

Poverty in Central Asia: Kazakhstan versus Tajikistan

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Abstract

This article reviews the existence and nature of poverty in the two very different Central Asian nations of Kazakhstan and Tajikistan. Kazakhstan is oil-rich and agriculturally productive. Tajikistan is poor, rural, isolated and mountainous. Summarizing the nature of poverty in these two countries, this article seeks to understand some of the driving factors behind it. Though by no means comprehensive or complete, this article illustrates the vast differences between these two countries of the same ‘neighborhood’ and, sadly, one has great hope of outgrowing poverty and the other has not.

I. Introduction

Central Asia has long been a so-called ‘crossroads of the world’, a place where ‘east meets west’ in the narrow valleys and of the Tian Shan and on the vast plains of the Steppe.¹ Although central to both the 19th century geopolitical struggle known as the ‘Great Game’ as well as to modern energy-driven geopolitics, the region remains little understood - perhaps sheltered by its high mountains and long wind-swept winters, perhaps by its long Soviet past or even by its intricate, ostensibly foreign culture. Though this region is, due to its fragile post-Soviet independence and relative richness in energy reserves, more vital to our own national interests than ever, it is safe to say that most Americans know very little of this ‘land of the Stans’.

Despite the seemed wealth of some of the Central Asian nations, particularly Kazakhstan,² in oil, natural gas and other mineral resources, as well as a relative

¹ One of the world’s highest mountainous plateaus, stretching from western China in the east to central Kazakhstan and eastern Uzbekistan in the west.

² Energy Information Administration (2009).

abundance of arable land,³ the region has nonetheless been dogged by persistent poverty, both in the more developed, urbanized, oil-rich west (near the Aral and Caspian Seas) and in the isolated, mountainous east.

As we are all quite well aware, despite the amazing advances in science, technology, industry, agriculture, medicine and innumerable other fields since the beginning of the industrial revolution in the mid 18th century, human poverty remains a major issue throughout much of the world. In our own nation, despite more than four decades of the national “war on poverty”, it seems that the effects of economic divergence and the recent economic crisis have led to greatly increased levels of poverty and suffering, particularly in disadvantaged regions.

The *World Development Report 2000/2001* explained the reality of poverty as such:

*Poor people live without fundamental freedoms of action and choice that the better-off take for granted. They often lack adequate food and shelter, education and health, deprivations that keep them from leading the kind of life that everyone values. They also face extreme vulnerability to ill health, economic dislocation, and natural disasters. And they are often exposed to ill treatment by institutions of the state and society and are powerless to influence key decisions affecting their lives. These are all dimensions of poverty.*⁴

This article seeks to identify, quantify and at least begin to understand the reasons for the existence and persistence of such poverty in Central Asia. It illustrates the differences in the nature of poverty across two Central Asian nations (Kazakhstan, the wealthiest of the Central Asian republics, and Tajikistan, the poorest) which exemplify their region.⁵ The article also seeks to understand why such poverty has proven so difficult to address despite recent positive growth in these countries’ Gross Domestic Product (GDP).

II. Literature Review

The academic resources related to the topic and geographical interest are somewhat sparse, and certainly of varied and eclectic focus. Most academic, non-institutional literature seems to focus on poverty only in the broader socio-economic context of the transition from Soviet socialism to varying forms of Western liberal capitalism. While such literature does certainly provide valuable information and insights into the causes and nature of poverty in the region, its focus is elsewhere. As opposed to other regions (such as the Indian sub-continent and Sub-Saharan Africa), there is little scholarship which focuses directly on the lives of poor people in Central Asia, and almost nothing which presents them in terms of agency, or in any non-numerical terms. There are some decent institutional sources, but it seems that, for some reason, these sources are sparse. Governmental literature is also somewhat valuable but even sparser and politically suspect, especially broaching regional issues.

³ Kazakhstan’s arable land amounts to 2.04 hectares (ha) per person - higher than any nation save Australia. In some regions of Kazakhstan, that figure is almost 10 ha per person; see Fergus (2003), pp. 109-111.

⁴ World Bank (2001), p. 1.

⁵ United Nations Development Program (UNDP) and United Nations Environment Program (UNEP) (2010), p. 1.

Though there are several valuable sources (especially since the breakup of the Soviet Union), the following three are likely the most important.

- In “A Strategy for Reducing Poverty in Kazakhstan”, Michael Fergus (2003), a Norwegian demographer, gives a fabulous outline of the nature and recent history of poverty in post-Soviet Kazakhstan. He explains the extraordinary but caveated economic turn-around that happened in Kazakhstan between 1998 and 2000. He also outlines official strategies for further poverty reduction going forward. Fergus clearly and concisely links the rise of post-Soviet poverty to (a) the economic calamity, (b) the near halt in trade with other former Soviet republics, and (c) the emigration en masse of non-Kazakhs (mostly Russians and East Germans) who had come to Central Asia after World War II. The article also evokes the so-called “Dutch disease” to explain the persistence of poverty relative to Kazakhstan’s GDP explosion.
- Swarup (2009) authored an Oxfam report, entitled “Reaching Tipping Point?: Climate Change and Poverty in Tajikistan”. Though somewhat more centered on the effects of global warming on Tajikistan’s sensitive climate and ecosystem, Swarup provides a fascinating and distressing glimpse into the intimate relationship between Tajikistan’s rural poor and the condition of the land which they farm, the recent degradation of that condition, and the bleak future faced by the farming poor should such environmental degradation persist. The report features interviews with rural farmers, whose saddening accounts offer a glimpse into their stark existence. Though not a mine of empirical data, this Oxfam report offers great insight into the fragility of the livelihood of Tajikistan’s rural poor.
- Jane Falkingham (2005) provides a consistent, level-headed approach to the causes and recent developments in Central Asian poverty. An expert in the region, Falkingham is the author of a series of articles. Focusing on basic principles of GDP per capita, public sector spending, income inequality, as well as human concerns (such as public health and education), she calmly dissects the problem of persistent poverty, while emphasizing that despite recent economic gains (at the time of the article), the majority of the work in alleviating poverty remained to be done, and that governments were not making the politics easy.

These three articles are, of course, only a segment of the literature on this topic. Yet, they are the ‘stand-out’ sources, the exemplary best, and representative of the background and spirit of this article.

III. Empirical Background: Poverty and Living Conditions

Across the world, the size of an economy is measured in GDP terms. In post-Soviet Central Asia, such terms are particularly important, given the economic collapse experienced by all the former Republics after independence. Resource-rich nations such as Kazakhstan and Uzbekistan have largely rebounded, whereas resource-poor nations like Tajikistan are in as bad a shape as ever.

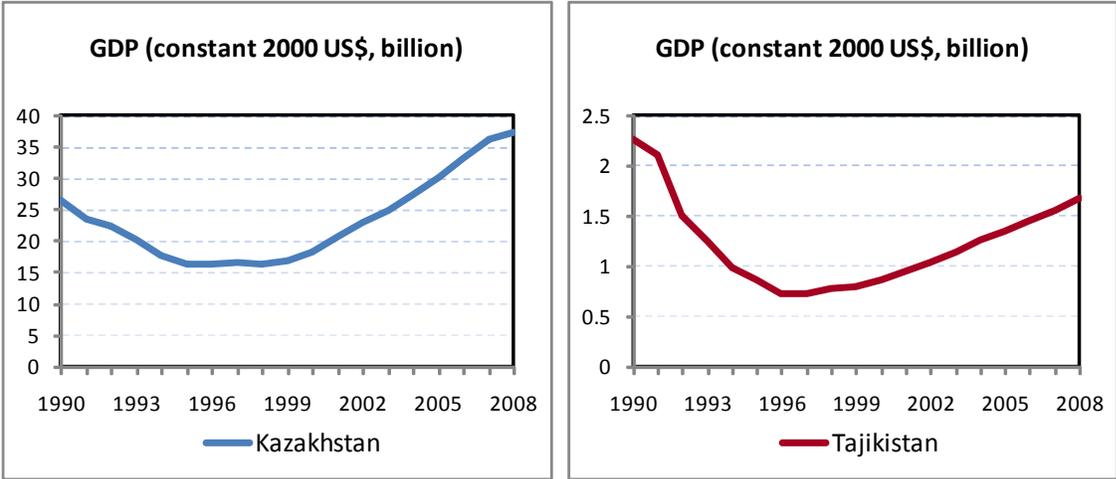
As can be seen, both nations experienced severe economic shocks following the 1990-91 dissolution of the Soviet Union (Figures 1 and 2). Between 1990 and 1995, Kazakhstan’s

GDP fell by one-third, bottoming out at around 60 percent of its 1990 GDP level. Since then, Kazakhstan’s GDP has rebounded enormously, rising from \$16.1 billion in 1995 to almost \$38 billion today (Figure 1). Though concentrated, as usual, largely at the top, Kazakhstan’s extraordinary economic expansion has surely meant great improvements for the living standard of its people.

Tajikistan, on the other hand, has not well recovered from its post-Communist calamity, which was considerably worse than Kazakhstan’s. From 1990 to 1995, Tajikistan’s GDP dropped by 64 percent, from \$2.25 billion in 1990 to \$850 million in 1995. While Kazakhstan’s economy has rebounded, Tajikistan’s GDP today is only \$1.73 billion - only 77 percent of its 1990 level (Figure 2).

Figure 1: GDP of Kazakhstan, 1990-2008

Figure 2: GDP of Tajikistan, 1990-2008



Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

Poverty itself has always been impossible to exactly quantify. The problem comes in determining who is poor, and how to find and count them, and then how to present the data in a way that does justice to these peoples’ lives. Even in a stable, western country these are great challenges, let alone in autocratic, often politically unstable former Soviet Republics. Quite simply, the data available is sparse, and national surveys (such as those taken yearly in the United States) are few and limited. In Kazakhstan, data seems to only be available for the year 1996 and 2001-2002. In 1996, one of Kazakhstan’s worst years in terms of GDP, a national survey of 1996 households (a survey size intended to be ironic, perhaps) determined a national poverty line (a “subsistence minimum”) of \$40/month, and determined a poverty rate of 34.5 percent.¹ By 2001, that number had decreased to 17.6 percent, and further to 15.4 percent by 2002.² Unfortunately, apart from these three figures there seems to be no direct data available on poverty rates in Kazakhstan.

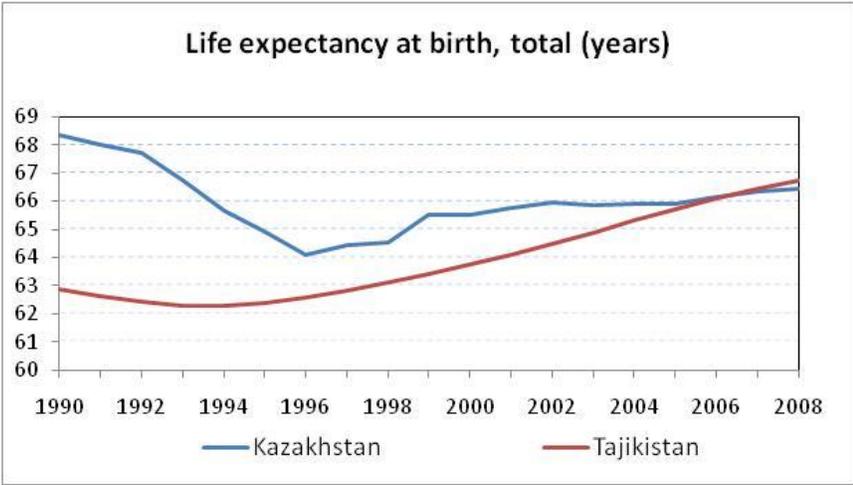
¹ Fergus (2003), pp. 110-112.

² World Bank (2010).

As for Tajikistan, the data are equally sparse, and far more shocking. Headcount surveys put poverty at staggering 74.9 percent in 1999, then at 72.4 percent in 2003, and at a far lower 53.5 percent by 2007.³ Despite some apparent improvement, poverty in Tajikistan remains shockingly high - nearly as high as in its neighbor, Afghanistan, and overall one of the highest rates of persistent poverty in the world. As of 2003, 69 percent of the Tajik population lived on less than 2 U.S. dollar per day, compared to only 17 percent of the Kazakh population. Furthermore, in 2003 more than one-third of the Tajik population lived on less than \$1.25 per day - a number comparable not with Central Asia but with Central Africa.⁴

To understand the nature of poverty, we must look beyond income poverty data and instead examine key statistics related to living conditions. Such a key statistic is life expectancy, reflecting a measure of public health. Interestingly, given what we know about poverty in these countries, this statistic is surprising and somewhat encouraging. Despite the clearly much higher poverty in Tajikistan, public health measures appear to have been effective in raising the overall health, and thus the overall life-expectancy of the population. This is as opposed to Kazakhstan, where life expectancy has risen slightly but is still well below its 1990 level of 68 years (Figure 3).

Figure 3: Life Expectancy at Birth (years) in Kazakhstan and Tajikistan



Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

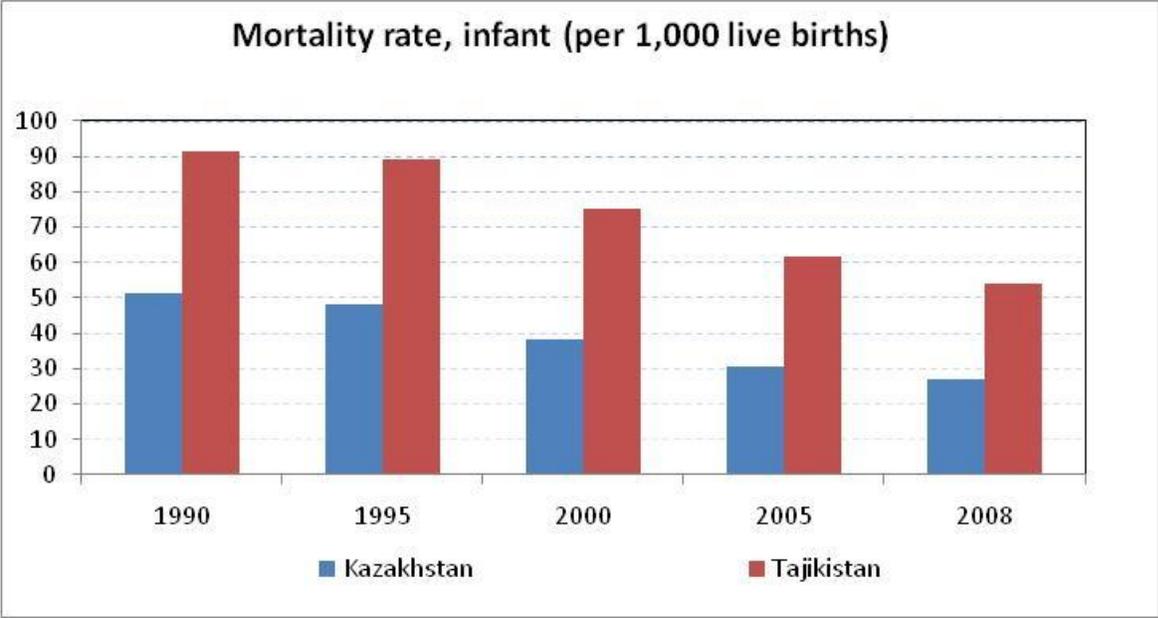
Of course, these data on life expectancy may be somewhat misleading: Tajikistan’s improvement is probably attributable to some degree to a young, growing population following its post communist civil war, and Kazakhstan’s figure is probably weighed down by large-scale emigration, which will be examined further later.

³ World Bank (2010).

⁴ World Bank (2010).

Infant mortality figures (considered another principle measurement of public health) are also telling of the situation today in Central Asia: while the numbers are on a slow and steady decrease, they remain very high, and are considerably higher (almost double) across the board in much-poorer Tajikistan (Figure 4).

Figure 4: Infant Mortality (per 1,000 live births), 1990-2008

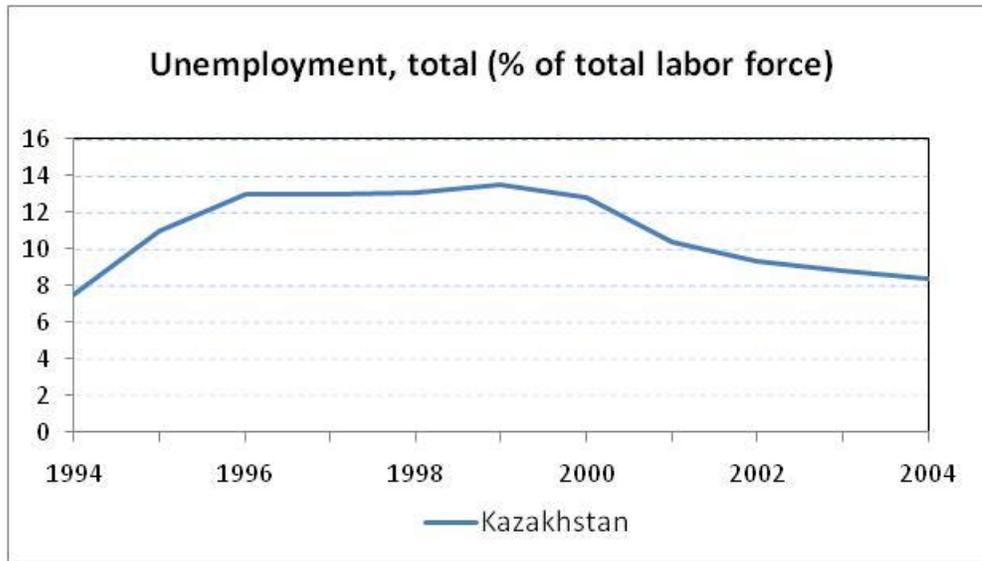


Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

The last indicator we would like to examine is unemployment. This proves difficult as the World Bank’s *World Development Indicators database* does not contain any information on the percentage of unemployed of Tajikistan’s labor force. Based on official estimates for 2003-2005 (provided by the CIA Factbook),⁵ unemployment was 40 percent, though it is well known that actual unemployment has been much higher than officially estimated. Based on a study by Mark Kramer (2008) at Harvard University, unemployment has reached as high as 60 percent in some of Tajikistan’s regions, with youth unemployment reaching 80-90 percent. In Kazakhstan, for which data is available from 1994-2004, the recent figures are encouraging. They show a rapid drop in unemployment, corresponding with Kazakhstan’s oil boom which began in the late 1990s (Figure 5). Moving towards universal employment is the best way to reduce persistent poverty.

⁵ U.S. Central Intelligence Agency (CIA) Factbook; available at: <https://www.cia.gov/library/publications/the-world-factbook/>

Figure 5: Total Unemployment in Kazakhstan, 1994-2004



Source: World Bank (2010) *World Development Indicators*
(as posted on the World Bank website; downloaded on May 5, 2010).

IV. Discussion

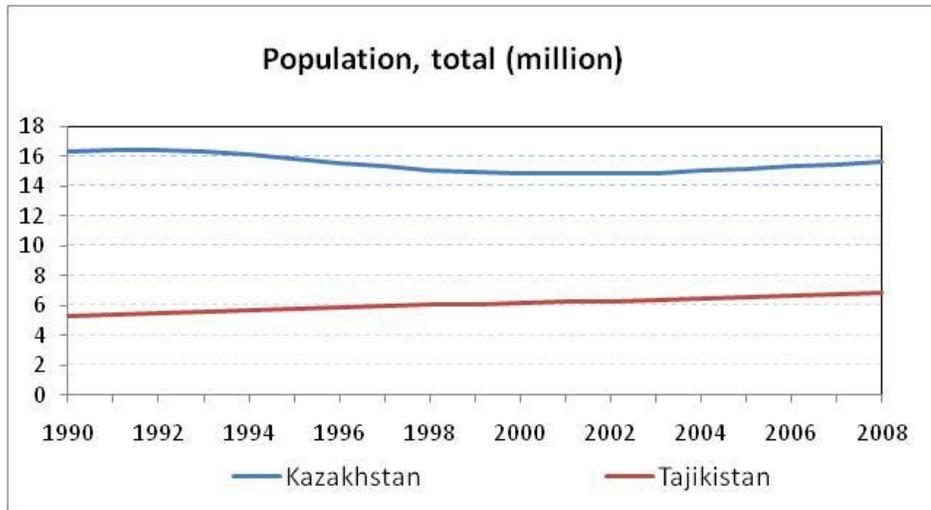
IV.1. Migration

When discussing issues of poverty anywhere in the world, there are umpteen issues which must come into consideration. In any single thesis, let alone in any articles as short as this one, it is nearly impossible to adequately portray such issues holistically. Instead, it proves necessary to focus on one or several of the most crucial issues, and to highlight the effect they have on the greater issue of poverty in a particular region.

In the case of Kazakhstan, and to a lesser extent, Tajikistan, migration is one of the biggest socio-economic issues. As shown in Figure 6, from the time of the collapse of the Soviet Union all the way until the end of the 1990s, Kazakhstan's population fell sharply, from 16.4 million in 1990 to 14.9 million in 2000. This implies a net loss (to migration, as there was no major violence or catastrophe associated with the secession of Kazakhstan) of approximately 1.5 million people. Tajikistan's population increased from 5.3 million in 1990 to 6.8 million in 2008, which is due largely to population growth and until very recently, low levels of migration.

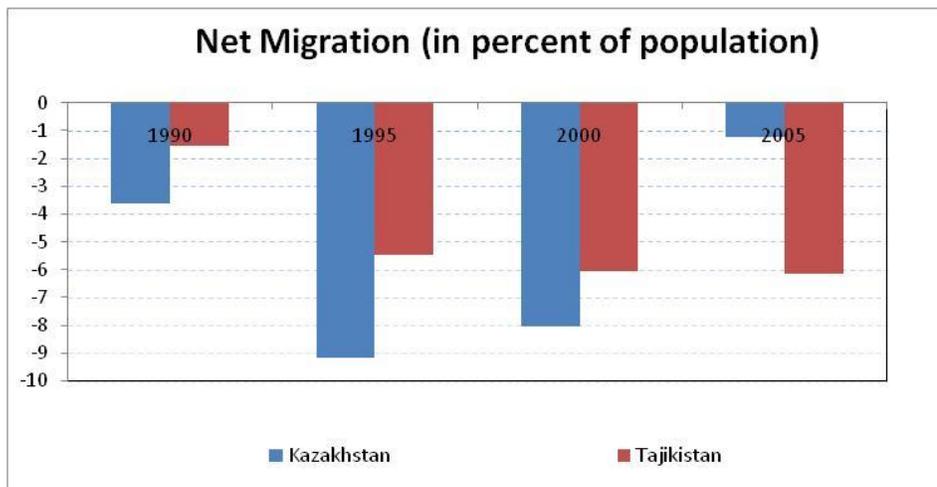
Figure 7 shows the migration of population (as percent of the total population) for the available years from 1990 to 2005. In the late 1990s, Kazakhstan lost nearly 10 percent of its population on a yearly basis due to migration. Though some of this was made up for with relatively high birth rates, Kazakhstan nonetheless lost a considerable portion of its population. In the case of Tajikistan, the migration was (as a percent of the total population) until the beginning of this millennium far lower than in Kazakhstan, and given relatively high birth rates, Tajikistan's population continues to grow.

Figure 6: Evolution of Populations of Kazakhstan and Tajikistan



Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

Figure 7: Net Migration (for available years from 1990-2005)



Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

So why does such a loss matter in terms of poverty? It would seem, ostensibly, that having fewer mouths to feed is a good thing. Yet, one must understand, in the case of Kazakhstan, this emigration was very much a brain-drain. During communist times, much of Kazakhstan's educated middle class were not Kazakh but Russian and East German (some had been there since long before the Soviet Union was formed). Though Kazakhstan still has a significant minority of Russians (in the north) and Germans (in the cities), many left to return to their homeland, taking advantage of liberal citizenship laws

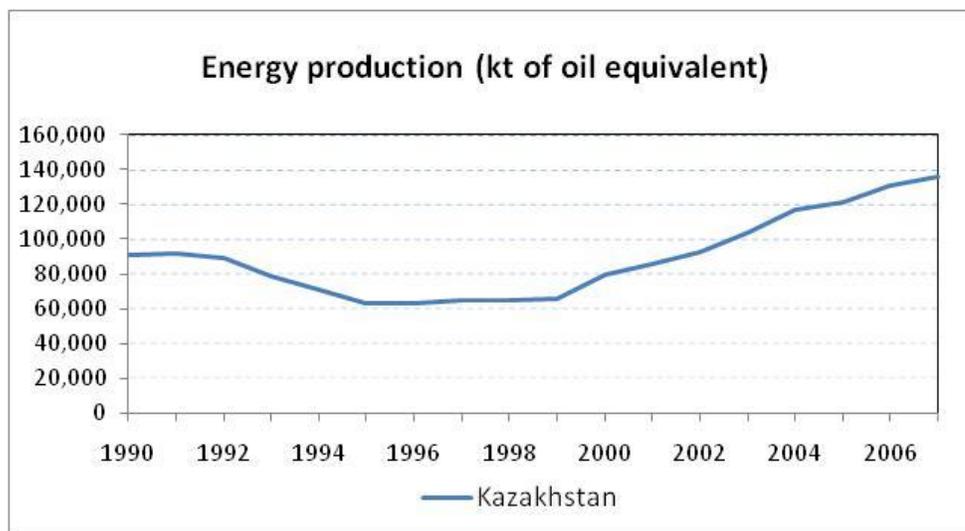
that allowed the return of post-communist ethnic nationals.⁶ As one can easily imagine, the effects of a shrinking middle class on the stability of the Kazakh economy were not positive. This emigration has left Kazakhstan a nation of mostly ethnic Kazakhs, who are, of course, the poorest and most rural of Kazakhstan's three main ethnic groups. Unfortunately, little data is available on the ethnic makeup of Kazakhstan and related data such as educational and economic-participation information.

IV.2. Dutch Disease and Inequality

As mentioned above, the recent "explosion" in Kazakhstan's economy has largely been due to the increasing exploitation of its enormous oil reserves. Though the oil-boom has certainly been beneficial for the Kazakh nation as a whole, it does present some basic issues, especially when discussing poverty.

The first is the issue of so-called "Dutch disease." As coined in the 1970s and catalogued in the New Palgrave Dictionary of Economics, "Dutch disease" refers to the problems, particularly de-industrialization, caused by over-reliance on exploitation of fossil fuel resources.⁷ This has been a major fear in Kazakhstan, given its 21st century explosion in oil production, as shown in Figure 8.

Figure 8: Kazakhstan's Total Energy Production, 1990-2007
(in 1000s of tons of oil equivalent)

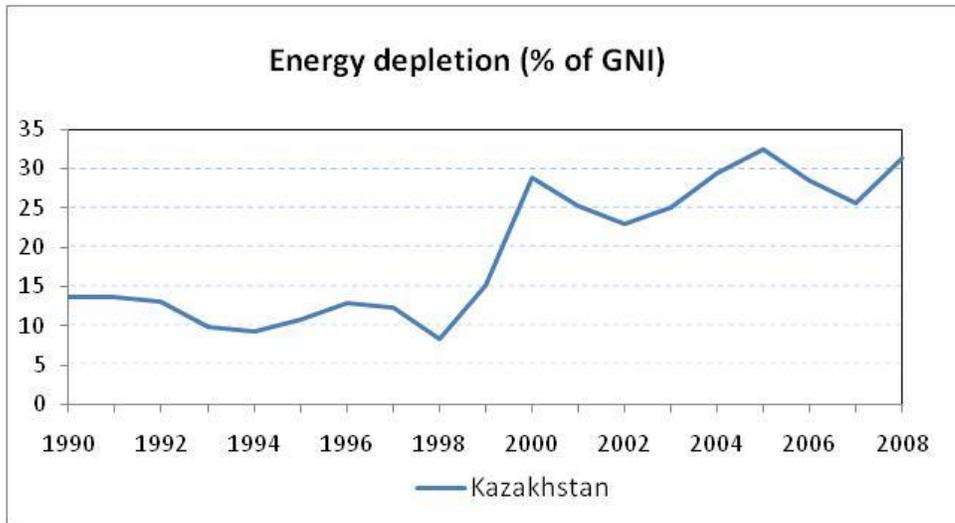


Source: World Bank (2010) *World Development Indicators*
(as posted on the World Bank website; downloaded on May 5, 2010).

⁶ Pomfret (2005), p. 861.

⁷ "Dutch disease," The New Palgrave Dictionary of Economics Online; available at: [http://www.dictionaryofeconomics.com/article?id=pde2008_D000264&edition=current&q=dutch percent20disease&topicid=&result_number=1](http://www.dictionaryofeconomics.com/article?id=pde2008_D000264&edition=current&q=dutch%20disease&topicid=&result_number=1).

Figure 9: Kazakhstan's Energy Sector (as percent of GNI), 1990-2008



Source: World Bank (2010) *World Development Indicators* (as posted on the World Bank website; downloaded on May 5, 2010).

As shown in Figure 9, the energy sector (mostly oil and more recently some natural gas) now accounts for nearly one third of Kazakhstan's economy. This can cause enormous problems for a nation - not only in terms of over-reliance, but also in terms of de-incentivizing other forms of economic production. Also, it is important to understand, oil is not a wholly productive industry, in societal terms - that is, it produces relatively few jobs, and does not generally share its income on a national basis. This is reflected in Kazakhstan's relatively uneven distribution of income across its people (which is reflected in a Gini index above 30, which is high for a former socialist state).⁸ While uneven income distribution is not uncommon in the developing (and increasingly, in the developed) world, it is very harmful when it comes to issues of poverty. If most of the income is going to the wealthiest (i.e., the oil-industrial class), the poor do not benefit from Kazakhstan's energy boom.

IV.3. Agriculture and Climate Change

In Tajikistan, as opposed to Kazakhstan, an industrial base was never really built, and poverty remains very rural. This, in certain cases, makes poverty issues harder to quantify and to understand, largely because Tajikistan is very mountainous, with many regions hard to access even in good weather. In many ways, the life of the average Tajik, outside Dushanbe, has not changed, in character or difficulty, in the past hundred or so years.

Yet, the world is making life harder for the average rural Tajik. The massive increase in greenhouse gas emissions over the past 70 or so years has meant increasing problems for Tajikistan's highly fragile ecosystem. Glaciers are shrinking, water levels are dropping,

⁸ World Bank (2010).

and severe weather and droughts are increasing in frequency. In fact, Tajikistan is ranked as the most vulnerable to climate change in all of Eurasia.⁹

Though the 2009 season was, thankfully, quite productive, the three previous years saw Tajikistan in painful drought conditions. Many farmers were forced to leave their land, to seek work in Dushanbe, and, increasingly, abroad in Kazakhstan, Russia and China. The climate change-caused drought problems are so bad that, according to one Tajik government official, “[W]e are seeing more extreme weather conditions and more extreme cold and more extreme heat, particularly in the valley. [...] If nothing is done, all the glaciers will melt and I don’t know if we will have water in 20 years.”¹⁰ Indeed, as all over the world, glaciers (which are Tajikistan’s only reliable source of water), are in extreme danger. Of the glaciers that feed the irrigation of Tajikistan, some are already nearly half-way melted, and the expectation is that by 2050, the vast majority of Tajikistan’s permanent glaciers will have melted.¹¹

Of course, all nations, in some way or another, must adapt to climate change. Yet, the previously mentioned ranking also rated Tajikistan as a nation with the lowest ability to adapt to climate change. As Tajikistan is one of the world’s smallest producers of greenhouse gases, it would seem that, sadly, Tajikistan has little control over its own fate, and short of a new agricultural revolution, has a bleak future.

V. Conclusions

Though very different across nations, poverty in Central Asia does seem to be doggedly persistent. Both in oil-rich Kazakhstan and all-around-poor Tajikistan, poverty seems to hold on, most particularly in rural areas. Though progress has been and continues to be made, these issues should consistently remain on the forefront of our thoughts, as should any discussion of human poverty and suffering. It is, however, always important to understand the differences in these issues across nations, and the different strategies necessary to resolve them.

Going forward, the main issue in Kazakhstan is how to shape growth so that the ever-expanding fossil fuel industry can better help the welfare of the nation as a whole, and not just the wealthy upper-crust. Though not discussed above, corruption and government graft is also a major issue, as in any oil-rich autocracy. The point is, a country with such wealth no longer has any excuse to ignore or spurn the needs of the neediest of its population. It is telling, then, that the Kazakh government, and indeed most of the scholarship available on Kazakh issues, does not consider poverty to be one of the nation’s major issues. In a sense, we can see Kazakhstan’s poverty as a similar, though exacerbated form of poverty we see in our own nation, and, pointedly, which we continue to ignore in our own nation. It is a solvable issue, requiring more human effort than hard cash, but is, for now, in both nations, on the back-burner.

The issue of poverty in Tajikistan, however, is much bleaker. In this case, whether or not Tajikistan puts in due effort, the nation and its government do not seem to have the power

⁹ Swarup (2009), p. 11.

¹⁰ Swarup (2009), p. 6.

¹¹ Swarup (2009), pp. 8-9.

to overcome poverty. As a nation where poverty is largely rural, Tajiks are at the mercy and whim of mother nature, and it would seem that on this earth, mother nature is herself in the hands of the rich. That is to say, those nations which are most vulnerable to the disastrous effects of climate change, Tajikistan among them, are the least potent in terms of stopping it. The solution, then, lies in the hands of everyone else, of the whole world. On this issue, there has until now been little international agreement, and national self-interest has prevailed overall. Let us hope, however, that for the sake of the Tajik people and so many others, common sense and decency will prevail.

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