

# **Labor Migration: The Potential for Development in Kyrgyzstan & Uzbekistan**

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## **Introduction**

This report is the second of two complementary reports. Both have been written to fulfill my obligation as a research fellow in the Social Research Center of the American University of Central Asia.

Having mentioned the importance of labor migration for the sending and receiving countries as well as for the entire global system; and outlined a general and brief situation analysis in the Central Asian context; and mentioned conceptual and methodological issues in the first report, now it is time to talk about the potential for developmental effects.

## **My Puzzle**

After the Soviet Union, newly independent Kyrgyzstan has been following relatively liberal economic policies; however, Uzbekistan has preferred gradualist economic transition policies. Another significant difference between these two countries is that Uzbekistan is a medium size & middle income country with a more authoritarian government that follows statist developmental policies, while Kyrgyzstan is a small size & low income country with a relatively more democratic government that follows laissez-faire developmental policies. On the other hand, these two nations have so many similarities especially in regards to their cultural and social spheres. Both of them are landlocked agrarian economies with an unlimited supply of labor; ethnically and linguistically Turkic, Sunni Muslim, approximately two thirds of their population live in rural areas, birthrate, life expectancy, social ceremonies, life-cycle events, customs etc. are so similar.

Despite differing political strategies, these two countries, interestingly, have had very similar economic and social development outcomes by now. According to the UNDP's recent (2005) human development index, Kyrgyzstan ranks 114th and Uzbekistan 113th in the world. This [may] show that the [weak] performance of these two countries, despite of the variation in their regimes, stem from some other internal dynamics.

Taking into consideration similarities of culture and performance in the economic and social realms one would expect that the migration [remittance] induced developmental outcomes might be similar too in the future. If there is (and will be) a significant difference in the migration's developmental outcomes between these two countries then this would be no inconsequential

finding. If there is not (and won't be) a significant difference, then this could open up a new window in the Central Asian studies as well as third world development in general. In any event, this project will employ an integrated theoretical approach, the backbone of which is Joel S. Migdal's "state-in-society" approach (1994, 1996, 2001). The state-society relations will be integrated with the micro analysis of a generic labor migrant so as to bring about a powerful tool to explain the relationship between migration outcomes (via remittances) and the developmental outcomes in those polities.

Then, it is useful to look at two similar context (Uzbekistan & Kyrgyzstan) which are connected to the same international economic system (capitalist world economy), and have similar historic paths (of being colonized by the Soviet Union, and gaining recent independence, etc.). An interesting point is that these two countries that embarked on diverse development paths came to the same conclusion after 15 years of independence. On the other hand, now, with a huge remittance inflow into both Kyrgyzstan and Uzbekistan in recent years, these two countries have been faced to a new puzzle. According to early observations, it seems that both governments are approaching this issue with their respective regime characteristics. The outcome would depend on the success of the state to be able to channel these huge private inflows into efficient investment with a long term perspective. Then, in turn, the success of the state will be depending upon its relations with the society. It is important to analyze how an average citizen perceives his/her state; and how does he/she acts in regards to spending/investing decisions with remittances. What is the effect of a generic migrant's perception of the state (and its institutions) on his/her spending/investing decisions?

I will employ migration's developmental outcome (based on the remittance usage in productive versus non-productive spheres) as dependent variable, and operationalize it according to the degree and extent to those remittances are being turned into savings, investments, productive consumption, or conspicuous consumption. This is one of the most important focuses of the debate between pessimists and optimists in regards to migration outcomes as developmental or dependence-bearing. And I will employ the characteristics of the state-society relations as the primary explanatory variable. More importantly in regards to migration and development nexus the analysis, comparison, and evaluation of the state-society relations in these two Central Asian countries might also offer far-reaching implications for the remaining Post-Soviet transitions, perhaps for the entire developing world.

Despite a newly emerging literature concerning labor movements in the post-Soviet realm I believe that my project will provide significant contribution to the political science (especially comparative politics) literature in many ways. While abundant body of literature discusses the economic, social, and political implications of labor migration to host countries; far much less is known about all sorts of implications of labor migration to sending countries' context; particularly as far as empirical research is concerned (Ozden & Schiff 2006: 1). Also, most migration literature examining sending regions is focused on 2nd wave democratization countries; little is known about the 3rd wave cases; especially, the post-Soviet ones, and most especially the southern tier and the rural regions therein. The pioneer of the migration studies in Central Asia, Elena Sadovskaia (2005: 208) suggests that "Since the comparative analysis of regional labor migrations is undertaken for the first time in this paper, many issues may be interpreted as formulation of the problem and a starting point for further analysis and theoretical considerations." Sadovskaia (2005: 207) cautions that "In Kyrgyzstan and Uzbekistan representative study has not yet been carried out." A more recent scholarly endeavor has been a 2007 dissertation by Saltanat Liebert who analyzes irregular migration from Kyrgyzstan to the USA with a focus on interactions between formal and informal institutions. She rightly claims to be the author of the first study of irregular labor migration from the former Soviet Union to the United States; however, the proportion of all sorts of migrants from the Soviet Union, especially from Central Asia, to the USA is very tiny. Thus, the labor migration issues from and within Central Asia are still understudied.

### **Political Economy of Central Asia during and in the aftermath of the Soviet Era**

Before delving into the main issue of labor migration and remittances, it would be helpful to review shortly the major points in regards to the economic history of the region. At the beginning of the Soviet era this region was organized under the three Khanates, which were commonly known as Turkestan (Land of Turks), both historically, as well as in the Russian official documents (Rumer 1989). Under the Soviet regimes' planned economy, Central Asia was seen as a single economic region; and Moscow achieved an enormous amount of modernization in every sphere of life including education, science, and economic infrastructure and so on. The Soviet planners emphasized the establishment of a modern industrial sector, and a number of industrial plants were built throughout Central Asia. For instance, during the period from 1913 until 1938, industrial production in Kyrgyzstan increased 736 fold (Abazov 2000). During the Second World War, a

new wave of massive industrialization happened due to the relocation of production facilities from the European part of the Soviet Union to the Central Asian republics along with their workers, engineers and technical staff (Abazov 2000).

Although the Soviet regime accomplished a huge economic transformation in this region vis-à-vis its pre-Soviet conditions, and during the Soviet era the State's propaganda called attentions to compare them with conditions in such countries as Afghanistan and Egypt, Central Asia's economic level, social sphere, and living standards remained far behind those in the non-Muslim regions of the USSR (Rumer 1989: xiv). It was apparent then too that there were a complex set of cultural and structural problems in Central Asia's political economy that has still a great deal of effect on the pace of economic development. First of all, despite of the region's richly endowed natural resources (oil, gas, cotton, and some very precious metals) during the Soviet era only a small portion was actually used as raw materials in Central Asian production establishments (Rumer 1989). Almost all of the raw materials extracted from this region were sent to European Russia for final production. In other words, the value added was very tiny in Central Asia relative to other regions of the Soviet Union. In the Soviet era, republican leaders had showed their dissatisfaction with the disproportionate amount of Soviet allocation of investment capital to the region. According to them, Moscow saw Central Asia "as a peripheral region whose function is to provide mineral resources and raw materials for the advanced industrial complexes of European Russia (Rumer 1989: 184). To provide just an idea, the western regions of the USSR provided almost 80% of industrial production in the 1980s; from 1971 to 1984, Central Asian nations, with almost 10% of the Soviet population, took 6% of national income and 6% of new fixed capital investment; and they contributed to 4% of industrial production and 8.5% of agricultural production (Rumer 1989: 31).

Second, one of the most important inefficiencies in Central Asian economies was the organization of the labor market in the Soviet era. Since the 1970s, due to high birth rates and malfunctions of the Soviet planning, Central Asia has started to experience surplus labor and increasing underemployment. While there was a serious labor shortage in the Western parts of the Soviet Union as well as the urban centers of Central Asia, rural population did not move (Abazov 2000). From among many rational and cultural explanations it is enough to say that "The extended family support network in the rural area, and the possibility of seasonal employment in the non-

state (informal) sector, often provided better income prospects for the local youth, despite their underemployment” (Abazov 2000: 217).

In sum, because of the Soviet legacy in regards to the economic organization, newly independent Central Asian countries have inherited many structural problems such as a surplus of labor, arbitrarily drawn borders, water shortage etc. Rumer (1989: 186) aptly portrayed Soviet Central Asia’s developmental puzzle which is still a very well said representation: “All the economic, demographic, and ecological ills of the region are wrapped up neatly in a single parcel; it can be undone only by a coordinated social-economic conception of development that is securely based on the real resources of the region.”

### **New Republics and their political economy after the Soviet Union**

Since their independence, the post-Soviet countries of the Southern tier, that is Central Asia and Caucasus countries, have displayed distinct political, social, and economic outcomes than their Baltic and Slavic counterparts. According to the transnational institutions, especially Central Asian countries have shown frustrating political and economic performances in their regime and market transitions.

**Table 1: Basic Demographic Indicators**

<b>Countries</b>	<b>Population<sup>1</sup> (000)</b>	<b>Dominant Ethnic Group</b>	<b>Dominant Religion (Muslims)</b>
<b>Kazakhstan</b>	15,340	53.4%	47%
<b>Uzbekistan</b>	28,268	80%	88%
<b>Kyrgyzstan</b>	5,356	64.9%	75%
<b>Turkmenistan</b>	5,179	85%	89%
<b>Tajikistan</b>	7,211	79.9%	90%
<b>Total</b>	<b>61,354</b>	<b>72.64%</b>	<b>77.8%</b>

Source: *CIA Fact Book* at <https://www.cia.gov/library/publications/the-world-factbook/geos/ti.html>

As can be seen from above Table 1, the composition of ethnic groups within those five countries is rather heterogeneous; however, ethno-linguistically, overwhelming majority of the region is Turkic; and Iranian is the second most prevalent ethnic and language group. From the religion standpoint, the majority of the population shares Sunni branch of Islam.

In Table 2, economic performances of the Central Asian nations are displayed. According to this, Kazakhstan is the best performing economy with the annual 9.4K USD per capita

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<sup>1</sup> All population numbers indicate July-2008 estimates.

purchasing power parity. Uzbekistan and Kyrgyzstan's numbers are close; and Tajikistan is the worst performing economy. Generally it is argued that Turkmenistan's indicators are inflated and not reliable (Pomfret, 2005; Olcott 2006). In terms of the percentage of population under the poverty line, which could be a major yardstick to predict the out-migration patterns, it reached 80% of Kyrgyzstan's, more than 90% of Tajikistan's, and almost 50% of Uzbekistan's population in the aftermath of the Russian crisis in 1998 (Falkingham, 2005). As can be seen in the second column of Table 2, poverty figures are significantly improved in a more recent period. On the other hand, it is noteworthy that as of 2001 all of these countries, except Uzbekistan, were not fully recovered from the economic shock of the collapse of the Soviet Union.

**Table 2: Basic Economic Indicators**

<b>Countries</b>	<b>Purchasing Power Parity per capita<sup>2</sup></b>	<b>Population Below Poverty Line<sup>3</sup></b>	<b>Ratio of Real GDP (2001 vs 1989 level)<sup>4</sup></b>
<b>Kazakhstan</b>	9400 USD	19%	78%
<b>Uzbekistan</b>	2000 USD	33%	103%
<b>Kyrgyzstan</b>	2100 USD	40%	69%
<b>Turkmenistan</b>	8500 USD	58%	84%
<b>Tajikistan</b>	1300 USD	64%	52%

*Source: CIA World Fact Book and Falkingham (2005)*

As I mentioned above all countries of Central Asia, except Kazakhstan, remain in the seven-poorest countries of the CIS, known as the CIS-7. Recently, with the proposal of the World Bank, the "Initiative to Promote Poverty Reduction" program has been started to provide growth and debt sustainability in these poorest 7 CIS countries. Not surprisingly, all of these nations send labor to abroad (Ruggiero, 2005).

Table 3 shows the basic social-human development figures. According to the data, Kazakhstan is again the best performing country in Central Asia. Turkmenistan, Kyrgyzstan, and Uzbekistan are very close to each other; and Tajikistan is the worst performer in this category too. From the standpoint of this dissertation project, as I mentioned above, it is noteworthy to highlight that Kyrgyzstan and Uzbekistan's HDI index are very close, and so their ranks are.

<sup>2</sup> These figures are derived from CIA World Fact Book (available at <https://www.cia.gov/library/publications/the-world-factbook>); and reflects 2006 estimates; accessed at August 01, 2007.

<sup>3</sup> These figures are derived from CIA World Fact Book (available at <https://www.cia.gov/library/publications/the-world-factbook>); and reflects 2003/04 estimates; accessed at August 01, 2007.

<sup>4</sup> These figures are derived from Falkingham (2005).

**Table 3: Basic Social Development Indicators**

<b>Countries</b>	<b>“Human Development Index” (HDI) in 2005</b>	<b>World HDI Rank in 2005</b>	<b>Life Expectancy</b>	<b>Literacy Rate</b>
<b>Kazakhstan</b>	0.794	73 <sup>rd</sup> /177	65	100%
<b>Uzbekistan</b>	0.702	113 <sup>th</sup> /177	67	NA
<b>Kyrgyzstan</b>	0.696	114 <sup>th</sup> /177	68	99%
<b>Turkmenistan</b>	0.703	109 <sup>th</sup> /177	63	99%
<b>Tajikistan</b>	0.673	122 <sup>nd</sup> /177	64	99%

*Source: UNDP 2005 & 2008*

### **Migration Outcomes Are Context- Specific**

Taylor et al. (1996a) acknowledge that the potential effects of migration on economic development of sending regions vary depending on contextual factors, which include but not limited to national-local market conditions, resource endowments, and the ease and cost of foreign exchange. Moreover, Lucas (2005) adds other factors, such as, the extent and nature of migration streams, the migrants’ experiences, and the economic, political and social setting in the sending end. Additionally, understanding developmental outcomes necessitates considering the internal marshaling of resources, its successful (or unsuccessful) absorption and recycling in the local economy (Jones 1998a). Thus, it is necessary to examine some crucial factors such as local economic organization, cultural and physical constraints, and who controls the spending of remittances. Finally, the examination of the migration and development nexus should take into consideration two more dimensions: These are *space* (geographic scale) and *stage* of migration. Jones (1998a) clarifies why, in some studies, scholars find negative developmental outcomes, and in others positive. The difficulty in determining the consequences of migration and development nexus is due to the fact that the stages of the migration experience for a specific region may display different outcomes. If the migration experience is very new to that specific region, it is called *innovator stage* in which middle and/or upper classes have enough resources to migrate. In the second, *early adopter stage*, people from the lower-middle levels of social strata could join the migration experience. In the third, *late adopter stage*, extensive participation of all strata becomes possible; and inequality between stratas as well as between urban and local diminishes. Another point in regards to the stage of migration is that at the earlier stages migrant families give priority to their urgent needs while spending remittance monies. For instance, housing always comes first



all over the world in migrant-sending regions. In other words, spending patterns change with the stages of the migration experience.

In light of theory and practice, it is correct to say that the migration development nexus in Central Asia can only be understood and explained by examining contextual factors. Keeping in mind that the migration-development nexus is theoretically an unsettled issue I suggest that it is better to explain this phenomenon through an integrated theoretical approach that incorporates all of those abovementioned contextual factors and regional peculiarities. The core of this integrated approach, I contend, should be based on the state-society relations. Thus, the development potential of rural Central Asia can be maximized as long as one can offer rationally designed institutions informed by regional peculiarities. This developmental potential can be reinforced by the migrants' remittances. I will argue that Central Asian reformers (including all sorts of local as well as international actors) should start their reform proposals with a thorough reconsideration of the current state-society relations. The starting point for the reform and the future developmental needs of the society should be informed by the state-in-society approach (Migdal 1994, 2001). In this project I aim at contributing to the theoretical framework as well as to the policy framework in the developmental projects of the region. I suggest that there is a need for to integrate micro and meso level in the migration processes in light of state-in-society approach which is introduced by Joel Migdal (1988, 1994, 2001).

From this perspective, the first thing to do is looking at the micro analysis of Central Asian migrants. The major aim of this micro analysis would be to define a generic migrant profile. In order to map out this, some basic questions, such as, who migrates, will have to be posed. That is the demographic features of a generic migrant. How the decision to migrate is made, in general? Why do migrants choose to go mainly to Russia and Kazakhstan, instead of somewhere else? Information such as, the migrant's previous job experience, education, the drivers of migration decision, the patterns of employment abroad, plans for the future return (or not to return), and all sorts of saving and investment patterns will need to be determined. Also it will be necessary to determine these sorts of questions to be able to understand developmental outcomes at origin. Such questions can best be found out through micro analysis. However, there is more to look for.

In order to be able to evaluate developmental outcomes of migration processes in origin communities, it is essential to connect micro analysis with the context. In other words, it is necessary to evaluate the generic migrant within the context of the origin communities, and this

generic migrant's interactions, perceptions, expectations, and interrelations with the state. And, again this is the heart of the analysis; and I would argue that this part of the integrated approach should look at the state-society relations in Central Asia. Migration from both Kyrgyzstan & Uzbekistan uniformly shows that social networks (extended families, friends, contacts) are important in the absence/weakness of good governance, market, and the state. Thus, the critical point is to connect why productive investment happens or not happens in light of state-society relations.

## **Reconsidering Migration Theories: towards an interdisciplinary, integrated and multilevel approach**

### **Micro Analysis**

Since this project aims at connecting micro and meso levels of analysis in order to offer a new perspective I will reconsider the micro analysis of labor migration with critical lenses. It is obvious that all migration related decisions are made at the micro-level as a response to the structural shortages, as both the NELM and the "livelihood approach" theorize. The new economics of labor migration (NELM) theory, based on the rationality of individual actors, considers the household as the most appropriate decision-making unit. So, the migration is seen as a family strategy to overcome market constraints, that is the absence/weakness of credit, capital, and insurance markets. Migrants and their households act collectively not only to maximize income but also to minimize risks, diversify income earnings, and relax financial constraints through remittances. Another micro approach to labor migration is the "livelihood approach" which has roots in the geography, sociology, and anthropology, and it basically argues that poor people are not mere passive agents in the structure. Contrarily, poor people are adaptive and responsive; and they actively search for improvements in their lives to cope with the constraining conditions. The livelihood approach, similar to the NELM, is people-centered and participatory.

Both the NELM and "livelihood approach" allow us to focus on micro-level responses which are the backbone of the meso (and macro) level processes. As opposed to the deterministic theories to migration outcomes which cannot adequately deal with the complex realities of migration and development interactions these two micro approaches enable us a dynamic view of the agents within continuously changing environments (De Haas 2006: 566). According to the

NELM and “livelihood approach,” developmental outcomes could be either positive or negative. In other words, they are not deterministic. The latter, “has striking – though as yet unobserved – conceptual parallels with” the former (De Haas, 2007: 6). Advocates of these micro approaches argue that an understanding of household coping strategies should be the starting point for the participatory development strategies where state intervention could be originated. I intend to fill that gap by connecting these micro approaches with the state-in-society theory so as to be able to offer the potential, desirable and appropriate state intervention.

However, I would like to emphasize the need for modification in some of the assumptions of the NELM. Especially in regards to the migration and remittance decisions, in light of my preliminary insights from the fieldwork I contend that migrants are not always and entirely rational actors. More correctly, migrants and their households are boundedly rational; they are goal oriented, and look for just satisficing outcomes.

According to the preliminary analysis of the household surveys, migration decisions are mostly taken by labor migrants themselves; however, it seems that overwhelming majority of current migrants have asked for their parents’ consent before leaving. So, this is not exactly what the NELM says but it is very close.

On the other hand, the destination to migrate is almost entirely related to the social networks. Instead of looking for a place with the highest earning potential, migrants generally prefer and look for places where there are contacts and some basic information about what they are going to face at the first place. In sum, original decision to migrate, and later, all variety of other decisions, from job search, changing jobs, or changing the places to work, remittances, and to saving-consumption decisions, all are boundedly rational. This is one of the modification proposals of this dissertation project that would contribute to the migration studies.

### **Meso Analysis**

Instead of adopting the goal of creating a general social or political theory, state-society scholars aim at middle-level theories informed by empirical analysis (Migdal 1994: 1). Most of the prominent Central Asia scholars tend to adopt the state-society perspective while explaining the transition of the Post-Soviet era. For instance, Luong-Jones (2004) argues that two things characterize post-Soviet Central Asia (perhaps except Kazakhstan): societal weakness and weak state capacity. She describes a state’s strength in terms of its capacity to effectively formulate and

implement policy throughout the territory under its control which can be based on coercive or infrastructural means (ibid: 3). In this regard, it is known that Central Asian countries are undergoing a process of state-building; and at the core of this process elites and societies are continuously interacting with each other (ibid: 271). On the other hand, the state's ability to formulate and implement major policies is constrained by its relationship with society, which in turn, is a function of how society is organized as well as the perceived legitimacy of state action in the periphery (ibid).

Joel Migdal's state-in-society theory posits that states are parts of societies; and all states mold, but they are also continuously molded by, the societies within which they are embedded (Migdal 1994: 2). Besides, both state and society are composed of variety of elements. In other words, the larger entity, that is society, is seen as a *mélange* of organizations including the state itself. Within society and the state there are many parts; and these parts are never stable. They continuously change. Like any other organization, the state is constructed and reconstructed through its interaction as a whole and of its parts with others (Migdal 2001: 23). As a large and complex organization and, like any other huge institution, its different parts may work at cross purposes with each other (Migdal 1996: 92). It means that central governments may have different goals, attitudes and behaviors than rural administrations.

While determining state's effectiveness, Migdal argues that, "... a state's apparent disconnectedness from social groups turns out to be associated in some cases with 'strength' (as in some rapidly industrializing countries) and in other cases with 'weakness' (as in several African countries)" (1994: 3). In the era following the Cold War, almost all Post-Communist countries experienced fallen state capabilities. State retreat due to falling capabilities signals a change in the balance of forces in dispersed arenas in society (Migdal 1996: 103). In other words, state's retreat or reassertion of domination gives way to newly emerged processes and coalitions within society.

The deterioration of the state-society interaction in Central Asian countries and the state weakness in the peripheries has important implications. Erica Marat (2006) exemplifies the consequences of state weakness in rural Kyrgyzstan. The implication of the state's retreat from the peripheral areas where with weak state institutions that are unable to supply basic public services and a large percentage of the rural population lacking entrepreneurial skills, intermediaries between the state and the rural communities emerged as the gap between the two widened in the 1990s. These criminal actors mobilized into networks on the local (as well as transnational level)

much faster than post-Soviet states. So the critical point in Marat's study is that weakness of the state authority in rural Central Asia has caused criminalization of these areas.

Other examples of the retreat of the State and its consequences in Central Asian politics and social life can be found in Marianne Kamp (2004) and Cynthia Werner's (2004) analyses. They both agree that decentralization of authority, along with the weakness and apathy of the State, caused detrimental results in Central Asian societies. Werner provides convincing evidence to display the relationship between state's unwillingness to become involved in "societal affairs" regarding the increasing bride-kidnapping events in the South Kazakhstan, which gives way to traditionalization of society. On the other hand, Kamp (2004) demonstrates that the new Uzbek state policy of entrusting more and more authority to the local unelected elders committee (mahalla committee) in reality creates grass-root absolutism and increasing patriarchal solutions in governing societal affairs.

These cases show the fact that Central Asian societies not only remain dependent on the state for their basic welfare needs, but most importantly they continue to believe that the state's primary role is to provide for them. As an example of societal expectations from the state, Kelly McMann (2004) scrutinizes the NGOs in Kyrgyzstan which are still heavily relying on state's distribution of resources. This can be seen as an implication of the appraisal of the state's strength. However, in reality, it is not like that. Kelly McMann calls the Central Asian states in general as "paradoxically strong-weak states." These states are strong since they shape citizens' expectations and opportunities by limiting their access to scarce resources. Yet, they are also weak in that they cannot formulate coherent goals and implement policies consistently across the respective territories they govern. In both Uzbekistan and Kyrgyzstan, the State is not powerful enough to meet most of the societal expectations. This weak capacity is the reason for most citizens' negative feelings towards the state and its legitimacy. In the absence/weakness of the state capacity, social networks have shouldered some portion of the burdens/obligations that supposed to be done by the state.

In another more recent study, Kelly McMann (2005) compares Kazakhstan, Kyrgyzstan, and Uzbekistan. Based on her analysis of mass survey data, from among five types of state-society interaction models (incorporation, welfare state, embedded autonomy, overdeveloped state, and disengagement), McMann argues that disengagement is the prevailing model in Central Asia. She further contends that Central Asia seems to be approximating the African model where national

governments have little influence in the periphery. The bottomline is that citizens are no longer tied to the national government through an extensive welfare system. This state weakness may be related to the wrongly guided and terribly implemented market reforms. In any event, the outcome is alienation of individuals from the state.

Despite of similarities with regard to the frustration of society and weak state capacity, there are some variations in Uzbekistan and Kyrgyzstan. Although the Uzbek state has lost much of its capacity in the last decade, every Uzbek citizen finds a societal and/or state guarantee at least at a very basic minimum level. Eric Sievers (2002: 128) shows that “Uzbekistan currently offers three general risk-spreading institutions: extended family, social mahalla, and administrative mahalla.” Eric Sievers describes Uzbekistan’s contemporary state-society relations as “organizationally rich, parastatal civil society through which social coordination is engineered, became the center of grassroots absolutism (Sievers 2002: 122, 150, 152).”

Consequently, I have tried to show that in Kyrgyzstan, state-society relations can be described as almost total disengagement (McMann 2005; Marat 2006); and “Uzbekistan’s 10,000-plus mahalla are in reality the basic administrative units of an unambiguously hierarchical state” (Sievers 2002: 144). Both of these models are actually not admirable ones to take. In sum, above-mentioned major works on Central Asian politics point out that social and economic developmental outcome would depend upon the nature of the evolving state-society interaction; and this relationship is fragile at best. In the next section, I combine micro and meso levels into an integrated approach.

### **Connecting Micro & Meso Levels**

Since the elements of the state and society are rather fluid, Migdal suggests that it is better to focus on processes which highlight ongoing struggles among shifting coalitions over the rules for daily behavior (2001: 11). I contend that this dynamic theoretical framework is the best way to understand the meaning of micro decisions and their cumulative meaning while they make up the aggregate outcomes. Micro decisions are taken within their particular contexts. And, in turn, these decisions affect state’s new attitude towards new processes that had created by the accumulation of those micro decisions. I argue that a close looking into a generic migrant’s decision-making pattern regarding investment (or consumption) decisions might shed light on the state-society relationship. Additionally I want to highlight that micro behavior and meso processes are mutually and

continuously constructing each other. By the help of this mutual interaction I aim at finding an answer to why productive investment (or consumption) occurs or not occurs via remittances in rural Central Asia. Finally, Migdal's state-in-society approach would conceive remittance inflows and their internal marshaling as economic processes that "These processes determine how societies and states create and maintain distinct ways of structuring day-to-day life ..." (2001: 11).

### **Argument and Hypotheses**

In the recent a few years both Uzbekistan and Kyrgyzstan have been taking a huge amount of remittances from their citizens who work abroad. This new process has caused the creation of a new structure in regards to the state-society interaction within all arenas in these countries. It seems that both states are adjusting themselves to this new process. As discussed above the quality and quantity of the state's reaction [and appropriate intervention] will be crucial in regards to potential developmental outcomes.

With this new process some fundamental changes as to the state-society relations are in their way. First, the state will be losing its monopoly over scarce resources and distribution networks taking into consideration the inflow of migrants' remittances. Second, there are newly emerging winners and losers in the society. Third, if the state effectively manages migration processes it can improve the national economy significantly with the help of this new resource. Fourth, the state might benefit from this new resource as to increasing its extraction and extend its strength and capabilities. Finally, with a successful management of the migration outcomes the state may increase its legitimacy.

It is clear that migration and remittances may pose benefits and challenges as well as new roles to the state in Central Asia. The labor migrants would need the state's guidance to channel their newly acquired capital as well as all other sorts of material/immaterial resources into productive investments. The state, as a single institution, to organize society, is expected to intervene properly so as to bring about maximum benefits to the entire society. The migration outcomes, the degree of productive or not, will be depending upon state's reassertion of power and its capacity to formulate coherent policies all over its territories. Remittances might become part of the solution within the broader fundamental reforms that should be constructed by the central governments.

There is visible and statistical evidence to support the migration pessimists' arguments in Central Asia. One is that there is currently a shortage of skilled personnel, such as doctors, nurses, and teachers, especially in the urban centers of Central Asia. Furthermore, recently it came to media attention that in Bishkek, Tashkent, and Dushanbe, real-estate prices have increased significantly. These are just a few negative externalities to mention; and other examples can be given.

The state's new role against this new process has to be finding remedies against those negative externalities of the migration processes. Again, the main solution lies behind the quality and harmony of the state-society relations which should be supported by a rationally designed institutional context. These nations should think about channeling remittance inflows to the SMEs; gradual transformation of rural and agricultural population to the urban and manufacturing jobs. With the help of remittances, the State might adopt a new policy to transform these agricultural societies into town and urban located manufacturing and service centered economies. It should do this through broader national policies including education, macroeconomic planning, strengthening banking and financial system, fostering job creation, strengthening micro-enterprises and SMEs, raising productivity, improving public service delivery, ironing out spatial inequality especially between migrants non-migrants and between rural and urban.

All of the abovementioned recommended national policies concern the state-society harmony, and examples can be multiplied. The critical point for the state is to control the successful management of economic development in general, and using migration outcomes, especially remittances, as part of this common national effort.

A consensus has emerged that migration can be managed so as to promote development by the state; and three major areas have draw on scholarly attention in this regard: remittances, skilled migration, and the Diaspora (Skeldon 2008). The first item is remittances; and in this study I am profoundly interested in the remittance usage patterns, particularly for the productive causes, by rural migrant families in the sending regions. I intend to employ Rachel Murphy's (2006) categorization of remittance-based investments which are divided into two broad categories: productive and consumptive investments. The former includes three major types: "agriculture," "land," and "business creation"; and the latter includes: "house-building and improvement," "consumer goods," and "health and education."



At the core of this research project is the intent to provide a basic framework of the sustainable development, and potential role of remittances in this national goal. Eric Sievers (2003: 15) underlines the importance of the sustainable development as:

My argument assumes that all economic activity, save the most primitive, relies on the simultaneous drawdown of (and possible accretion to) stocks of all types of capital, and, therefore, the continuous interaction of all kinds of capital. Sustainability, then, would depend upon maintenance of an aggregate stock of comprehensive capital instead of rigorous maintenance of each stock of capital in isolation.”

Eric Sievers (2003) with the help of five types of capital, combination of which is called as the comprehensive capital (physical/financial capital; natural capital; human capital; organizational capital; social capital), attempts to explain why it is difficult to catch the sustainable development for the Central Asian countries which are in decline. This is the critical point here in regards to combining micro and meso level analyses. Individual actors cannot control or improve the aggregate stock of comprehensive capital. Only the state can do that.

In sum, it is possible to take the organizational capital (including the state-society relations) as the major causal factor to affect the formation of other types of capitals (especially financial, human, and social capital) in rural Central Asia. And I contend that the quality of the state-society harmony so as to improve the aggregate stock of comprehensive capital will be decisive in regards to turning migration outcomes, especially remittances, into productive causes.

In this project, I aim at connecting the behaviors of micro-level actors, the institutional context that they are embedded, that is the state-society framework. I intend to combine two levels of analyses (micro and meso) as well as two distinct literatures into an integrated approach. The migration literature and the state-society approach will be introduced to each other; and this is a new way and will be contribution to both literatures by this project. Although I build on and integrate both the state (and state-society) in Central Asia and migration literatures, I will offer some nuances.

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