Central Asian Survey

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/ccas20

Circling the barrels: Kazakhstan's regime stability in the wake of the 2014 oil bust

Morena Skalamera Groce

To cite this article: Morena Skalamera Groce (2020): Circling the barrels: Kazakhstan's regime stability in the wake of the 2014 oil bust, Central Asian Survey, DOI: 10.1080/02634937.2020.1812530

To link to this article: https://doi.org/10.1080/02634937.2020.1812530

Published online: 14 Sep 2020.

CENTRAL ASIAN SURVEY
https://doi.org/10.1080/02634937.2020.1812530

Circling the barrels: Kazakhstan's regime stability in the wake of the 2014 oil bust

Morena Skalamera Groce

Institute for History, Leiden University, Netherlands

ABSTRACT

Most of Kazakhstan's wealth hinges on oil rents, and the overall performance of the economy is closely linked to petroleum's price fluctuations. This study asks (1) why the institution of private ownership of oil proceeds has not led to a positive transformation of patron–client relations embedded in the country's energy sector, thus challenging the relevance of the 'private ownership' narrative, and (2) why the collapse in the price of oil did not affect the stability and essential character of the regime in power. To answer these questions, the article examines two case studies: the privatization of the oil sector in the 1990s, and the post-2014 oil crisis. Thus the article problematizes important theories on oil-sector privatization and contributes to recent work on regime stability as it pertains to the resource curse. The analysis of the constitutive impact of oil wealth on Kazakh politics generates wider insights on the links between the power of informal networks and regime stability in petrostates through boom and bust cycles.

KEYWORDS

Kazakhstan; resource curse; regime stability; informal networks; privatization

Introduction

Despite a highly educated population, a rent economy remains the basis for political power in Kazakhstan. As in many other petrostates, authoritarianism does well in explaining the country's political trajectory (Goldman 2008; Svolik 2012). However, careful study of post-bust Kazakhstan finds no support for the argument that a 'superstate' is enough to explain regime stability (Fish 2005; Hale 2011). A closer look at the country's response to the dramatic fall in oil prices reveals that oil rents and a strong executive play an important but not determining role in maintaining domestic stability.

Kazakhstan is a petrostate with an open economy favourable to foreign investment, which relies heavily on oil rents to finance government expenditures. Petrostates can be defined as countries where oil rents form at least 10% of GDP and whose governments are the principal recipients of the external rent, thus enabling them to levy extremely low taxes and exempting them from the need to develop strong domestic productive sectors (Luciani and Beblawi 1987).

CONTACT Morena Skalamera Groce m.skalamera@hum.leidenuniv.nl

The core of the article offers a framework for examining patterns of regime stability and change in Kazakhstan, and scrutinizes two cases: the privatization of the oil sector in the 1990s, and the post-2014 oil crisis. These stories reveal the interplay of formal control and informal network power in the markets for hydrocarbons in Kazakhstan. Beyond the intrinsic importance of Kazakhstan as a petrostate, this inquiry offers three broader lessons about the important relationship between oil wealth and regime stability.

First, the case study on privatization problematizes the extent to which the variable 'ownership structure' affects the features of distributive institutions in oil-rich patrimonial regimes, given the pernicious influence of informal networks. The evidence that state ownership of oil production is not a precondition for many 'resource curse' arguments calls into question research based on that premise. Second, this insight could help explain – and perhaps predict – the findings of the case study on the post-2014 oil crisis, which finds that the slump in oil prices has had little effect on the patronage-fuelled informal networks at the top (despite the carefully managed presidential transition).[1] Third, most accounts (Collier and Hoeffler 2004; Acemoglu and Robinson 2006) assume that lower oil windfalls cause frantic rent-seeking and internecine conflicts among elites. So-called *extractive institutions* create significant gains for the elite, but post-bust adjustment pressures are expected to initiate struggles by informal networks reluctant to curtail their clientelism (Cooley 2001). Infighting and instability are thus inherent features of extractive institutions, and they not only create inefficiencies but often lead to the total breakdown of law and order (Acemoglu and Robinson 2012, 150). Building on this literature, this article instead argues that *informal networks* are critical for explaining support for regime stability, especially under unfavourable economic circumstances.

While the first case study offers an evaluation of Kazakhstan's modern political trajectory since privatization in the 1990s, the second covers the period from the mid-2014 oil bust. This article posits that, if oil rents indeed played a major role in explaining regime stability, political struggles would have already upended business–elite pacts and put the general alignments of domestic power under strain (Franke, Gawrich, and Alakbarov 2009; Colgan 2015) – something that demonstrably did not happen.

The article is organized into four main sections. The first section introduces the two cases and shows the limits of existing theory. The second discusses definitions and research design and also proposes a framework that emphasizes the causal importance of informal networks as the source of regime stability. The third further develops the new framework, hypotheses and method. The fourth applies the framework to the two cases mentioned above. The conclusion discusses the implications of the argument for other cases and for our thinking about democratization efforts in petrostates.

An empirical puzzle: Kazakh regime stability and the limits of classic resource curse theory

It is well established that petrostates use low tax rates, high public spending, and patronage to relieve pressures for democratic accountability (Sachs and Warner 2001; Levitsky and Way 2002; Smith 2015). This article draws on the resource curse literature (Alesina et al. 1996; Yang 2010), which presents two logically distinct arguments: economically, petrostates tend to grow more slowly than resource-poor counterparts (Mahdavy 1970;

Luciani and Beblawi 1987); and politically, resource wealth is thought to foster corruption, which tends to weaken state institutions (Karl 1997; Acemoglu and Robinson 2006). Besides poor economic performance and unbalanced growth, conventional wisdom states that natural resource wealth erodes democracy and perpetuates dictatorships (Ross 2001; Fish 2005; Wiens et al. 2014). Therefore, petrostates are thought to experience more frequent violent domestic conflicts (Colgan 2011, 2015; Morrison 2013).

An especially useful extension to the literature on the resource curse is Jones Luong and Weinthal's (2010) work on the privatization process in oil-rich Soviet successor states. In their landmark study, Jones Loung and Weinthal contend that the ability of mineral-rich states to avert the resource curse depends on the ownership structure of their mineral wealth.[2] The case studies of Turkmenistan and Uzbekistan are presented as evidence of ownership structures fostering weak fiscal regimes, while the case study of Kazakhstan (and Russia) demonstrates the opposite (Jones Luong and Weinthal 2001b). This study disagrees. Across 30 interviews and over two decades' worth of other data (government regulations and reform plans), this article finds little evidence that institutions in energy-privatized Kazakhstan either more effectively constrain local elites and international corporations, or encourage them to create effective contingencies against commodity boom-and-bust cycles (Jones Luong and Weinthal 2006, 36). Instead, privatization allowed well-placed individuals to hijack state institutions through state capture (Goldman 2008, 33–40).

The findings presented in Case Study 1 thus challenge the 'private ownership' narrative, which explains the resource curse as contingent on private-sector involvement while discounting other factors, for example informal rent-seeking channels, and quiet resistance to reformist state policies. Recently, the government of Kazakhstan has spent petroleum wealth on transforming the new capital city while failing to bring running water to villages, demonstrating that state ownership of energy production is not a precondition for rentier-state arguments.

Case Study 2 suggests that neglecting the power of informal networks has hampered an understanding of the conditions for regime stability in autocratic petrostates. The case reveals that formal institutions provide little leverage in explaining Kazakh regime stability. The voluminous literature on the oil curse, indeed, is silent on the role that plunging oil prices play in scenarios where the elites retain power. In other words, the pertinent question is not whether particular forms of state–society relations (i.e. *patrimonialism*)[3] are institutionalized in oil-dependent countries – clearly, they are – but what factors explain the patterns of change and stasis in the configuration of the domestic elites.

Definitions and research design

Henry Hale (2013) has demonstrated that exogenous shocks do not result in major changes in the politico-economic order in oil-rich regimes: in times of crisis the patrimonial core will be sustained rather than constrained.[4] At issue are the causal processes initiated by diminishing inflows. The question therefore is, why has the Kazakh regime remained so stable amid long-sinking world oil prices and even the recent political succession?

As noted by Hale, the absolute scale of resource rents does not help patrons stay in power. Rather, absolute oil buoyancy is determined by the chief executive and by the expectation that the executive will continue to distribute payoffs, even in times of relative shortage.[5] This article builds on the work of Hale (2013). But it departs from Hale's account in two ways. First, Hale (2011, 581–617) posits a strong role for political parties and formal institutions as the proximate causes sustaining non-democratic leaders. In this view, for authoritarianism to function effectively the regime needs a *formal* vehicle through which to exercise power, such as a 'pragmatic party' of power or a presidential constitution. His account therefore stresses *vertical* power relations among actors in a patronal system (Hale 2014, 9). This article offers an alternative patron–client model, one that identifies a more *horizontal* pathway to regime consolidation. In the absence of institutionalized parties of power or a strong military, Kazakh elites rely on *informal networks* to secure access to the power resources of the state and/or to deny access to such resources by others. Hale (2011), Levitsky and Way (2002), and Fish (2005) all explain regime stability from an institutionalist standpoint, with Hale's (2011) study positing an especially strong role for presidential constitutions.

When institutionalized parties are lacking, horizontal, non-exclusionist networks with links to the president but transcending clan, tribe, region and ethnicity provide the crucial building blocks of regime stability. President Nazarbayev was careful to keep regional power players under central control, while simultaneously trying to minimize ties of solidarity among in-groups within the country's complicated clan networks.

In this study, the term *informal network* is similar to Warner and Lunt's (1941) definition (cited in Easter 1996, 557) of a non-kinship, non-ethnic-group-based informal association that displays group strategies of behaviour in the pursuit of access to the power resources of the state. By linking regime stability to the power of informal networks, my account can explain cases that remain puzzling from the perspective of classic institutionalist theory. I then suggest an alternative notion of informal network as reflective of two conditions: (1) the presence of multiple horizontal interactions (kinship, ethnic, or professional) that transcend exclusivist categorizations; and (2) whose strength is determined by their ability to leverage personal ties to the executive.

In short, it is not the proximate institutional choices of an autocratic 'superstate' that ensure regime stability amid much lower inflows of oil rents. Rather than stressing vertical patron–client relations among elites, this framework stresses horizontal network relations among individuals that mobilize to assure their own survival in times of relative shortage. They do so while avoiding the risky, narrow and exclusivist networks that exist within particular clans, tribes, regions, professional institutions or ethnic groups.

Second, in contrast to institutionalist approaches, this article holds that neither a weak distributional state (Vandewalle 1998), nor a strong authoritarian 'party of power', nor a presidential constitution (Hale 2011) is the primary reason for autocratic regime stability. This article uncovers the linkages between the vested interests of the elites and feckless 'on the ground' implementation of modernization policies.[6] Rather than being evidence of the inability of the state to perform necessary administrative functions (Vandewalle 1998, 155–61), the failure to deliver reveals informal networks' interest in maintaining the status quo.

In the context of this paper, the effect of informal networks on regime stability can be understood in two ways. First, as the label implies, the interests that informal networks wish to impose on the chief executive may be different from those of the private oil sector. Jones Luong and Weinthal (2006) argue that private ownership of resource assets can establish a counterweight to corruption, as the state is forced to adopt strong institutional tools to obtain its portion of the resource rents through taxation. Case Study 1 demonstrates that singling out private ownership as the determinative factor in alleviating the resource curse is not helpful if a petrostate is beholden to informal networks. This contributes to a growing literature suggesting that oil does not have a monolithic effect but interacts with domestic politics in a complex way (Colgan 2014). This is not to say that foreign investors privilege transparency in emerging markets or that oil politics in petrostates is *only* about the power of informal networks. Rather, I argue that they enjoy a higher priority in explaining why oil-sector privatization did not foster stronger fiscal regimes.

Second, this framework incorporates the role of informal networks in explaining why the patrimonial core persists in the wake of mid-2014's sharp drop in oil prices. The hand-picked successor, Kassym-Jomart Tokayev, hewed close to Nazarbayev,[7] proving that violent economic recession is not a sufficient condition for bringing about changes to authoritarianism.

Certainly, scholars have long been aware of the workings of informal networks within post-communist systems (Easter 1996, 560; Junisbai and Junisbai 2005; Isaacs 2013). However, the role of informal elites in quietly opposing the executive's calls for greater reform has gone largely unnoticed. The apparent support for these 'modernization' measures is due to the behaviour that Kuran (1995) calls 'preference falsification'.[8] The argument here is that *horizontal non-exclusivist informal networks* provide the mechanisms to help or hinder the state's success in executing reforms. Considering how embedded informal power coalitions are in patrimonial petrostates, what matters most in the midst of crisis is the patrimonialism that underpins domestic economic institutions – a clear hindrance to reform.

An alternative framework: the persistence of patrimonialism hampers both forms of change

This study is inspired by two puzzles: Why has private ownership not led to transformation in patron–client relations in Kazakhstan (challenging the previous theory of Jones Luong and Weinthal)? And why is the regime stable despite the oil downturn (which has limited its ability to deliver rents)? The research goal is to revisit the existing approaches, given that the outcome defies expectations (Table 1). In the first, I seek to demonstrate that there was an expectation that private ownership could elicit change (Jones Luong and Weinthal 2010). In the second, I contend that the regime has distributed fewer resources and that enough time has passed for popular/elite dissatisfaction to boil over into a push for change.

Drawing on two case studies, I hypothesize that the persistence of patrimonialism is the main independent variable preventing both forms of change. This study assumes patrimonialism to be a system whereby collective behaviour is organized around informal personal networks and not around formal principles such as party allegiance or abstract categorizations like economic class or ethnicity. I use patrimonialism, an existing concept, rather than introducing a new one in a crowded conceptual landscape.[9]

The article uses the congruence method in process tracing to derive multiple observable implications related to the causal mechanisms being uncovered. By virtue of the

Table 1. Two puzzles.

	Positive/negative outcomes	Laundry list of observable implications: 'persistence of patrimonialism (i.e., the power of informal networks)'	Main alternative hypothesis: gradual consolidation of a strong executive at the helm of the distributive state
Why has private ownership not led to a transformation in patron–client relations in the economy and politics of Kazakhstan (modifying Jones Luong and Weinthal 2010)?	Vibrant liberal market economy / clientelism	1. Privatization coexists with the interests of *informal networks* that seek access to the power resources of the state and, in doing so, suppress the effects of private ownership. 2. These informal networks will obstruct 'superstate' reforms that undermine the social and economic basis of their own power.	If strength of statist authoritarianism was the decisive factor in political outcomes, we would expect to observe (1) a stronger renationalization of mineral proceeds and (2) executive success in carrying out an ambitious economic liberalization programme.
Why has the regime continued to be stable despite the oil downturn (which has limited its ability to deliver rents)?	Stable regime / collapsing polity or fragmentation of the state	Informal networks will support the autocratic leader for as long as he maintains legitimacy as the distributor of patronage, regardless of failing oil buoyancy (as already argued in Hale 2013). However, they will quietly reject or temper the distributional state's drive towards reform. Despite severe fiscal pressures for economic reform, informal networks lack incentives for any institutional change that undermines their political and economic dominance.	If the rise and strength of authoritarian statism was the primary cause of regime stability, we would observe success in executing the government's preferred reform agenda.

shared, unique post-Soviet legacies of state development, my findings can be generalized to states, such as Russia, that defy expectations for the same reasons.[10]

The qualitative data in this article are based on over 30 in-depth interviews with corporate executives, officials and policy experts in Kazakhstan from November 2016 to May 2017.[11] I triangulate elite interviews with newspaper reports, documents and legal reports to corroborate the information and construct an objective historical narrative.

Patrimonialism: why private ownership here is not determinative

With the dissolution of the USSR in 1991, Kazakhstan owned its own oil fields for the first time. Its total oil reserves were comparable to Nigeria's and Libya's, and no other country in Eurasia, except for Russia, had more gas reserves.[12] Expansion in the oil sector has been the primary driver of the country's GDP growth, a vital export, a key destination for foreign direct investment (FDI) and, most crucially, a major source of income for the state budget. The energy sector's share of the country's GDP grew at a steady rate, from 3.7% in 1997 to 14.7% in 2006 and 25.8% in 2011.[13]

In the 1990s, attracted by the prospect of huge returns on investments, legions of international oil companies (IOCs) appeared with purchase offers denominated in the hundreds of millions (Marten 2007). Much of Kazakhstan's oil, like that of Russia's, was relatively expensive and technically difficult to extract, thus requiring Western help to develop and exploit it. Thus, Kazakh leaders decided to sell oil fields rights to major IOCs (Palazuelos and Fernández 2012), for whom demand took off following Chevron's Tengiz field acquisition in 1993.[14] Chevron's promising deal soon lured a range of other business entities. In 1996, Mobil signed an important oil production agreement, a deal later dubbed Kazakhgate, and the subject of a US federal investigation for bribery (Franke, Gawrich, and Alakbarov 2009, 126; Pleines and Wöstheinrich 2016, 301).

In examining Kazakh patterns of petroleum exploration, two factors emerge: the large-scale private ownership structure of oil proceeds and the subsequent evolution of the institutional framework governing exploitation. The ownership structure of Kazakhstan's oil enterprises has changed several times through mergers and acquisitions in the industry. Up to the mid-2000s, seven international 'majors', including BP and Chevron, accounted for more than 90% of oil production (Kaiser and Pulsipher 2007; Palazuelos and Fernández 2012).

In countries with weak formal institutions, attracting foreign investors creates opportunities for cronyism and corrupt rent-seeking (Pomfret 2011, 3). Haste in taking advantage of foreign capital leads to poor bargaining and collusion between IOCs and powerful local clans, as the state is too weak to prevent this (Collier and Hoeffler 2004). In sum, the literature already takes issue with Jones Luong and Weinthal's approach, positing that the governing elites have an incentive to direct the use of mineral rent proceeds towards privatization to reap the greatest long-term economic benefits. On the other hand, those choosing government control are most likely to suffer from the 'curse' of mineral wealth. IOCs do, indeed, place great emphasis on getting as much value as possible from natural resources. These incentives, however, have to be underpinned by a local commitment to improving transparency, and here is where a recognition of the role of *informal networks* in the governance of oil rents is of key importance.

Departing from the institutionalist view, I hold that scholars devote insufficient attention to the agency of informal networks. In Kazakhstan, domestic politics has been primarily controlled by networks of key elites seeking to bolster their personal power base (Pomfret 2005). The formal level, it turns out, matters very little, whereas individual loyalties matter enormously. In the 1990s, such patronage mechanisms created an enormous pyramid of patron–client ties (Collins 2004; Junisbai 2012). Clan pacts distributing power and resources to key factions inhibited the centralization of power under a strong executive. Business entities that sought natural resource rights before 1997 faced difficult choices concerning which political alignments (i.e., clan networks) to cultivate as insurance against the perceived risks of operating in Kazakhstan. Over time this approach proved unsustainable, as competing clan networks were likely to impede not only regime consolidation but also longer-term regime stability.

In the early 2000s, the trend of the faulty privatization of the 1990s was reversed. Rents were now mostly used to consolidate the autocratic regime and to curb foreign companies' engagement in the oil sector. Nevertheless, with soaring petroleum revenues, state institutions evolved, and, to some extent, improved. By the early 2000s, as the opposition Democratic Choice of Kazakhstan and Ak Zhol began to gain traction, threatening regime stability. The president then shifted his mode of control from informal ties to quasi-formal institutions that he could more effectively use to leverage political advantage (Ostrowski

2009; Kendall-Taylor 2012). Nazarbayev endorsed a massive renationalization scheme, thereby generating the revenue needed for the state to reassert itself and shifting relations from kinship-based to a more formal corporatist patrimonialism.

Ceding control to Kazakh formal institutions, however, did very little to curtail the power of entrenched informal networks. The party system in Kazakhstan is weak and unconsolidated; it is extremely personalized, and even Nur Otan, the nominal party of power, lacks a substantial societal foundation.[15] In this context, existing informal networks continued to condition the institutional strength of the distributive state – a core aspect of Kazakh politics. Fluctuation in the price of oil meshed with significant variation in institutional strength to underpin incentives for foreign entities engaged in petroleum exploration.

From state capture to consolidation of crony capitalism

At the turn of the century the consolidation of executive power was most evident in the oil sector. In the early 2000s, the government shifted the oil ownership structure toward ever-greater involvement by state-owned KazMunaiGas (KMG). While private IOCs remain dominant, this gradual reorganization of the oil sector expanded the state's capacity to collect revenues (Kalyuzhnova 2011; Palazuelos and Fernández 2012). This led to several legislative changes and the ascendancy of KMG. In 2004, a new law dictated that KMG would take a 50% stake in all future consortia, boosting the state's revenues. Western IOCs continued to have the upper hand in the country's oil exploration but were now forced to share profits with the government. The ensuing revisions of IOC agreements cemented the primacy of Kazakh law, increased government revenues, and enhanced KMG's role (primarily in Kashagan, the country's mammoth oil field).[16] Aggressive changes in oil tax legislation with the goal of 'rebalancing' previously signed agreements led to frequent conflicts with IOCs, as they called into question what had initially attracted Western investors: property rights and the stability of the tax regime. Nevertheless, none of the commercial entities involved in oil and gas exploration in the 1990s has published details of what it paid for those rights, nor has the government disclosed details of revenue from the sale of exploration licences.

Based on over three years of fieldwork and extensive in-country interviews, it is possible to describe the patterns of the private-ownership era in Kazakhstan as follows. Petroleum resources were not only a source of revenue but also a source of influence and enrichment for well-placed horizontal networks within the President's inner circle. Leases granted on favourable terms were a means of rewarding favoured clients, with costs largely hidden from view. This flawed privatization of large enterprises and the corrupt allocation of exploitation rights delayed the transition to a well-functioning market economy and left the country with growth-sapping crony capitalism.

The sudden switch in the legal framework governing the petroleum sector in the 2000s, despite an international outcry, represents an expansion of executive discretion over the resource base. This expansion resulted in the assignment of commercial rights to state-owned beneficiaries even when they contribute little. At the same time, avenues for ensuring that the ruling elites were held accountable for the management of petroleum resources had been cut off (given that the country's emerging middle class had been tied largely to employment in state-owned energy conglomerates).[17] By the mid-2000s, key Western businesses' expectations for massive continued revenues were shattered by government's newfound zeal to curtail Western involvement. Western companies retained primacy over complex petroleum extraction; but their prominence has weakened with the entry of large state-owned Chinese and Russian companies.[18] At present, Chinese companies own close to a quarter of Kazakhstan's oil production KazEnergy (2015, 113).

However, the exploration and development of the most technologically complex – and also the most profitable – hydrocarbon projects (Tengiz and Kashagan) remains limited to a handful of technologically savvy Western companies. Kashagan, for instance, is an expensive and logistically challenging oil field, which had been held in a lingering state of uncertainty. Kashagan started pumping a decade behind schedule in 2016, despite cost overruns (Campaner and Yenikeyeff 2008). It is surprising that the project was launched amid sinking oil prices, a condition that, in theory, provides less room for rent-seeking. Yet, according to an expert,

> Given current economic circumstances (i.e., the tenge's devaluation), the time was ripe to launch Kashagan. KMG tries to maintain political leverage with such mega-projects … – when the economy contracts you try to complete existing projects to avoid jail. All big projects entail lots of bribery – if they fail, there is a major audit check – KMG doesn't want to lose political protection.[19]

In the words of another (concurring) expert, 'Although government officials continue to claim that Kashagan is commercial – on average one barrel of oil from Kashagan will cost USD 90 … of course, it is a money-losing project.[20]

Despite the country's choice of private ownership of petroleum rights, the seeds of Kazakhstan's oil politics were sown in the 1990s. Ownership structure appears to have played a secondary role in Kazakhstan's rentier-state development. Other factors, such as the rise of particular clans (Collins 2004; Schatz 2004) and, later, patrimonial politics (albeit, as I argue, politics that are not limited to kinship, ethnicity or abstract formal allegiances), can ultimately prove better at explaining the dynamics. The pattern of evidence suggests that the private ownership of Kazakhstan's oil income has had only minor influence on buffering the economy against the vicissitudes of international commodity markets.

Contrary to the assumption that the more a country is tied into international networks through privatization and foreign capital, the lower its level of corruption, thanks to more exposure to economic and normative pressures (Jones Luong and Weinthal 2001a; Sandholtz and Gray 2003), new opportunities offered by successive foreign oil interests have enabled domestic informal networks to cement a system whereby foreign companies leverage elite connections for favours and economic power.[21] From the oil-price drop in 2014, a range of external organizations, including the Asian Development Bank (2017), have sought to focus the government's attention on the need to utilize oil revenues to bolster internal development. These actors expressed concerns that failure to prudently manage commodity windfalls could result in escalation of corruption and deterioration of the non-oil economy. An economist at the Economic Policy Institute in Astana explained:

> We are not able to attract FDI. As a result, billions are expected to be pulled from the National Sovereign Fund, which now amounts to $64.2 billion. Should the social functions of the State be threatened, it can cover up to 10 years of social spending – if oil prices stay low and the

> government continues withdrawing cash to prop up the struggling economy, it will be completely drained by 2026, and then what?[22]

Respondents agree that despite general unease, no big changes are likely after Nazarbayev's official departure. Another respondent pointed out, 'This is just a cosmetic change, but everybody is worried about what will happen going further. … Corruption continues to play a large part of the cost of 'doing business' and contributes to high levels of uncertainty.'[23]

Thus far, I have described two mechanisms through which Kazakhstan's informal networks consolidated power within the country's highly personalistic oil economy: the state has forced the entry of the 'national champion' (KMG) into private oil projects; and since 2005 Russian and especially Chinese purchases have increased. The fieldwork revealed one last tool in the hands of the distributive state: targeted spending to bolster regime legitimacy and reward loyalty. In Kazakhstan, the most common means by which resources can be distributed by the incumbent to the inner circle are capital expenditures on large physical assets such as roads or housing projects. Cooley (2001) observes that it is during boom periods, when states are awash in oil revenues, that interventionist policies in the economy are enacted and patrimonial institutions are forged. I find that during bust periods the ruling patrons continue to distribute rents to secure a following and deter rivals. Thus, domestic elites will continue to 'rally around the autocrat' for as long as he is the ultimate distributor of patronage.[24] As funds are progressively depleted during slumps (such as that of 2014), the question is whether the elites' aspirations will lead to conflict. As this article demonstrates, this scenario remains unlikely. The crucial issue for informal networks is not to become identified with exclusivist attachments rooted in kinship, tradition and so on but to transcend these via the path of more effective mobilization, thus penetrating the president's inner circle and pushing for shared particularistic interests. Because much of the elites' success is linked to that of the chief executive, during a crisis we should expect to see an uptick in support for the patronal president.

The most powerful oligarchic networks are comprised of personal networks arrayed around Nazarbayev. For example, in most energy deals Kazakh interests are represented by KMG, which is headed by the president's son-in-law Kulibayev (Guliyev and Akhrarkhodjaeva 2009).[25] This patrimonial web of discrete horizontal interests extends to Nazarbayev's close associates, who control the main levers of economic power and the repressive state apparatus.[26] These groups do not exist independently of each other but maintain intimate cooperation. Close associates, such as Bulat Utimuratov, his former advisor, and Timur Kulibayev, Nazarbayev's son-in-law and the head of KazEnergy, are the most influential individuals within Nazarbayev's inner circle. At the same time, the autocracy ensures the stability of a unitary state against the factional temptations of certain economic groups and clans.

Economic reform and the politics of quiet obstruction

The government is committed to buying the loyalty of informal networks to fend off criticism and distribute patronage strategically (Deacon and Hulse 1997). Costly megaprojects such as the 2017 World Exposition in Astana are examples of such a buyoffs. But this web of informal networks has an agenda centred around the maintenance of entrenched privileges, frequently resulting in quiet political obstruction. The government has reacted to difficult economic conditions by launching socio-economic reforms: the country's accession to the WTO in 2015 and the introduction of a $3 billion per annum investment programme, Nurly Zhol (Bright Way) (Government of Kazakhstan 2014), are meant to spur economic recovery. An example of the government's 'reforming itch' (Government of Kazakhstan 2012) is the 100 Concrete Steps programme (Government of Kazakhstan 2015; President Nazarbayev address to the Nation 2017, January) and the planning of a new Astana International Financial Centre (EBRD 2016). The government has also announced plans to offer foreign investors ownership stakes in the largest state-owned firms, including KMG.[27] In short, pressured to tackle economic hardship, the leadership has again shifted gears towards more privatization.

In polities dominated by informal, rent-seeking networks, however, such efforts are doomed. The far-reaching nature of the 100 Concrete Steps requires thorough coordination (IMF 2017, February). Even in cases where reform legislation has passed, follow-up plans are erratic, a further indication of chronic problems in managing finances. As noted by a government insider in Astana,

> These are good reforms. The problem is human capital: who will implement these beautiful reforms? Even the more Westernized 'Bolashak fellows' [holders of a scholarship for Kazakh students to pursue education in the West] are viewed as part of the nomenklatura rather than as truly reformist. Policy reforms impinging on the interests of influential rent-seekers will be curtailed.[28]

Corrupt distribution of oil revenues is a common practice in most oil-exporting countries. However, implementation of much-needed reforms can be particularly challenging when these policies affect informal networks' interests. A case in point: in 2016, despite the renewed privatization drive, KMG requested and obtained multi-billion-dollar government cash injections (Koch and Valiyev 2016). As noted by a prominent activist,

> They are taking money from our Pension Fund to finance 'too big to fail' companies and EXPO. … There are no details available besides the general sums being 'borrowed'. … Ostensibly, after Astana realizes its plan of becoming a regional financial hub, these funds will be returned. EXPO was a vanity … project, to impress the international community – but ordinary people hate it.[29]

In sum, the patrimonial state has plundered the Pension Fund to prop up the state budget, to bail out 'strategic companies' and to fund prestige projects (like EXPO). In 2016, the government allocated an estimated $52 million to host the Winter Universiade Games (*Astana Times* 2016), while EXPO 2017 ranged from $3 billion to $5 billion (*Business Insider* 2016). Despite a variety of recent legislative measures to strengthen the rule of law, a 2015 EXPO-related embezzlement scandal hinted at the extent to which corruption remains endemic (Sorbello 2015). The imperative to create and distribute largesse through patronage (even as Kazakhstan embarks on an ambitious privatization plan) is indicative of how little commitment elites have to the reform plan. This is how a high official at the Ministry of Energy describes the situation:

> As a ministry we have taken large steps to revitalize FDI in the energy sector – admittedly, in the past our goal was mainly to control foreign capital– now we need to boost economic growth. Thus, we strive to be accountable to investors' property rights.[30]

Two findings are particularly noteworthy. First, despite the comprehensive privatization of the 1990s, local graft based on a fusion between the state and foreign businesses remained remarkably high. Second, in the 2000s the still-prevalent private ownership of the country's hydrocarbons and Western control over the oil cycle from upstream to downstream (Kaiser and Pulsipher 2007) did little to hinder the construction of a more powerful horizontal inner court around Nazarbayev. While it may be tempting to draw a sharp line between the state capture of the 1990s and the cronyism of the 2000s, the distinction blurs in practice. The influence of informal networks has guided the development of the petroleum sector throughout. This in-depth case study finds little evidence that privatization in itself brought any tangible advantages. Variable ownership structure cannot tell us much about how resource wealth is really managed. Rampant corruption, weak legal and banking institutions, and an overbearing state have allowed local networks to raise capital from foreign investors and to legitimize their wealth without improving the business environment. In sum, substantial privatization in oil did little to hinder the power of informal elites, who find ways to thrive amid different institutional patterns.

Steppe patrimonialism in the 2014 post-bust era

In the 2000s, even as the government moved towards increasing state ownership of large oil windfalls during 'resource nationalism', it continued to attract FDI. The management of this sector came under the stable influence of the president's circle (Pleines and Wöstheinrich 2016). This meant, in the words of some Kazakh investors, that the government could 'claw back value' (KazEnergy 2015, 97–98). State representatives with 'Bolashak'-funded education became involved in the intricacies of contract negotiations (Marten 2007). Despite their Western education, many executives shifted to increasingly corrupt management of revenues. The resulting 'controlled privatization' process went hand-in-hand with rampant corruption and the diversion of funds.

The elements shaping the play of Kazakh energy politics intersect with the patrimonialism of the Kazakh state (Franke, Gawrich, and Alakbarov 2009). Amid the structural shifts between privatization and nationalization, Astana's increasingly corporatist regime continued to allocate rents via non-transparent informal networks. According to rational-choice institutionalists, extractive institutions are always at the root of petrostates' failure to govern effectively. Extractive institutions support the elites by cementing the power of those who benefit from the extraction (Acemoglu and Robinson 2006; North, Wallis, and Weingast 2009). Yet, as this article has argued, it is the persistence of personal horizontal ties that enables self-interested informal networks to quietly reject or temper policies that threaten their dominance. Despite the weakness of formal institutions (the absence of a 'party of power', such as in neighbouring Russia), Kazakhstan displays marked regime stability at the expense of democratization. This is because decisions stem from opaque informal networks connecting elites to the leader (not to institutions).

Ex-president Nazarbayev has distributed enough of the oil wealth to gain enduring legitimacy. Ownership of hydrocarbon wealth remains concentrated in a handful of well-connected non-exclusivist networks, while the president has sacrificed durable social reform for the sake of populist items like immediate wage increases. It remains to be seen how his successor, Kassym-Jomart Tokayev, will strive to maintain regime stability. In the year since the president's official departure from political life, competition within the inner circle augurs a difficult – albeit orderly – struggle for Nazarbayev's inheritance. In Astana, a government official explained: 'When it comes to financial resources, we see an increasing competition "for his attention". … Everything will remain "under control" in the public's eyes as long as he reigns from behind the scenes.'[31]

Another respondent characterizes the spirit of the post-Nazarbayev era thusly:

> Less money means more power struggles; many have been sacked; everyone now tries to appoint 'their own man'; tax authorities have started the much-touted 'war on corruption' … aimed at ensuring that all large resources remain 'in house'. That's what you have behind the official war on corruption.[32]

Overseeing rapid growth in the period of high oil prices, Kazakhstan (like neighbouring hydrocarbon-rich Russia, Azerbaijan and Turkmenistan), has staked domestic legitimacy on the promise of economic development at the expense of democratization (Cooley 2001). Politicians and state-controlled media have succeeded in instilling a deep-seated fear of the 'colour revolutions'.[33] In the words of a journalist in Astana,

> The usual excuse is that we are the most developed country in Central Asia – 'look at Kyrgyzstan and Ukraine, where did their yearning for democracy take them? Look at all our close neighbours … Our GDP growth is better than Russia's.' That's what our government is selling: … democracy … brings instability.[34]

Meanwhile, as Kazakhstan's oil riches become part of the political discourse, the slowly growing middle class aspires to participate in deciding how oil wealth should be used and what these rents should promise to the population. The new economic liberalization plan, however, stops far short of any substantial political liberalization.

Quiet resistance to the regime's modernization agenda

Contra the established literature, external constraints (i.e., a significant decrease in oil windfalls), while traumatic, are not enough to transform patronage mechanisms. The main impediment to reform is the power of informal networks; they will subvert or reject efforts that alter rent-seeking opportunities or threaten the power of groups whose backing they need to maintain their position.

On paper, the distributive state has demonstrated surprising effectiveness in formulating a range of sweeping reforms, and therefore the pertinent question is not whether such liberalizing policies *can* be sustained during the bust period – clearly the distributive state possesses this capability – but whether there exists the *will* for it. For instance, in 2015, the government improved competition legislation and monetary policy through the Nurly Zhol and its '100 Concrete Steps' framework. But despite this massive restructuring plan, the government continued to use the proceeds from the National Wealth Fund to increase public spending, ensuring that friendly elites continued to control valuable resources. EXPO and the 2017 Winter Games are instructive here. They show that even state-led reform must be interpreted through complexities such as the relationships between state and elite actors emerging from domestic political struggles (Abdelal and Kirshner 1999; Hopf 2002).

The failure of states to take measures that could change resource abundance from a liability to an asset hinges on much more than formal institutions, that is, the presence or absence of private ownership of oil proceeds (Jones Luong and Weinthal 2010) or of a superstate fuelled by a presidential constitution (Hale 2011). It is the nature of the relationships of horizontal informal networks that is most consequential. Reforms wither due to feckless implementation by patrimonial networks, especially when such narrowly self-interested non-exclusivist coalitions perceive that rival groupings, or political succession, will cut them off from access to power and assets. Thus, the failure of reform is due to a quiet resistance to those state policies that negatively impact elite networks. Scholarly analysis has yet to systematically address this *interaction* between powerful informal networks and the government's agenda in pushing through socio-economic reforms amid crises.

The government is rather effective in commanding its reform strategy, but it is the implementation process that is really problematic.[35] On paper, a key milestone is the conclusion of the first wave of sweeping privatizations: Air Astana, Kazakh Telekom, KazAtomProm (OECD 2016; IMF 2018). Usually these grand attempts to raise competitiveness accomplish their initial tasks. However, they rest on a large and fairly reticent state bureaucracy that has no incentive to constrain itself. As a result, modernization measures rarely survive the subsequent implementation phase. Such is arguably the case for the overly ambitious and faltering education reforms,[36] suggesting the ultimate ephemerality of reform. Another prominent example of failure is KMG's June 2016 attempted buyout of minority shareholders to tighten control over KMG-EP (*Financial Times* 2016). The cash-strapped KMG has since appropriated control over its subsidiary, shunning parallel privatization efforts by the government. The fact that the executive has been strikingly unable to deliver on reform during the dire bust period supports this article's interpretation that curtailment of previously steady rent streams, in combination with top-down restructuring legislation, are insufficient stimuli for true change.

Reform efforts are short-lived not because of the incompetence of political leadership but because of agency costs related to the priorities of the informal ruling networks and, in turn, the exacerbation of implementation problems in institutions.

Another case in point is the 2017 constitutional reform. In March 2017, the Parliament approved a package of amendments aimed at seriously redistributing presidential powers and democratizing the political system as a whole (Reuters 2017). Yet, according to insiders, the devolution of presidential powers guarantees the primacy of informal networks in managing the transition, thus protecting Nazarbayev's legacy.[37]

Given such limitations, investors are unlikely to look favourably on the assumption of state companies' massive debts. To combat this, the government recently announced a new Astana International Finance Centre to serve as a regional hub meant to offer catchy new services like 'green' finance and Islamic banking (Koch and Valiyev 2016). Kazakh insiders remain wary; in the words of a political observer,

> It is a way for the oligarchs to 'park' their money, protected by British law. The 'inner court' is worried about what will happen after Nazarbayev is gone … realistically, who will bring capital here? We are hardly going to be a financial centre on par with Dubai or Singapore.[38]

Another expert argues,

> The very nature of our political system makes the elites' moves rather predictable. Given the succession uncertainty, they [the oligarchy] are all trying to come up with some social responsibility projects … (financing big universities, etc.) … to improve their image. Their name is too closely linked with the 'old' corrupt network of power … so they are trying to position themselves as philanthropists.[39]

Under the conditions of post-Soviet patrimonialism, the government's reform agenda faces numerous obstacles. The country's particular institutional make-up, however, is hardly the primary explanation for Astana's remarkable success in maintaining regime stability. Explaining the resource curse by denouncing the heavy-handed 'superstate' (Hale 2011; Smith 2015) while at the same time lamenting the weakness of the distributional state is contradictory (Vandewalle 1998, 26–8). At this point, this article's interpretation can offer a useful corrective to existing scholarship: it is not that the distributive state *cannot* implement adjustment policies due to managerial incompetence or excessive weakness, but that it *prefers* not to. Attempts at building institutional capacity, understood as creating Weberian rational-legal bureaucracies that can deliver on the modernization agenda, are successful – on paper. This would suggest that efforts to strengthen a country's formal institutions (North 1991; Acemoglu and Robinson 2006) – that is, to refurbish the state's extractive institutions – may not be a sufficient path for promoting change in petroleum-rich patrimonial countries. When ruling regimes attempt to liberalize and overhaul the institutions of the state, powerful informal networks behave as if they share the leadership's objectives while implementing only those reforms that are free of undesirable consequences for them. In that respect, Kazakhstan has many commonalities with other oil-rich former Soviet republics.

Conclusion

While speaking to the literature about the effects of variation in oil rents on authoritarian regime stability, this account seeks to make two broad points. First, we see little evidence for the argument of Jones Loung and Weinthal that the institution of private ownership translates into sounder fiscal policies, thus providing an escape from the resource curse and creating more effective institutions. This overview of the changing relationship between Nazarbayev's regime and the IOCs over the last 25 years directs our attention to the importance of domestic politics and especially the role of informal networks in neutralizing the effects of privatization. I argue that domestic informal networks are essential to understanding why a distinction between 'state capture' and its successor, 'cronyism', is fuzzy, as the influence of such networks has guided the development of the Kazakh petroleum sector in both periods.

Second, the article provides insights into both the *why* and the *how* of the sustained regime stability in Kazakhstan amid multiple crises. Despite post-bust economic shortages, regime stability persists based on narrow interests, individual loyalties, and the power of informal networks. I argue that interpreting post-oil bust stability as a product of the strength of autocratic statism, while still attributing the autocrat's failure to execute reforms to distributional state weakness, is fundamentally flawed. The patrimonial order imposes high barriers to the implementation of reforms due to personal ties among informal networks, not institutional weakness. As a corollary, Kazakhstan's oil state confirms the observation that reforms are much harder to maintain than to create. This research also points to a sombre lesson for the advocates of integrating emerging oil-rich markets into global energy markets. Without strong domestic rule-of-law protections, financial internationalization only fortifies crony capitalism. Due to the specific history and characteristics of the post-Soviet space, the argument is not generalized beyond this region; for this more research is needed. But the perspective offered here is valuable in deepening our understanding of the *interaction* between informal networks, the state, and international actors. Field research reveals that even as elites remain loyal to the executive, institutional change is tempered by hidden commitments and implementation problems, showing that even in authoritarian contexts, politics is highly contingent.

The practical implications of these findings are significant. The recent experience of Kazakhstan contains important lessons about democratization, and highlights the resilience of authoritarianism even in periods of diminished oil rents. It appears that recent crises will have a minimal impact on the stability of the ruling elites, and that any sudden upheavals or calls for democracy remain unlikely.

Even with reduced petroleum revenue streams, KMG and other powerful elites are likely to maintain their *modus operandi*. The usual prescription from the West for escaping these 'traps' has always focused on a combination of free elections and privatization. But these are not enough when they are hijacked by special interests. Nevertheless, policies that increase the public's awareness of how governments utilize oil revenue – through a freer press and a more engaged civil society – would probably raise the costs associated with informal networks' misappropriations and might gradually hinder such behaviour.

Notes

1. In March 2019 Kazakh president Nazarbayev stepped down following three decades in power.
2. Jones Luong and Weinthal (2010) study Russia, Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan and conclude that oil wealth leads to weakened state institutions only when the government has a dominant role in the petroleum industry; when the private sector has a prominent role, governments are likely to have stronger fiscal institutions.
3. I use the established term 'patrimonial' instead of the more recent 'neopatrimonial' or 'patronal'. In the next section I clarify what is subsumed under this term.
4. The 2015 recession was mainly caused by a global oil glut, which curtailed a previously steady stream of rents.
5. Thus, diminished resource rates are not a strong predictor of institutional change or ouster (Hale 2013, 13).
6. Kazakhstan's recent reforms are sweeping but still largely ineffective; see Case Study 1.
7. The latter remains head of the country's security council, with extensive powers in defining Kazakhstan's domestic and foreign policy (*New York Times* 2019; *Financial Times* 2019).
8. The preference falsifier is someone who secretly dislikes a dominant policy measure but out of concern for personal safety or career prospects refrains from openly opposing it (Kuran 1995).
9. At the cost of 'stretching' what is already there and subsuming some distinct existing concepts under my own. On this issue, see Isaacs (2014).
10. That is, a shared history of 'strong states' with centralized government institutions, presidential constitutionsand repressive security apparatuses.

11. Interviewees were selected based on their ability to engage the events under consideration. The interviews lasted between one and two hours. All questions were open-ended. All interviews were recorded and transcribed, and transcripts were reviewed using a grounded-theory approach.
12. Kazakhstan's proven oil reserves as of 2016 stood at 30 billion barrels, or 1.8% of the world's proven reserves (BP 2016).
13. Oil contributes 60% of export revenues (Embassy of Kazakhstan in the USA 2017).
14. Tengiz is a major oil field, along with Karachaganak. Kazakhstan's largest hydrocarbon field is Kashagan.
15. Parliament is a weak platform for debate among competing networks (Satpayev 2007).
16. Purchasing (i.e., Kashagan) and requiring foreign companies to cede major stake shares (i.e., PetroKazahstan-CNPC) are the main methods for expanding state presence in the oil sector (interview with industry insider, Astana, November 2016).
17. Interview with Kazakh businessman, Astana, November 2016.
18. CNPC became a key player after the acquisition of Petro-Kazakhstan.
19. Interview with energy expert, Astana, November 2016.
20. Interview with KMG insider, November 2016.
21. Further reliance on Russian and Chinese capital (rather than taxes) reduces the government's need to seek popular support for spending and fosters patronage (Interviews with Samruk-Kazyna representatives, November 2016. See also Bayulgen (2010).
22. Interview with economic adviser to the president, Astana, November 2016.
23. Interview with government adviser, Astana, April 2017.
24. As noted by Kalyuzhnova (2006), the interpretation of the predatory versus distributive character of the elites' rent-seeking depends on one's understanding of the National Fund. The fund was established in 2000, and its large windfalls are controlled by the presidential administration, with no say by Parliament. Its status became more complex following the merger of Samruk and Kazyna into a mega-holding, which controls huge shares of the economy (including the lucrative hydrocarbon sector) and counts Nazarbayev's son-in-law Timur Kulibayev among its top leadership.
25. Interview with political party leader, Astana, November 2017.
26. Interview with former government official, Astana, November 2016.
27. The privatization plan was unveiled in 2015. Among the companies planned for a complete or partial sale are three major energy firms: KazMunaiGas, Kazatomprom and Samruk-Energy.
28. Interview with government advisor, Astana, 21 November2016.
29. Interview with activists, Almaty, June 2017.
30. Interview with government representative, Ministry of Energy, Astana, November 2016.
31. Interview with government official, Astana, April 2017.
32. Interview with government insider, Astana, November 2016.
33. For decades, the leaders in Central Asia have pointed to the sort of civil strife that gripped people in Kyrgyzstan and Tajikistan.
34. Interview with independent journalist, Astana, April 2017.
35. Interview with OSCE and UNDP representatives, Astana, April 2017.
36. Anger is mounting over the 2016 modernization of schools, which undermined the teaching of the Kazakh language, culture and history (Eurasianet 2017).
37. Interview with government adviser, Astana, November 2016; interview with OSCE representative, Astana, April 2017.
38. Interview with political expert, Astana, April 2017.
39. Interview with political expert, Almaty, November 2016.

Disclosure statement

No potential conflict of interest was reported by the author(s).

References

Abdelal, R., and J. Kirshner. 1999. "Strategy, Economic Relations, and the Definition of National Interests." *Security Studies* 9 (1–2): 119–156.
Acemoglu, D., and J. A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge, UK: Cambridge University Press.
Acemoglu, D., and J. A. Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown.
Alesina, A., S. Özler, N. Roubini, and P. Swagel. 1996. "Political Instability and Economic Growth." *Journal of Economic Growth* 1 (2): 189–211.
Asian Development Bank. (2017). "Country Operations Business Plan: Kazakhstan 2017–2019."
Astana Times. 2016, September 28. "Almaty's Winter Universiade 2017 Operating Budget Totaled $52 Million."
Bayulgen, O. 2010. *Foreign Investment and Political Regimes*. New York: Cambridge University Press.
BP. 2016. "Statistical Review of World Energy."
Business Insider. (June 27, 2016). "Kazakhstan is Building a Futuristic City to Host the 2017 World Expo – Here's a Closer Look."
Campaner, N., and S. Yenikeyeff. 2008. "The Kashagan Field: A Test Case for Kazakhstan's Governance of its Oil and Gas Sector." *Note de l'IFRI*, October.
Collier, P., and A. Hoeffler. 2004. "Greed and Grievance in Civil War." *Oxford Economic Papers* 56 (4): 563–595.
Colgan, J. D. 2011. "Oil and Resource-Backed Aggression." *Energy Policy* 39: 1669–1676.
Colgan, J. D. 2014. "Oil, Domestic Politics, and International Conflict." *Energy Research and Social Science* 1 (2014): 198–205.
Colgan, J. D. 2015. "Oil, Domestic Conflict, and Opportunities for Democratization." *Journal of Peace Research* 52 (1): 3–16.
Collins, K. 2004, Jan. "The Logic of Clan Politics: Evidence from the Central Asian Trajectories." *World Politics* 56 (2): 224–261.
Cooley, A. 2001. "Booms and Busts: Theorizing Institutional Formation and Change in Oil States." *Review of International Political Economy* 8 (1): 163–180.
Deacon, B., and M. Hulse. 1997. "The Making of Post-Communist Social Policy: The Role of International Agencies." *Journal of Social Policy* 26 (1): 43–62.
Easter, G. M. 1996, July. "Personal Networks and Post-Revolutionary State Building: Soviet Russia Reexamined." *World Politics* 48 (4): 551–578.
EBRD (European Bank for Reconstruction and Development). 2016. Transition Report 2016–2017.
Embassy of Kazakhstan in the USA. 2017. "Oil and Gas Data."
Eurasianet. 2017, March 17. "Kazakh Education Reform Assailed by Patriotic Camp."
Financial Times. 2016, July 13. "Kazmunaigas increases offer for subsidiary shares."
Financial Times. 2019, March 24. "Kazakhstan has Entered the Post-Nazarbayev Transition."
Fish, M. S. 2005. *Democracy Derailed in Russia*. Cambridge: Cambridge University Press.
Franke, A., A. Gawrich, and G. Alakbarov. 2009. "Kazakhstan and Azerbaijan as Post-Soviet Rentier States: Resource Incomes and Autocracy as a Double 'Curse' in Post-Soviet Regimes." *Europe-Asia Studies* 61 (1): 109–140.
Goldman, M. I. 2008. *Petrostate: Putin, Power, and the New Russia*. New York: Oxford University Press.
Government of Kazakhstan. 2012. *Kazakhstan: 2050 Strategy*. Astana: Government of Kazakhstan.
Government of Kazakhstan. 2014. *Nurly Zhol: Bright Path to the Future*. Astana: Government of Kazakhstan.
Government of Kazakhstan. 2015. *100 Concrete Steps to Implement Five Institutional Reforms*. Astana: Government of Kazakhstan.
Guliyev, F., and N. Akhrarkhodjaeva. 2009. "The Trans-Caspian Energy Route: Cronyism, Competition and Cooperation in Kazakh Oil Export." *Energy Policy* 37: 3171–3182.
Hale, H. E. 2011. "Formal Constitutions in Informal Politics: Institutions and Democratization in Post-Soviet Eurasia." *World Politics* 63 (4): 581–617.

Hale, H. E. 2013. "Why and When Do Patronal Presidents Fall from Power? A Qualitative Study of Eurasian Cases." Paper presented at the Annual ASEEES Convention, Boston, November 21–24, 2013.

Hale, H. E. 2014. *Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective*. New York: Cambridge University Press.

Hopf, T. 2002. *Social Construction of International Politics: Identities and Foreign Policies, Moscow, 1955 and 1999*. Ithaca: Cornell University Press.

IMF. 2017, February. "Kazakhstan: Staff Concluding Statement of the 2017 Article IV Mission."

IMF. 2018, November 28. "Staff Concluding Statement of an IMF Staff Visit."

Isaacs, R. 2013. "Nur Otan, Informal Networks and the Countering of Elite Instability in Kazakhstan: Bringing the Formal 'Back' In." *Europe Asia Studies* 65 (6): 1055–1079.

Isaacs, R. 2014. "Neopatrimonialism and Beyond: Reassessing the Formal and Informal in the Study of Central Asian Politics." *Journal of Contemporary Politics* 20: 229–245.

Jones Luong, P., and E. Weinthal. 2001a, May. "Prelude to the Resource Curse: Explaining Oil and Gas Development Strategies in the Soviet Successor States and Beyond." *Comparative Political Studies* 34 (4): 367–399.

Jones Luong, P., and E. Weinthal. 2001b. "Energy Wealth and tax Reform in Russia and Kazakhstan." *Resources Policy* 27 (2001): 215–223.

Jones Luong, P., and E. Weinthal. 2006. "Combating the Resource Curse: An Alternative Solution to Managing Mineral Wealth." *Perspectives on Politics* 4 (1): 35–53.

Jones Luong, P., and E. Weinthal. 2010. *Oil Is Not a Curse: Ownership Structure and Institutions in Soviet Successor States*. New York: Cambridge University Press.

Junisbai, B. 2012, March. "A Tale of Two Kazakhstans: Sources of Political Cleavage and Conflict in the Post-Soviet Period." *Europe-Asia Studies* 62 (1): 235–269.

Junisbai, B., and A. Junisbai. 2005. "The Democratic Choice of Kazakhstan: A Case Study in Economic Liberalization, Intra-Elite Cleavage and Political Opposition." *Demokratizatsiya: The Journal of Post-Soviet Democratization* 13 (3): 373–392.

Kaiser, M. J., and A. G. Pulsipher. 2007. "A Review of the Oil and Gas Sector in Kazakhstan." *Energy Policy* 35: 1300–1314.

KazEnergy. 2015. "Национальный энергетический доклад" [National energy report].

Kalyuzhnova, Y. 2006. "Overcoming the Curse of Hydrocarbon: Goals and Governance in the Oil Funds of Kazakhstan and Azerbaijan." *Comparative Economic Studies* 48: 583–613.

Kalyuzhnova, Y. 2011. "The National Fund of the Republic of Kazakhstan (NFTK): From Accumulation to Stress-Test to Global Future." *Energy Policy* 39 (10): 6650–6657.

Karl, T. L. 1997. *The Paradox of Plenty*. Berkeley: University of California.

Kendall-Taylor, A. 2012, June. "Purchasing Power: Oil, Elections and Regime Durability in Azerbaijan and Kazakhstan." *Europe-Asia Studies* 64 (4): 737–760.

Koch, N., and A. Valiyev. 2016, September. "Restructuring Extractive Economies in the Caspian Basin: Too Little, Too Late?" *PONARS Eurasia Policy Memo* No. 441.

Kuran, T. 1995. *Private Truths, Public Lies: The Social Consequences of Preference Falsification*. Cambridge: Harvard University Press.

Levitsky, S., and L. Way. 2002, April. "Elections without Democracy: The Rise of Competitive Authoritarianism." *Journal of Democracy* 13: 51–66.

Luciani, G., and H. Beblawi, eds. 1987. *The Rentier State: Essays in the Political Economy of Arab Countries*. New York: Croom Helm.

Mahdavy, H. 1970. "The Patterns and Problems of Economic Development in Rentier States: The Case of Iran." In *Studies in Economic History of the Middle East*, edited by M. A. Cook, 428–467. Oxford: Oxford University Press.

Marten, K. 2007. "Russian Efforts to Control Kazakhstan's Oil: The Kumkol Case." *Post-Soviet Affairs* 23 (1): 18–37.

Morrison, K. 2013. "Whither the Resource Curse?" *Perspectives on Politics* 11 (4): 1117–1125.

New York Times. 2019, March 30. After 30 Years, Kazakhstan Gets a New Ruler. Sort Of. March 22, 2019.

North, D. C. 1991, Winter. "Institutions." *Journal of Economic Perspectives* 5 (1): 97–112.

North, D. C., J. J. Wallis, and B. R. Weingast. 2009. *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. New York: Cambridge University Press.

OECD. 2016. "Report: Competition Law and Policy in Kazakhstan", accessed March 2017.

Ostrowski, W. 2009. *Politics and Oil in Kazakhstan: Central Asian Studies*. New York: Routledge.

Palazuelos, E., and R. Fernández. 2012. "Kazakhstan: Oil Endowment and Oil Empowerment." *Communist and Post-Communist Studies* 45: 27–37.

Pleines, H., and R. Wöstheinrich. 2016. "The International–Domestic Nexus in Anti-Corruption Policy Making: The Case of Caspian Oil and Gas States." *Europe-Asia Studies* 68 (2): 291–311.

Pomfret, R. 2005. "Kazakhstan's Economy since Independence: Does the Oil Boom Offer a Second Chance for Sustainable Development?" *Europe-Asia Studies* 57 (6): 859–876.

Pomfret, R. 2011, June. "Resource Management and Transition in Central Asia, Azerbaijan and Mongolia." Working Paper, *East-West Center*.

President Nazarbayev Address to the Nation. 2017, January. "The Third Modernization of Kazakhstan."

Reuters. 2017, March 6. "Kazakhstan Parliament Passes Reforms Reducing Presidential Powers."

Ross, M. 2001. "Does Oil Hinder Democracy?" *World Politics* 53 (3): 325–361.

Sachs, J. D., and A. M. Warner. 2001, May. "The Curse of Natural Resources" *European Economic Review* 45 (4–6): 827–838.

Sandholtz, W., and M. M. Gray. 2003. "International Integration and National Corruption." *International Organization* 57 (4): 761–800.

Satpayev, D. 2007. "An Analysis of the Internal Structure of Kazakhstan's Political Elite." In *Empire, Islam and Politics in Central Eurasia: Slavic Eurasian Studies 14*, edited by T. Uyama, 283–300. Sapporo: Slavic Research Centre, Hokkaido University.

Schatz, E. 2004. *Modern Clan Politics: The Power of "Blood" in Kazakhstan and Beyond*. Seattle: University of Washington Press.

Smith, B. 2015. "Resource Wealth as Rent Leverage: Rethinking the Oil–Stability Nexus." *Conflict Management and Peace Science* 34 (6): 597–617.

Sorbello, P. 2015, June 30. "EXPO in Kazakhstan Becomes Corruption Show." *The Diplomat*.

Svolik, M. 2012. *The Politics of Authoritarian Rule*. Cambridge, UK: Cambridge University Press.

Vandewalle, D. 1998. *Libya since Independence: Oil and State-Building*. Ithaca, NY: Cornell University Press.

Warner, W. L., and P. S. Lunt. 1941. *The Social Life of a Modern Community*. New Haven, CT: Yale University Press.

Wiens, D., et al. 2014. "The Political Resource Curse." *Political Research Quarterly* 67 (4): 783–794.

Yang, B. 2010. "Resource Curse: The Role of Institutions versus Policies." *Applied Economics Letters* 17 (1): 61–66.