up with small business loans; the increase in 2016 was 1,066. As a result, the share of small/medium firms in the country’s GDP reached 56.9% in 2016, and their share of total employment an impressive 78.2%.<sup>11</sup>

All five of these initiatives bearing the mark of Shavkat Mirziyoyev’s leadership date from his tenure as Prime Minister. But that is not to say that he was uninvolved the many other programs from the years 2003-2016, including innovations in the spheres of political parties, education, foreign investment, and foreign relations.

Especially important, but almost completely unheralded, was the start of fundamental reform in the spheres of rule of law, criminal justice and human rights. These important developments began to address what had long been the single most contentious issue between Uzbekistan and its partners in America and Europe. The process of reforms in this area began with first dialogue sessions conducted as early as in 2004. It restarted at the initiative of Ombudsman Sayyora Rashidova in 2012 when the Supreme Court, prosecutors, and leaders of law enforcement engaged in a series of dialogues with western experts on legal procedures,

human rights, and penal institutions. Rather than plunge headlong into drafting reforms, the joint teams entered into a serious examination of successful models for the protection of human rights in diverse spheres. By establishing meaningful peer-to-peer relations among judicial and law enforcement professionals in Uzbekistan and the West, they laid the basis for fundamental reforms. Since reforms of the criminal justice system and the protection of human rights are discussed in detail in Mjuša Sever's chapter in this volume, suffice it here simply to note that the process had its origins during the prime ministership of Shavkat Mirziyoyev, and that it enjoyed his full backing.

As Prime Minister, Mirziyoyev was responsible for the conception and implementation of all the changes enumerated above, and for making them work. This in turn required him to identify and overcome whatever obstacles stood in the way of change. As a result of this experience, would there have been anyone else in Uzbekistan who understood more deeply and on the basis of more real-life experience the sources, nature, and sheer strength of opposition to reform?

Thus, Mirziyoyev emerged by 2016 as an expert on change, but, no less important, as consummate authority on the power of the *status quo* in Uzbekistan. He knew when and how to push, and when not to do so. As Prime Minister he did not address the problem of Uzbekistan's non-convertible national currency, the overly-rigorous visa regime, or Uzbekistan's cautious approach to regional neighbors. Nor did he loosen the government's opposition to what were considered risky foreign loans. His achievement was to have identified issues on which change was both desirable and possible and to demonstrate success in those areas, and not to tilt after windmills that remained unassailable.

After being named Acting President and then being elected President, Mirziyoyev would emerge as a man in a hurry, overturning comfortable old practices with abandon and rushing to institute reforms in a dozen areas at once. Some long heads at home and abroad cautioned against undue haste and proposed instead that he should proceed "step by step," consolidating each gain before moving on to the next issue. International experts even conjured up a looming "Newtonian reaction," citing Newton's third law of motion, which holds that every action calls forth an equal and opposite reaction. Although he has not cited it, Mirziyoyev seems more deeply concerned over the *first* law of motion, which reminds us that whenever there is no force propelling things forward, inertia and stasis reigns. His deep and very practical knowledge of the society over

which he presided lead him to move boldly to overcome inertia wherever possible and to look to the future in other areas.

These activities during the years of his Prime Ministership provide further insights on Mirziyoyev's first year in office. To be sure, there were to be changes that arose from new conditions and new perceptions. Later chapters of this book will treat these in detail. But many more of the innovations that emerged after 2016 arose from conditions that had long been recognized as needing change, and from proposals that had been working their way through the drafting and legislative process for years.

Viewed against the background sketched in above, the first year of the Mirziyoyev presidency was as much a period of culmination as of innovation. As shall be seen, many of his initiatives, far from being experiments – with all the risk associated with that word – had deep roots in the preceding decade. State-building in Uzbekistan is a single process with many phases. As we have seen, its recent origins date at least to the period when Sharof Rashidov served as First Secretary of the Communist Party, when Uzbekistan and other Soviet republics of Central Asia achieved a surprising degree of self-governance under the otherwise oppressive conditions of Soviet rule. The transition to full sovereignty in 1991-2 brought a host of new institutions, laws, and practices, but it did so in a spirit of evolution, not revolution, and at a pace that some criticized as being too slow but which President Karimov defended as ensuring stability. Similarly, the rise of President Mirziyoyev and the many bold initiatives that followed was an organic outgrowth of the previous decade, even if it was to be characterized by astonishing changes in many spheres.

## TRANSITOLOGY AND THE ACTUAL TRANSITION

For half a decade before the death of President Karimov in 2016 there had been widespread speculation abroad concerning the likely process of transition in Uzbekistan and the identity of his likely successor. Indeed, this became something of an industry in Russia, the West, and elsewhere, giving rise to countless learned articles and conferences. Some experts predicted fierce competition among so-called political “clans,” others warned of external interference in Tashkent's decision-making, while still others issued dire warnings of impending social conflict. The common themes of many of these prognostications was impending breakdown. All were to be proven wrong.

The common failure of these analyses was to underestimate the effectiveness of Uzbekistan's constitutional provisions regarding presidential

succession and to ignore the degree of social cohesion and discipline in a society that had been defined over the centuries by the carefully structured culture of management demanded on all irrigated oases. In the end, the process spelled out in the Constitution of 1992 was followed precisely. In accordance with the law, a joint session of the two houses of the Oliy Majlis or Supreme Assembly of Uzbekistan named Nigmatilla Yuldashev as interim president, which was to be followed within three months by new elections. However, when Yuldashev stepped aside, citing his own insufficient experience, a further joint session of the Oliy Majlis convened on September 8, 2016, and elected Mirziyoyev as interim president. The election went forward as scheduled.

Both domestic and foreign observers considered the outcome of the election to be a foregone conclusion. After all, the other three candidates were all but unknown to most of the population and their parties had been on the margins of the Uzbek public scene since they were established by presidential fiat. By contrast, Mirziyoyev had long been, after President Karimov himself, the most widely known public official in the country. In exercising his executive duties he had been constantly on the move, making repeated visits to virtually every city, town, and rural center in the country. Every governor knew him, but so did lower officials. Nor had he neglect the public at large, to which he appealed directly on many issues considered important locally.

In spite of the obvious imbalance in the contending parties, the electoral process was carried out with full respect for all the political parties and their candidates. All were accorded time on television and had access to equal numbers of billboards, electronic signs, and advertisements in the media. True, the press focused heavily on Mirziyoyev, as was inevitable, yet the other three candidates were given ample opportunity to lay their programs before the public and make their voices heard in speeches, published statements, handbills, and public forums.

Nor were the programs of Mirziyoyev's three competitors without interest. Forty-eight-year-old Khatamjon Ketmonov from the People's Democratic Party was Deputy Speaker of the Legislative Chamber of the Oliy Majlis. Kertmonov showed himself to be an ardent defender of the economically vulnerable through strong social policies. He sought an Uzbekistan that would join the ranks of the advanced democratic nations, and spoke favorably of entrepreneurship. His call for help to women, the young, the unemployed and disabled found broad sympathy, even though it did not translate into voter support.

Sixty-four-year-old Nariman Umarov, a hydrology engineer and ecologist, came down solidly in behalf of the rule of law, the strengthening of parliament, and of civil society generally. His “Adolat” (Justice) Social Democratic Party followed European models in favoring a “managed market” with strong social protection, while at the same time calling for greater local control over national bureaucracies.

No less distinctive was forty-three-year-old Sarvar Otamuratov of the National Revival Party. Otamuratov is a PhD sociologist with graduate training in economics and banking who had headed the Monetary and Economy Department of the Ministry of Finances and also held senior posts in the private sector. A forthright nationalist, Otamuratov called for the renewal of Uzbekistan’s ancient culture, the replacement of Russian with the Uzbek language throughout government, science, and the press, and demanded strong protectionist measures to assure the future of state-owned Uzbek industries. He was also applauded for his full-throated support for Uzbek athletes.

Since Mirziyoyev’s strong national profile all but assured his victory, he was under no compulsion to roll out a detailed program. But this is precisely what he chose to do. He called for a transition from “a strong state to a robust civil society,” i.e., the expansion of civic participation in political life by strengthening the role of the Olij Majlis, or parliament, and local elective councils and by enhancing their control over executive bodies. To further reign in the bureaucracy he proposed a thoroughgoing decentralization, expansion of the mass media, and a strong and truly independent judiciary. Further, he called for “liberalizing” the criminal justice system. All in all, Mirziyoyev, the long-serving Prime Minister and head of the national administrative apparatus, campaigned directly and forcefully against the civil bureaucracy which he himself had headed for thirteen years. His main promise was to tame the bureaucrats, and he enthusiastically enlisted elective bodies, civil society, and a free press as allies in that effort.

Mirziyoyev’s campaign focused on the economy, where he enumerated specific industries and agricultural products that he would seek to boost to international levels of quality and competitiveness. That he sought to achieve this by sharply reducing the role of the state in the economy and by promoting private property posed a paradox which he did not yet address. Then followed a lengthy list of projects he intended to carry out, ranging from new parks in the capital to housing in the countryside. Every region could find something in this list for itself, as could

every citizen.

Thus, Mirziyoyev, who had no need to campaign, stepped forward with an extensive and specific list of reforms and politically attractive initiatives. By putting them forth so directly, he in effect made promises which he would be duty-bound to honor if elected. Stated differently, he used the election as a referendum on his entire program... with one main exception. The bold plan to make the Uzbek som convertible was not announced ahead in the campaign literature but was brought forth instead during the campaign itself, where it resonated like a bolt of lightning. Again, his electoral victory on December 4, with 88.6% of the votes cast, had the effect of making his announced currency plan irreversible.

Various international bodies criticized instances of family proxy voting and ballot stuffing, and the *Economist* denounced the election as a sham, since Mirziyoyev was the only candidate known to the public at large. Yet the hundreds of international observers, while duly noting various problems that arose, were impressed by the effort to play by the rules. Thus, whatever its shortcomings, the electoral process of 2016 represented a substantial improvement over prior elections in the country.

On December 14, 2016, fifty-nine-year-old Shavkat M. Mirziyoyev was sworn in as his country's second President. That afternoon he delivered a two-hour speech before the entire government and diplomatic corps in which he repeated his many campaign promises and assured the audience that he intended to implement them fully. Then, on February 7, the newly elected President issued a detailed eight-page *Development Strategy for 2017-2021*. This Strategy, details of which will be considered in the following chapters, culminated the process of evolutionary change that had been underway in Uzbekistan for two generations and marked the opening of a fundamentally new phase of the nation's development.

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