

**Who Owns the Marketplace?
Conflict over Property in Contemporary Kyrgyzstan**

Regine A. Spector

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Department of Political Science

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Abstract: This paper begins from a set of empirical observations of one understudied asset in Kyrgyzstan, the bazaar or marketplace. First, there is variation in whether or not there is conflict over ownership of major bazaars in the country. Second, when there is conflict, it takes different forms. The bulk of the paper traces the cycles of conflict in four major bazaars in the north and south of Kyrgyzstan, as well as the relative stability of one important bazaar. In doing so, I suggest reasons for ownerships conflict over bazaars, as well as tentative explanations for the case of stable and uncontested ownership. To presage the conclusion, two important factors that influence these outcomes are whether or not the bazaars existed during the Soviet period and whether or not owners were linked to criminal networks.

Two implications follow. Regarding the study of Kyrgyzstani political economy, after the ouster of President Askar Akaev of Kyrgyzstan in March 2005, property disputes and struggles intensified. The conventional wisdom is that the power change in the context of weak rule of law and weak enforcement led to these conflicts. Instead, I find that the origins of current disputes are often not new, and should be viewed in light of longer-standing cycles of struggles dating back to the Soviet period. The intensification of these struggles by the mid-1990s highlights the chaotic nature of the privatization and decentralization process at a time when international discourse promoted Kyrgyzstan as the “Switzerland of Central Asia” – the country in the region that had the most hope for developing democracy and capitalism.

Regarding the literature on property and conflict, perspectives from New Institutional Economists emphasize the potential for private actors to capture property when states can not guarantee property rights and have weak judicial and enforcement institutions. Based on this study of bazaars in Kyrgyzstan, which is by all accounts a relatively weak state, I find that this framework elides not only variation in conflict but also important interconnections between private bazaar owners and public officials (either in the executive or the legislature). Tracing the emergence of these ties between business and politics illuminates the foundation of these political economies in the context of state formation in the new post-Soviet countries of Central Asia.

The Revolution Continues: Introduction, Question, and Research Design

In the spring of 2006, I found myself in the second-floor office of a large retail bazaar in Bishkek, Kyrgyzstan, listening to the hustle and bustle below. Over a year had passed since the ouster of President Askar Akaev, and bazaar life seemed to be ongoing as usual. Yet behind the scenes, as my conversation with one of the bazaar administrators soon revealed, a struggle for control over the bazaar was underway. His comment towards the end of our discussion stuck with me: “Akaev may have left, but the revolution is continuing...”¹ By this he meant that the revolution is continuing to this day in the form of ownership conflicts over important assets in the country.

In March 2005, President Askar Akaev fled to Moscow in the wake of opposition protests and demonstrations, paving the way for the election of the political tandem President Kurmanbek Bakiev and Prime Minister Felix Kulov in June 2005.² One consequence of this change as highlighted by the local media was that it unleashed struggles over property and assets – at times violent. In the context of weak law enforcement and court systems, assets are vulnerable to extra-legal redistribution at many levels. For example, local trading and service businesses generally do not rely on law enforcement and courts to secure property, especially when opposition protests begin in the city center. Having learned from the looting and commercial damage that followed President Akaev’s ouster in March 2005, businesses now remove goods (clothes, shoes, computers, electronics) from their shops and store them at home during demonstrations..

At the level of ownership of bigger companies and assets, semi-legal or extralegal asset redistribution has also occurred. Beginning in the mid-1990s, President Akaev began to gather assets for himself and his family, and used political appointments as a way to distribute resources among relatives and friends.³ A report prepared by the interim government in April 2005 on the property of Akaev’s friends and family revealed that over a dozen state-owned assets were privatized after 1991 into the hands of the Akaev family, and other family assets were under

¹ Interview with administrator of Osh bazaar, May 24, 2006, Bishkek, Kyrgyzstan.

² While this change in power was prompted by fraudulent and highly contested parliamentary elections earlier that year – a hallmark of the previous ‘color revolutions’ that swept through the Balkans, Georgia and Ukraine a few years before – in fact the levels of mass protest and involvement were much lower than in the previous revolutions. Moreover, the masses were mobilized first in the south of the country by particular elite politicians, then only later united in the capital. For more on the particular dynamics of the March 2005 events, see Scott Radnitz, “What Really Happened in Kyrgyzstan?” *Journal of Democracy*, Vol. 27, No. 2, April 2006, pp. 132-146.

³ For background and dynamics of this process, see Kathleen Collins, *Clan Politics and Regime Transition in Central Asia*, Cambridge University Press, 2006.

suspicion of tax fraud.⁴ After March 2005, Akaev-family assets such as the Kant Slate and Cement Plant, the largest grocery-store chain (Narodnyi), and the largest cell-phone operator in the country (Bitel), underwent ownership changes, some of them allegedly transferred to the new ruling Bakiev family members.⁵ Moreover, the redistribution of assets went beyond the Presidential family's holdings, including important coal mines in Karakeche (Naryn province),⁶ a Chinese company that intended to start a brick factory, and a large and popular Bishkek hotel (Ak Keme).

Thus, Kyrgyzstan exemplifies a case of a poor, landlocked country in which courts and law enforcement agencies do not reliably guarantee property rights, and property is transferred semi-legally and / or by threats or actual use of force.⁷ One analysis of state capacity in Kazakhstan and Kyrgyzstan identifies Kyrgyzstan's state capacity as weaker and less autonomous than for example, Kazakhstan.⁸ In this context, perhaps it is not surprising that property is insecure and contested, and transfers of property are often semi-legal or illegal.

Yet the focus on current property struggles masks an important observation that I found while in Kyrgyzstan: not all property is openly contested. Despite the talk in the press and popular discourse of property redistribution, in fact, some assets have not changed hands, and have been relatively stable over the course of the past 15 years. How can we explain the lack of contestation over certain major pieces of property in such an unstable political environment characterized by weak formal law enforcement and judicial institutions?

I explore this question by focusing on one particular type of asset that has yet to receive serious attention by political scientists (unlike factories and farms) – namely marketplaces or

⁴ Report of the State Commission to determine the movable and immovable property belonging to the first President Askar Akaev, his family and closest relatives, and ensure its safety. 24 June 2005.

⁵ For more on the Kant Cement plant, see Institute for Public Policy (IPP) Report #1, November 2005. For more on the case of Bitel, see Kumar Bekbolotov and Shairbek Juraev, "The Dangers of Property Redistribution?" in *Kyrgyzstan Brief* No. 2, Bishkek Institute for Public Policy, December 2005-January 2006.

⁶ For more on this incident, see ICG Report, "Kyrgyzstan: A Faltering State," Asia Report No. 109, December 16, 2005; IPP Report #1, November 2005

⁷ "Kyrgyzstan: A Faltering State?" *International Crisis Group*, Asia Report #109, December 16, 2005; Institute for Public Policy (IPP) Report #1, November 2005; Kumar Bekbolotov and Shairbek Juraev, "The Dangers of Property Redistribution?" in *Kyrgyzstan Brief* No. 2, Bishkek Institute for Public Policy, December 2005-January 2006.

⁸ "...Kyrgyzstan's state appears to be captured by both domestic and international forces, whereas Kazakhstan's enjoys a relative domestic and international autonomy." And "...Kyrgyzstan's stronger societal interests ... have posed alternative sources of loyalty to the state and diminished state capacity." From Sally N. Cummings and Ole Norgaard, "Conceptualizing State Capacity: Comparing Kazakhstan and Kyrgyzstan," *Political Studies*, Vol. 52, 2004, pp. 685-708. Quotes from p. 703.

bazaars.⁹ As I discuss in the next section below, bazaars are important assets that merit study in the context of property and conflict in the region. My research on bazaars in Kyrgyzstan suggests that two types of conflict (non-violent and violent) over bazaar ownership emerged over the past 15 years. Nonviolent conflict refers to cases where assets are openly disputed, however, there is no use of overt violence or assassination. Violent conflict refers to cases when assets are openly disputed, and at least one person is killed as a result of the conflict. In contrast to these two types of conflict, there are bazaars that have not been subject to ownership struggles at all, leading one to ask how these bazaar leaders managed to avoid what appears to be a relatively common occurrence. Table 1 below identifies two important bazaars for each category of conflict – one in the capital in the northern part of the country (Bishkek) and one in the southern region of the country (Osh).¹⁰

Table 1: Ownership Conflicts over Major Marketplaces in Kyrgyzstan Discussed in Paper

Property Rights	Types of Conflict	Bishkek (north)	Osh (south)
Unstable/contested	NONVIOLENT CONFLICT	Oshskii rynok (Central marketplace)	Tsentrálny rynok (Central marketplace)
	VIOLENT CONFLICT	Azamat and Kudaibergen (Car marketplace)	Karasuu (Wholesale marketplace)
Stable	NO OPEN CONFLICT	Dordoi (Wholesale marketplace)	Avtorynok (Car marketplace)

While there are over 400 bazaars in Kyrgyzstan today, these represent a subclass of bazaars, namely the biggest and most important ones (both in terms of volume of turnover and number of people employed) in the two major cities of the country – Bishkek in the north and Osh in the south. Thus, I am not studying small marketplaces in regional villages, towns, or cities. Moreover, this is not a randomly-chosen selection of all bazaars, so it is not representative in statistical terms. I do believe, however, that it is representative of the major marketplaces in the country that are widely viewed as important assets.

Moreover, this research design allows me to speak to a broader literature on property and conflict. There is an emerging consensus about the importance of secure property rights as a

⁹ I use these two terms – bazaar and marketplace – interchangeably, in particular because the discourse in Kyrgyzstan also uses them interchangeably (*bazar* and *rynok*). However, in the case of Kazakhstan, for example, the word *bazar* has a distinctly negative connotation especially among officials in Almaty (although not necessarily among traders and villagers).

¹⁰ Since there are over 400 bazaars in Kyrgyzstan, my sample is not representative. However, I believe that these bazaars represent the largest and most important ones in the two most important cities in the country.

prerequisite for successful economic development. Building on the work of Douglass North, current studies are homing in on which institutions, formal or informal, provide the best means to create and enforce property rights, and how these institutions develop. Yet in many new states and developing countries, incidences of conflict – at times, violent conflict – over property have dominated the local headlines and debates. We know much less about why some assets are contested and others are not, or why conflicts take the form that they do.

In broad-brush strokes, the literature from political science and economic history that has been influenced by New Institutional Economics posits that weak states cannot guarantee property, which can lead to conflict among private actors (individual businessmen, mafias, etc.) or the opportunity for state officials ‘grab’ assets.¹¹ Yet I find a variation in conflict within one case (Kyrgyzstan) over one type of asset. My research design allows us to better understand *under what circumstances* property remains uncontested in Kyrgyzstan, and if it does emerge, what form it takes. To presage the conclusion, I find that two factors mattered significantly: whether or not the bazaar existed during the Soviet period, and whether or not owners are integrated into criminal networks. Regarding the first factor, I find that the integration of the bazaar in the institutions of the Soviet trade system matters for the potential of conflict. As I discuss below, the bazaars that fall into this category (central marketplaces in Bishkek, Osh, and Karasu) became intertwined in a complex, decentralized struggle among multiple claimants of control, including cooperatives, municipal authorities, private businessmen, and parliamentarians. In these cases, throughout the 1990s and even up until the present, *de jure* and *de facto* rights often conflict and are ambiguous. Regarding the second factor, some owners of bazaars became intertwined in shady and possibly criminal networks. As I discuss below, personal struggles among owners and potential owners led to the use of violence in the redistribution of bazaar property (Karasuu and car bazaars in Bishkek). In contrast to these two types of conflict, there are bazaars that have neither of these characteristics. My discussion of one of these bazaars, Dordoi, elaborates on the ways in which the initial owners have been able to secure their property.

Finally, my research design adopts a broader historical approach to understanding property and conflict. Instead of viewing the patterns of control prior to March 2005 as relatively stable until the moment of former President Akaev’s exit, I find that a closer look at disputed property reveals that the conflicts are often not new. Instead, following recent work by Andrew Barnes, we should view these struggles as ongoing cycles of contestation that may have their

¹¹ For example, see Timothy Frye, “Credible Commitment and Property Rights: Evidence from Russia,” *American Political Science Review*, Vol. 98, 2004, pp. 483-466l; Terry Anderson and Fred McChesney, editors, *Property Rights: Cooperation, Conflict and Law*, Princeton University Press, 2003.

roots in prior privatizations, and often continue as interests and environments evolve and change. He studies ownership struggles over factories and farms in Russia by “identifying the major players in different phases of the struggle for real assets, their motives and strategies, and the changing environment in which they operated.”¹² Another recent of property rights in Mexico specifically rejects cross-country regressions and instead adopts a rich historical approach to better understand the complex relations between political and economic institutions.¹³ These historical approaches reveal the role that property in post-Soviet countries plays in shaping and dictating the behavior of different actors competing for assets in the context of rapid change and weak formal rules and institutions.

The Bazaar as an Object of Study: Why and How are Bazaars Important Assets?

_____. *(The bazaar feeds us.)*
A line repeated to me by countless traders.

In order to demonstrate the importance of this historical, comparative approach to property ownership and control in Kyrgyzstan, I focus on a relatively understudied asset in this region – the marketplace or bazaar. A discussion of “Central Asian political economy” usually begins with the region’s vast oil and gas reserves, or the significant amounts of wealth generated from metals, gold and cotton production. Yet in Central Asia, aside from these natural resources, economic opportunities for many people have not come from the sphere of production and industry, but rather from trade and distribution. In particular, the bazaar has emerged as an integral part of social, economic, and political life in many regions across the NIS and especially in Central Asia.

Bazaars have long existed in this region, especially in Kyrgyzstan’s southern cities such as Osh. Silk Road trade routes passing through current-day Kyrgyzstan (as well as Uzbekistan, Tajikistan and parts of Kazakhstan) linked towns in China and India with European destinations. When the Soviet Union collapsed, the rise in unemployment and non-payment of wages, combined with the deficit of consumer goods, led to an increase in traders – mostly women including former accountants, teachers, factory workers, and scientists – who filled the streets and created spontaneous flea markets selling any items they had. Others, later termed shuttle traders, sold goods in bazaars that they personally carried from China, Turkey, India or elsewhere, often with capital borrowed initially from friends and relatives. Over time, tourist and cargo companies

¹² Andrew Barnes, *Owning Russia: The Struggle over Factories, Farms, and Power*, Ithaca, NY: Cornell University Press, 2006, pg. 2

¹³ See Stephen Haber et. al, *The Politics of Property Rights: Political Instability, Credible Commitments, and Economic Growth in Mexico, 1876-1929*, Cambridge University Press, 2002.

began to offer services to traders that allowed them to easily access primary shopping outlets in these countries, and deliver the goods to warehouses near bazaars.

In this way, the bazaar, became the predominant retail locale in big cities and small villages alike. While about 100 bazaars existed in the country in 1989, by 2005 this number had quadrupled. (See Figure 1) Moreover, most goods are sold in bazaars, and not supermarkets or stores. (See Figure 2)

Figure 1

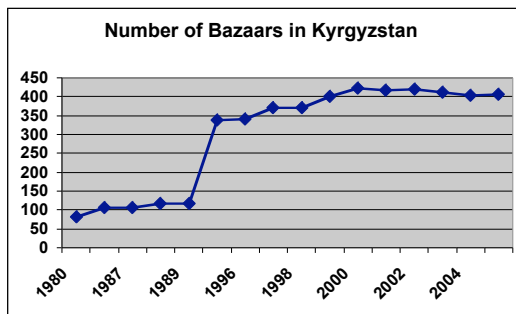
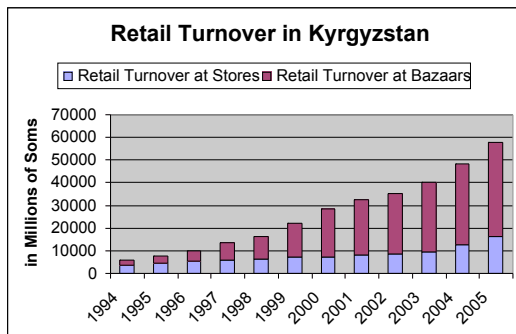


Figure 2



Sources of statistics in Figures 1 and 2¹⁴

By 2004, out of the approximately 2.2 million economically active citizens in Kyrgyzstan, at least 214,000 were officially involved in the trade sector of the economy.¹⁵ Each of the largest

¹⁴ Narodnoe Khoziaistvo Kirgizskoi SSR v 1989 godu: Stat. ezhegodnik, Goskomstat KirgSSR, Frunze, 1991; Statisticheskii, Ezhegodnik Kirgizskoi Respubliki, Chast II, Natsional'nyi statisticheskii Komitet Kirgizskoi Respubliki, Bishkek, 1996, 1997; Kyrgyzstan v tsifrakh: Statisticheskii sbornik, Natsional'nyi statisticheskii komitet kyrgyzskoi respubliki, Bishkek, 1999, 2000, 2004; Potrebitel'skii Rynok Kyrgyzskoi Respubliki, Natsional'nyi statisticheskii komitet kyrgyzskoi respubliki, Bishkek: 2001-2005.

¹⁵ Statistics from *Sotzial'no-ekonomicheskoe Razvitie Kirgizskoi Respubliki, 2000-2004*, Natsional'nyi statisticheskii komitet kyrgyzskoi respubliki, pg. 68-69

wholesale and retail bazaars in the country has over 10,000 trading places alone, not to mention the other service-providing jobs available at the bazaar.¹⁶

Bazaars have only recently drawn the attention of political scientists. Previous academic studies of bazaars in a variety of countries around the world focus on social mobilization, gender studies, information asymmetries and bargaining, ethnic or other solidarity divisions, and social networks and trust among traders and between traders and buyers. In my research, I adopt a conceptualization of the bazaar based on control and use of property: bazaar owners control the land by leasing out both the land and / or the containers to traders, while traders use the land to sell their goods. This distinction between the *control* and *use* of the land is important because huge sums of money can be made not only by trading, but also by controlling the land and containers of bazaars themselves. Bazaar administrations (under the direction of the owners) collect a daily fee for the rent of a table or trading space. By the mid-late 1990s, shipping containers were brought into larger wholesale bazaars, serving not only as trading places, but also storage spaces for goods. The administrations charge thousands of dollars to ‘buy’ these containers depending on their location in the bazaar, or traders can opt to rent containers on a monthly basis. Today, some of the most valued containers in wholesale bazaars sell for \$20-40,000, indicating the huge trade turnover that allows people to pay such amounts for a steel box. In addition to payments to buy or rent containers, traders pay an additional fee to the administration for the land on which the tables and containers rest. While the amount may be only \$.50 or \$1.00 a day per space at retail bazaars, or \$25-\$100 per month at wholesale bazaars, this multiplied by hundreds or thousands of trading spaces adds up to significant amounts of revenue per year for bazaar owners.¹⁷ In this region, such control and money translate readily into significant political clout as discussed below.

¹⁶ In addition to the important economic role of bazaars in Kyrgyzstan today, they are a microcosm of larger social and cultural dynamics in the country. As in the past, bazaars are a place to receive information about who is doing what in the city or village. Traditionally, certain ethnic/social groups trade certain commodities – for example the Koreans sell prepared salads and Dungans fresh vegetables – although increasingly these lines are becoming blurred. The heavy work of pushing carts through narrow isles and carrying heavy bags of goods across the bazaar, is largely done by older men and younger boys alike from the southern regions of Kyrgyzstan (Batken and Osh). Thieves, pickpockets, and rigged scales are intimately associated with the “oriental bazaar,” as are the difficult working conditions characterized by long hours and cold winter days. A variety of government agencies are also known to charge ‘fees’ or ‘fines,’ adding to the uncertainty and stress for everyday traders. Yet in the end, often due to a lack of alternative employment opportunities, people continue to return to trade in the bazaar.

¹⁷ This variation in fee structure for rent largely mirrors the trade turnover for that particular trading place. While some traders at retail bazaars have daily turnovers of \$5.00-10.00, wholesalers can have thousands of dollars of turnover per day. The fees for rent of trading spaces on which containers and tables rest take into consideration the trade volume of that space, which in turn often depends on the row or section of the bazaar – some rows and sections have a particularly high volume of passersby, which also means that turnover is generally higher. As one example: In the largest wholesale market in the country, Dordoi,

Further complicating the issue of control of bazaars, as discussed in the cases below, the real owners often do not show their faces or appear at the bazaars. They appoint bazaar administration directors – know as “*bazarkhom*” to oversee the collection of daily fees by people knows as “*controllers*”, and to manage relations both within the bazaar and with other municipal agencies and organs. As one interviewee stated, they are often figureheads, or dolls, “*kukla*” under direct control of the owners. Luckily for me in the case of Kyrgyzstan, the owners are generally well-known amongst traders and analysts / media alike.¹⁸

Historical Background: How the Soviet Union Created a Bazaar Economy¹⁹

“I dropped in at a bazaar, which can tell a lot to the experienced eye. After all, this is a sort of barometer of the economic life of any district, a mirror of the customs, traditions and population.”

Quote by Soviet leader Brezhnev in *Tselina*²⁰

Having established the role of bazaars in contemporary Kyrgyzstan and the ways in which they have become important assets, I now to elucidate the ways in which bazaars were integrated into the Soviet system and how this matters for conflict over property in the post-Soviet period. After briefly recounting the history of bazaars in the Soviet system and in the Kyrgyz SSR more specifically, I show how the USSR’s collapse reconfigured power and access to bazaar ownership, focusing on the central marketplaces in Bishkek, Osh, and Karasuu.

During the first half of the USSR’s existence, two world wars and numerous policy shifts (for example from War Communism to the New Economic Policy era), provided the political instability and socio-economic crises that prompted many citizens and farmers to sell goods

discussed below, everyone pays the daily fee to trade of 40-50 som/ day (\$1.00). Additionally traders pay a security fee of 500 som (\$12) a month. On their own, people pay a combined tax and liscence of 700-800 som / a month (\$20) to the tax inspector. If the people own the container, they pay a rent of land for about \$300 up to \$700 a month. If they are renting the container they might pay about \$1000 total (and the owner actually pays the rental of the land). Note that there are some really cheap places for example \$100 to owners of containers (who pay \$40 for the rent of land). Data based on interviews with traders, and an interview with former security worker at Dordoi, April 20, 2006, in Bishkek, Kyrgyzstan (in café).

¹⁸ This contrasts with the case of Kazakhstan, for example, where traders and the general public often do not know who the owners are – high-level bazaar politics are shrouded in much more mystery and secrecy.

¹⁹ I am writing a chapter on the history of the role of bazaars during the Soviet period, which includes more details, statistics, and data, and broadly compares the role of bazaars in the Soviet system with those in other countries around the world. The chapter is tentatively entitled “Bazaars in Comparative Historical Perspective”

²⁰ As cited by Boris Rumer, “The ‘Second’ Agriculture in the USSR,” *Soviet Studies*, Vol. XXXIII, No. 4, October 1981, pg. 565.

outside the newly established state trade and distribution system. In 1932, the same year that private resale of goods for profit was officially deemed ‘speculation’ – punishable by law – the USSR formally legalized marketplaces (called farmers’ markets or *kolkhoznyi rynki*) as places for farmers and independent citizens to sell excess produce and food products.²¹ These goods were often lacking in state and cooperative venues, especially in rural regions where state distribution channels were less robust. As many anecdotes and stories reveal, they were also the place to find other deficit goods such as jeans – often in the middle of the night.

The organization and administration of these marketplaces during the Soviet period were outlined in various early decrees and decisions by the authorities, and summarized in handbooks for marketplace administrators and workers. The directors were tasked to oversee the general workings of the bazaars, and ensure certain basic hygienic standards such as cleanliness, refrigeration, and waste removal. Controllers who worked for them were in charge of collecting set fees for the use and rent of space, scales, and other services.²² Thus, embedded in a system of state-controlled trade and distribution was a sub-system that allowed for a hierarchical relationship between administrator and trader, for fees to be charged for land rent (although rates were officially set), and for goods to be sold privately (again, although prices were controlled). The current-day relationships between current bazaar administrators and traders that I discussed earlier had their roots in this codified Soviet system of farmers’ markets.²³

In the final years of the Soviet Union, and in the early years after its collapse, bazaars played a crucial role as formal supply and distribution networks crumbled. The crisis of basic commodities was broadcast all over the world as viewers watched lines for consumer goods grow and hawkers line the streets. By 1988, 34% of household income was spent on food, on average, and rationing had reappeared in many cities for key food products.²⁴ One important reason for this was that domestic production was oriented towards the military-industrial, defense complex, and not consumer goods and food products.²⁵ By the later Gorbachev period (1988), the authorities recognized the growing problem of consumer goods deficits, and three decrees were published in August 1988 with the aim of increasing production of consumer goods by supporting cooperatives, encouraging joint ventures with international companies, and requiring the defense

²¹ For a fascinating and comprehensive history of Soviet trade policy before WWII, see Julie Hessler, *A Social History of Soviet Trade*, Princeton University Press, 1998

²² Krutyi, R. C. *Spravochnik Rabotnika Kolkhoznogo Rynka*, 2nd edition, Urozhai, 1991, 240 pp.

²³ This sector of the economy became the object of study by economists in the final decades of the USSR – a literature now called the “second economy.” See section on Soviet history for more details.

²⁴ William Moskoff, “Popular Attitudes to Food Shortages,” *RFE/RL Research*, Vol. 2, #21, May 25, 1990, pg. 9

²⁵ See Clifford Gaddy, *The Price of the Past*, Brookings, 1996.

industrial sectors to increase production of consumer goods²⁶. As the food crises deepened in the mid-1980s, at the central level, numerous laws and reforms were intended to decentralize and improve distribution and creating consumer products.²⁷

How did the republics and regional leaders respond? In Kyrgyzstan, in particular, prior to 1987, bazaars were administratively under the control of the Ministry of Trade in Kyrgyzstan. A resolution issued February 26, 1987 by the Central Committee of the Communist Party in Kyrgyzstan and the Council of Ministers stated that all the bazaars under the Ministry of Trade should be freely handed over to the Consumer Union (Potrebsoiuz), which united local and regional cooperatives involved in trade and distribution.²⁸ Passed during the time of perestroika, this policy represented a significant move towards decentralization and liberalization of the economy.²⁹

As the Soviet Union was collapsing in 1991-1992, as one government official of Kyrgyzstan noted, “we were like blind animals, scrambling around... we didn’t know what to do.”³⁰ In this context of this confusion, numerous contradictory resolutions pertaining to the farmers’ markets were issued by the new government within the first five years of independence. Initially, the president decreed in 1993 that the interference of local governments into the work of cooperative organization’s financial and economic activities should be halted. This decree came at a time when local mayors (*akims*) were *de facto* taking over and / or attempting to divide the assets of the Consumer Unions: one newspaper article title refers to this the “akimization” of power.³¹ However, a new directive in 1995 completely contradicted the earlier one, in effect legitimizing the “akimization” that had already been underway. This was a decree on April 17, 1995 by the Fund of State Property, “On the transfer of rights from the farmers’ markets to the city administration,” which codified the loss of control by the Consumer Union over the marketplaces.³² Members of the cooperatives (which were a part of the Consumer Union) viewed this as a clear infringement on cooperative property, not to mention a contradiction of Law on

²⁶ John Tedstrom, “New Measures to Boost the Consumer Goods and Services Sectors,” *RFE/RL Research*, No. 393/88, August 29, 1988.

²⁷ See Barnes for more on laws on individual labor activity and the creation of cooperatives enterprises in food and consumer goods, and the law on state enterprises which led to huge opportunities for decentralization and local participation, and the abolition of the superministry of agriculture and food.

²⁸ Kyrgyz Tuusu (Kyrgyz Flag). June 13, 1995 pg. 3, Kaparov; M. Sivasheva, “Akimizatsiia,” *ResPublica*, July 4, 1995, pg. 2.

²⁹ See Barnes, chapter two, “The Tangled Web they Wove: Property before 1985” and chapter three, “Let the Games Begin: 1985-1991.”

³⁰ Interview official from the Ministry of Trade and Development, June 8, 2005, Bishkek, Kyrgyzstan.

³¹ A. Kaparov, “G. Kuznetsovduun Teskeri Toktomu, *Kyrgyz Tuusu*, June 13, 1995, pg. 3; M. Sivasheva, “Akimizatsiia,” *ResPublica*, July 4, 1995, pg. 2.

³² “Fond Skazal – “peredat’!” I koe-shto zabyt...” *Slovo Kyrgyzstana*, June 22, 1995, pg. 3.

the Fund of State Property from July 1, 1992, which stated that the Fund could make decisions on the denationalization of communal property, but not cooperative property.³³ In light of this legal confusion, one cooperative director stated in an interview in 1996: “Who is the real owner of marketplace property? To whom belongs this or that property?”³⁴

Numerous meetings of the Consumer Union to solve these crises in 1994-1995 led to few tangible results. [see Appendix I for a summary of the fiscal crisis of the Consumer Union] Directors were fired in a May 1995 meeting of the Consumer Union for their bad work, and new people elected.³⁵ Later that year, at another meeting in November 2005, the representatives and heads of cooperatives gathered to discuss the possibilities of reforming their future and direction.³⁶ The urgency of resolving the cooperative problem reached its peak in early 1996. The President signed a decree on “Urgent Measures of Reestablishing the System of the Consumer Union.” In order to achieve this, Akaev established a committee that would reorganize the consumer unions and cooperatives within one month, and that during this time, all other regional administrations and cooperatives would cease work.³⁷ Yet just two days later, members of the Kyrgyz Consumer Union rejected this decree and held a meeting in order to pass a decision that was viewed in line with cooperative interests. President Akaev responded one day later invalidating their decree, and as a compromise, added an additional group of people to the commission, presumably to appease their interests.³⁸

These legal twists and turns – and contradictory decrees – took place as *de facto* power and authority devolved to local leaders and businessmen. The cases of the central marketplaces in Osh, Bishkek, and Karasu show how the changes in control emerged in this confusing context. In all cases, disputes in the early-mid 1990s set the stage for future struggles later in the 1990s and in 2005 as the political environment changed.

The key point to remember in reading these cases of the central marketplaces in Bishkek, Osh and Karasu, is that these bazaars were integrated into the institutions of the Soviet trade system described above, namely the Consumer Union and affiliated cooperatives. These case studies highlight how the *de jure* process of decentralization described above intersect with the real *de facto* actions and processes on the ground. In particular, the struggles revolve around the role of the cooperatives, municipal leaders, and private businessmen in controlling the bazaar land.

³³ M. Sivasheva, “Akimizatsiia,” *ResPublica*, July 4, 1995, pg. 2.

³⁴ “Fond Skazal – “peredat’!” I koe-shto zabyt...” *Slovo Kyrgyzstana*, June 22, 1995, pg. 3.

³⁵ U. Daiyrbekov, “Chokpoilu,” *Kyrgyz Tuusu*, September 10, 1994, p. 2

³⁶ “Koooperatsiia go ozgorunlor kop bolot,” *Kyrgyz Tuusu*, November 23, 1995, pg. 1.

³⁷ “Rynok Shartyna ylaiyk kaira tuzulot,” *Kyrgyz Tuusu*, March 7, 1996, pg. 1.

³⁸ “Komissiiia Kuramy Toluktaldy,” *Kyrgyz Tuusu*, March 12, 1996, pg. 1.

Central Marketplace in Bishkek

The central marketplace in the capital of Kyrgyzstan, Bishkek, is one of the over 70 bazaars in the city. Tens of thousands of residents shop at the bazaar every day, and it also supplies people from nearby villages who come to buy for themselves and also to resell goods in their villages. Most of the clothes and non-food items are bought at the wholesale bazaar, Dordoi, located outside the city center (as discussed below); and the food comes from the nearby wholesale produce market, Batken, and from local Dungans, Koreans, and Uighurs who grow produce themselves and sell it at the bazaar.³⁹ Thousands of traders work daily at the bazaar – some on makeshift tables and stands; others in pavilions, and still others in little stores and shops that line the alleyways and streets.

The bazaar was founded in 1942, during the height of World War II. By 1982, it spanned two hectares and provided 536 trading places. In 1983, funding from the regional cooperatives in Osh and Naryn allowed a new building to be built on the territory of the central part of the marketplace, hence the name “Osh bazaar.”⁴⁰ By the mid-1990s, the cooperatives that controlled the bazaar were experiencing severe fiscal crises, and the cooperative clearly was already losing *de facto* control of the bazaar. A 1995 interview with the then-director identified 24 ‘masters,’ such as cooperatives, mini-organizations, and individuals that comprised the bazaar.⁴¹ Couched as ‘privatization’ (but otherwise referred to as embezzlement by the local population) the director, Orozbek Alybaev, had been informally selling off parts of the bazaar to different people. These pieces of property included land on which stood new cafes, storage facilities, and pavilions for fruit, meat, grains, and milk products.⁴²

The non-transparency and chaos of these transfers are revealed in interviews with traders given to local newspapers at the time. Allegations that the director gave particular parts of the bazaar to relatives and friends without offering assets to traders caused serious resentment among the local traders who had been working there for years. For example, the milk pavilion and the vegetable-fruit pavilion were privatized in this way.⁴³ Moreover, people who were working in the

³⁹ Interview with deputy director, May 24, 2006, Bishkek

⁴⁰ Entry on “Alaarchinskii Kolkhoznyi Rynok,” *Frunze Entsiklopediia*, 1984, Frunze, USSR, pg. 81; Entry on “Oshskii bazar,” *Frunze Entsiklopediia*, 1984, Frunze, USSR, pg. 195

⁴¹ “Oigo Salgan Osh Bazary,” *Zaman Kyrgyzstan*, April 14, 1995, pg. 8.

⁴² Interview with deputy director, May 24, 2006, Bishkek

⁴³ “Bazar,” *Kyrgyz Rukhu*, July 9-15, 1997 p.7. One newspaper article suggests that, “According to the petition by A. Aitmanbetova, “the director, Alybaev, who came to office in 1995, started from the onset of

bazaar administration were not paid regularly. According to an administrator of the bazaar in 1997: “When I first started working, there were 1200 places that paid fees. Now there are 2100 places. If there are so many places why don’t people get their salaries for 1996? Where is that income going? Why doesn’t he [the director] lease the high-profitable pavilions to us? Why doesn’t he make the bazaar into a joint-stock company?” The worker continues, accusing him of being unjust and inhumane, taking people’s money without keeping up the infrastructure and payments of the bazaar. She alleges that a firm named Madina took over this part of the bazaar, and this company is linked to government officials.⁴⁴

According to these newspaper accounts, the traders tried to go to both the director of the cooperative and the city public prosecutor to complain, however with little success.⁴⁵ Later that year, on October 22nd 1997, the financial inspector of Bishkek city came forth with a report on the privatization of relevant objects once possessed by the cooperative associations of the bazaar. Many appeared to be sold for much less than their valued price and the report uncovered the privatization of parts of the bazaar to powerful people.⁴⁶

As these parts of the bazaar were being transferred, the cooperative heads kept changing. But the same question persisted: would the authorities recognize this head? “When it was a cooperative, the law ... said that the bazaar director had to be appointed by the cooperative. ...[But] the Bishkek city government is also interested in the Osh bazaar and the appointments of its heads. Now the bazaar is in-between.”⁴⁷ That is in between the authority of the local government and cooperatives. This evidence shows how the control of the bazaar became a struggle between the largely defunct cooperatives that existed in practice but had little authority, and new city officials that had de facto control over the ownership and distribution of assets.

After these early years of chaotic ‘privatizations,’ in 1998, a relative of President Akaev’s wife, Shambetov, stepped in to attempt to clean up the situation. Shambetov graduated from the

his tenure to hire his own people: Jumabek Kayanazarov, his son-in-law; Murat Sagyndykov, his younger brother; Tonya Gayvoronskaya, his former accountant.” See B. Tumorbaeva, “The Truth about the Osh Bazaar,” December 27, 1997.

⁴⁴ “Bazar,” *Kyrgyz Rukhu*, July 9-15, 1997 p.7.

⁴⁵ “The time of wolves: The quarrel that started at the bazaar,” *ResPublica*, March24-30, 1998, p. 1.

⁴⁶ For example, the meat pavilion of the “Madina” industrial-commercial firm was sold for 3 million som (valued at 6 million 311 som), the milk complex was evaluated for 2 million 429 thousand three som, but was sold to Tashtanaliev T for 400 thousand som. The collective farm product pavilion # 3 was evaluated for 2 million 949 thousand 2 som and was sold for 1 million 700 thousand som to “Mai” cooperative association. See “The time of wolves: The quarrel that started at the bazaar,” *ResPublica*, March24-30, 1998, p. 1.

⁴⁷ “The time of wolves: The quarrel that started at the bazaar,” *ResPublica*, March24-30, 1998, p. 1.

Samarkand Cooperative Institute and he worked at various affiliations of the Consumer Union.⁴⁸ In 1998, Shambetov became the head of the newly created “Osh Bazaar” limited liability company. According to newspaper interviews with Shambetov, he describes the events pre-1998 as theft and robbery, with over seven people occupying the head of the Consumer Union over the past five years. According to Shambetov, “When I came, the bazaar was mess. It was like an ant house. It was dirty in summer as well as in winter. In spring it was muddy. There were too many pickpockets, alcohols and prostitutes. ... Over 40 companies put kiosks, tables to form rows. There were many people who did not register and did not pay taxes.”⁴⁹

The problem he faced was that the new owners of different pieces of the bazaar provided trading spaces for the traders, and thus the traders viewed them as ‘job providers,’ allowing them to earn a living by trading.⁵⁰ When Shambetov tried to get rid of these illegal spaces and newly created rows in an attempt to create order, he received pushback from both the owners and the traders. “The directors ... tell people ‘we want you to trade here, but Shambetov wants to take your places.’ Traders believe in them ... I try to keep things orderly, and ensure that firms work according to the rules, and organize the traders. ... Yet there are so many people who have interests in the bazaar. We’ve seen that some people come and built trading places at night. In the mornings you see new pavilions. They seem to spring from the ground.”⁵¹ Thus, Shambetov was hampered both by the individual directors who make money from collecting rents from each trading place, as well as from traders who relied on these spaces for employment.

Shambetov attempted to find out which trading places were registered, and which ones weren’t, offering suggestions to the city region’s government, prosecutor and mayor. In response, the Bishkek mayor announced Decree #237 on April 28, 2000 about clearing out certain areas of the bazaar, and a national regulation followed in January 26, 2001, also indicating something should be done.⁵² Yet in practice, Shambetov continually complained that the government authorities and agencies did not assist:

“I have been fighting with power organs since I came here, for six years. I started when Saliev was a mayor, and now Kerimkulov is mayor. I visited him three time, writing regulations/documents of “Measures about

⁴⁸ He worked in various positions, including the deputy director of Naryn Oblast Potrebsouz, leader of Kyrgyz shoes trade warehouse, and representative of Talas oblpotrebsouz. Beginning in 1992, he became chairman of the “Kyrgyz clothes joint stock company” and later became a general director of Ala-Archa bazaar’s “Osh bazaar” joint-stock company. See “Miting Emneden Chykyt?” *Kyrgyz Tuusu*, May 1-3, 2001, pg. 11

⁴⁹ “Patriot, boluu-yiyk parzybyz,” *Kyrgyz Tuusu*, February 14-17, 2003, pg. 9.

⁵⁰ The job providers do not pay wages (the traders earn that themselves by trading) or benefits (they do not have any).

⁵¹ “Patriot, boluu-yiyk parzybyz,” *Kyrgyz Tuusu*, February 14-17, 2003, pg. 9.

⁵² “Patriot, boluu-yiyk parzybyz,” *Kyrgyz Tuusu*, February 14-17, 2003, pg. 9.

improving Osh bazaar.” After that I visited Primer Minister N. Tanaev. All of them say “we’ll help, we’ll improve”, but they do not do anything. ... We are trying to do sanitary and other work ourselves. Of course, we need the help of power organs. ... If I count now, I appealed to Lenin district administration 53 times, the city administration 43 times, and 26 times to Minister of Internal Affairs to improve the situation.”⁵³

By this time, local bureaucratic officials were feeding off of the bazaar, taking bribes and extracting other fees from the traders for a host of ‘violations’ and ‘services.’

The most recent set of conflicts was unleashed after the March 2005 change in power. By March 2005, this retail bazaar had been divided into 76 separate firms, each with particular assets whether they be a pavilion with trading spaces, a storage space, or a café. The main company of the bazaar – the one run by Shambetov that was also supposed to bring order to the bazaar – had 385 trading places, including the central fruit/vegetable pavilion.⁵⁴ After a case was brought up against him for withholding taxes, Shambetov was effectively removed as head of the company “OsOO Osh Bazaar” in October 2005. One of the owners of this part of the bazaar was the deputy director, who continues to serve in this position (as of May 2006), but lost his 25% share in the company once Shambetov left. When asked why it was taken away from him, he responded, “Because the Akaev regime is over.”⁵⁵

According to this deputy director, the new director wants to try to unify these 76 parts into one unit and build a new more modern structure, but the other owners are against this. In particular, a group of 10-15 private owners of the 76 want to be independent, forming their own coalition to take control over the bazaar. I was puzzled initially – what was at stake here? The deputy director then explained that this was about rents from street traders: OsOO Osh bazaar claims to have the right to gather fees from street traders all over Osh bazaar, since they also take care of garbage, sewage, snow removal, etc. But now this other group is seeking the rights to collect fees.⁵⁶ Despite attempts from the mayor’s office to try to remove 1000-1200 daily street traders and bring ‘order’ to the bazaar, they have failed since attempts at ‘order’ lead to protests by traders.

Another measure the city took to bring some order to the marketplace was a 2005 decree returning the bazaar to municipal authorities; they wanted to bring the bazaar under one unified structure. But the city parliament is categorically against the change and is calling upon the mayor

⁵³ “Kozhoiun kop zherde biilik alcyz,” *Agym*, June 4, 2004, pg. 15.

⁵⁴ Interview with deputy director, May 24, 2006, Bishkek. The fees to trade are 50 som/day (little over \$1) and storage of goods costs is 2 soms/ night. The scales are free. Of the 50 soms, according to the deputy director, 12 per person go to tax authorities. There are 3 controllers just in this part of the bazaar alone.

⁵⁵ Interview with deputy director, May 24, 2006, Bishkek

⁵⁶ Interview with deputy director, May 24, 2006, Bishkek

to repeal this initiative. As it stands now, the conflict is between the private owners who allow street traders to crowd the bazaar (by collecting rental fees for the use of space – usually between \$.50-\$1.00 / day per trader), the municipality that is at least nominally attempting to bring order to the situation, especially in the context of a perceived (and possibly real) increase in criminality and theft, and the city parliament that is against the proposed changes.⁵⁷

Central Marketplace in Osh

The initial power struggle between the consumer unions and local power authorities, combined with the extreme decentralization of control, similarly occurred in the central bazaar in Osh, in southern Kyrgyzstan. In the city of Osh, the central bazaar is one of the biggest of the 75 total bazaars.⁵⁸ In total, depending on the day and time of year, there are about 12,-15,000 trading places in the bazaar, and residents of Osh and the neighboring regions buy from this bazaar totaling about 50,000 buyers a day. Clothing comes largely from the nearby Karasuu market (to be discussed below) and produce is brought in by local farmers as well as by wholesalers. This is one of the oldest bazaars in Central Asia, existing during pre-Soviet times.⁵⁹

Similar to the central bazaar in Bishkek, a confusing decentralization of power occurred: by 1995, there were effectively two directors – one appointed by the local akim (mayor) and the other by the cooperatives.⁶⁰ As in Bishkek, new mini- marketplaces sprung up within the bazaar. By 1996 there were 8 mini-bazaars within the bazaar, as well as 20 “improvised” ones, according to the director of the city’s department for markets, established in 1995.⁶¹ As in Bishkek, individual entrepreneurs were putting up cafes and pavilions ad-hoc throughout the 1990s. Some press reports called these ‘illegal’ attempts to take over the property from the cooperatives.⁶²

By 2004, the struggles reemerged against the backdrop of Osh city mayoral elections. Once again, the core dynamic was between the cooperatives, who lost de facto power, and

⁵⁷ Interview with Lenin region akim, representative of trade and entrepreneurship department, November 13, 2006. In the VB article, there is reference to this: “On measures to improve activities of the trade-market complex Osh bazaar and adjoining territory of general use...” number 895 given on August 22. The document was signed by the old mayor, Askar Salymbekov, See Zanaida Sorokina, *Vechernyi Bishkek*, “Chernyi nal tam pravit bal,” October 7, 2005.

⁵⁸ Interview with deputy director, May 24, 2006, Bishkek; This was confirmed by an Interview with Bereket administrator, April 5, 2006 in Bishkek, Kyrgyzstan (in bazaar)

⁵⁹ As of 1989, there were 1750 trading places, of which 500 are in closed pavilions, located on 12 hectares of land. There was a storage place for goods that will spoil, and a hotel that houses 68 people. See “Osh Bazaar,” *Osh Oblasty Entsiklopidiia*, Frunze, Kyrgyzstan, 1989.

⁶⁰ M. Sivasheva, “Akimizatsiia,” *ResPublica*, July 4, 1995, pg. 2.

⁶¹ S. Gafarova, “...I rynki bnesut svoiu leptu,” *Ekho Osha*, December 3, 1996.

⁶² A. Kaparov, “G. Kuznetsovdun Teskeri Toktomu,” *Kyrgyz Tuusu*, June 13, 1995.

members of the local ruling elite. On February 4, 2004, the mayor of Osh city of the time issued a decree officially converting the bazaar into municipal property. This was allegedly to bring more accountability to the bazaar, but in fact, one of the owners of some of the pavilions within the bazaar – also member of city parliament - Iminov Amanullo Iminovich appeared to be in cahoots with the mayor. Before the mayor left office, he decreed the bazaar directly to the leadership of Iminov. The subsequent acting mayor issued decrees with the same objective to abolish the municipal ownership of the bazaars thus condoning Iminov's control.⁶³ The mayors effectively used their positions in power to transfer the property to political allies.

The cooperative members were particularly peeved by the actions of both mayors. As the secret decrees became public, the cooperative applied to the city prosecutor's office to determine whether the decrees were issued legally. The prosecutor office found the documents illegal and overturned them. In order to save face, the acting mayor decreed his previous decrees void in August 2005, and that same day, he issued a decree through which he attempted to turn the Osh bazaar into a limited liability company (OsOO). The collective - offended once again - sent a petition to the Osh city prosecutor, which in turn appealed to the newly elected mayor Djumadyl Isakov.⁶⁴

Attempts by the collective to maintain control over the bazaar failed. According to one of my interviews, *de facto*, the central row of the sprawling bazaar has been under the control of the mayor Isakov since the revolution in 2005.⁶⁵ This includes the main municipal street that run through the bazaar (*Ulitsa Bazarnaia*); there are about 900+ tables/stands on this street alone. In addition to these individual traders, according to the architecture's office, there are about 250 entities of the bazaar - cafes, little shops, pharmacies, mini-bazaars – that are privately-owned. These entities are divided among about 28-30 directions, who collect rents and own the land. In addition to the mayor's interests, another company is OsOO Ai Aman, which owns containers and trade places in the part of the bazaar called "Karavansarai," half of the gold bazaar, and other stores and warehouses in the city.⁶⁶ Another important figure, Khikmatolo, a deputy of the city parliament (Gorkenesh), owns the main bridge in the Osh bazaar (100 trading places), and the lower part of the bazaar.

These two bazaars – the central marketplaces in the two main cities in Kyrgyzstan – seem to the everyday consumer or tourist to be sprawling entities of tables and traders, selling retail

⁶³ "Arguing For Streets in Osh Bazaar," *Osh Janyrygy*, September 2, 2005.

⁶⁴ "Arguing For Streets in Osh Bazaar," *Osh Janyrygy*, September 2, 2005.

⁶⁵ Interview with trade analyst at Pragma, April 14, 2006, Osh office

⁶⁶ Interview with worker of OSOO Ai Aman, April 15, 2006, Osh bazaar

goods from food (fruit, vegetables, grains) to household wares and clothing. Yet Bishkek's central bazaar today is owned by 76 private entities, and Osh's central bazaar over 200. The ownership struggles are complicated due to their integration in Soviet trade institutions and the subsequent chaotic power transfers, and because these bazaars are located in the city center – along municipal streets. And as such, different municipal and private authorities compete for extraction of land rents from traders.

The key to understanding this configuration of ownership lies in the Soviet *Potrebsoiuz* or Consumer Union, which owned bazaars (among other structures) at the end of the Soviet period. Upon independence, authority and control of this institution devolved to the city level. Ad-hoc, secret, and often patronage-based privatizations (what locals referred to as embezzlement or stealing) led to the current configurations and ongoing conflicts. Thus, these conflicts have their roots in long-standing property struggles and what Katherine Verdery calls 'fuzzy property' – cases in which owners of property are either not clearly defined, or overlapping authorities claim the rights to the property. Unlike in her case of the ascendance of the collective in retaining control of farm property in Romania, in the case of bazaars in Kyrgyzstan, power and control were decentralized often to combinations of private businessmen and political office-holders.⁶⁷

Karasuu Bazaar

The history of Karasuu bazaar began as the ones discussed in Bishkek and Osh – it was a farmer's market during the Soviet period, and then fell into similar ownership struggles between Consumer Union, municipality, and private owners after the collapse. Subsequently, some of the bazaar owners became involved in shady and possible criminal networks, adding another dimension of conflict onto the previous one. Thus, not one but two of the factors increasing the likelihood of conflict discussed above – (origins in Soviet trade institutions and links to criminal networks) are present in this bazaar. As expected, this bazaar has been at center of multiple waves of conflict beginning in the 1990s and continuing until the present.

The Karasuu bazaar is located in the small town of Karasuu in Osh Oblast on about 15 hectares of land 22 km from the center of Osh, a city in southern Kyrgyzstan's Ferghana Valley. During the Soviet period, the town of Karasuu straddled both the Kyrgyz and Uzbek SSRs, and this market (along with the one in Margilan) was a primary black market site in the 1980s during

⁶⁷ Katherine Verdery, "Fuzzy Property: Rights, Power, and Identity in Transylvania's Decollectivization," in Burawoy and Verdery, editors, *Uncertain Transition: Ethnographies of Change in the Postsocialist World*, Rowan & Littlefield, 1999.

perestroika.⁶⁸ The bazaar increased in popularity about ten years ago when Erkeshtan, a new border post between Kyrgyzstan and China, opened and linked Karasuu more directly with transportation routes from China. 500 cargo trucks are estimated to drive from Erkeshtan to Karasuu every month.⁶⁹ On the demand side, one of the reasons the bazaar became so big is because of restrictive official Uzbek border and trade policies⁷⁰ - today about 70-80% of customers are traders from Uzbekistan.⁷¹ Regional traders (from Osh city and other cities in Kyrgyzstan such as Jalalabad) also buy from this bazaar and resell in their local retail markets.⁷²

While official numbers are difficult to come by, there are a total of at least 3,000 containers⁷³ at the bazaar and up to 10,000 total trading places.⁷⁴ Some estimates suggest that an additional 5,000 people make a living off the bazaar in affiliated industries (taxis, cafes, banks). Official statistics suggest about \$150,000 a day turnover, but this is probably closer to 3-\$500,000. The number of customers varies according to estimates and seasons, but the general figures indicate between 10,000 and up to 30,000 customers a day from different regions.^{75 76}

The long-time director of the marketplace during the Soviet period was a man named Turateli. He was born 1921 and later was awarded for Communist Party, Komsomol, and other farm achievements. Under the Party's order, he became the director of the bazaar in Karasuu kolkhoz in the 1960s.⁷⁷ At that time, the market was relatively small (.9 hectares) and people would go to across the border to the Uzbek SSR to trade. He wanted to expand the bazaar so that people would come to Karasuu, and not go to the Uzbek markets. According to Turateli:

“There was no one who supported my idea. At that time, the city administrators did not understand where the money would come from....In 1982 there the document appeared from Moscow “to improve trade in villages” and it was blessing to build a bazaar. I looked at all the facts, such

⁶⁸ For more interviews from people who worked in the bazaar during this period, see Michael Angermann, Masters paper “Zwischen ‘Autozug’ und ‘Drahzeilacht,’” Humboldt University, Berlin. pg. 65

⁶⁹ Interview with trade analyst at Pragma, April 16, 2006, Osh office

⁷⁰ Uzbekistan imposed high tariffs for imported goods and official licenses for importing are difficult to come by. But for socioeconomic reasons, the government allows an large-scale ‘informal’ smuggling sector of traders to go back and forth across the border to the Karasuu bazaar, providing both jobs and cheap goods for most of the Uzbek part of the Ferghana valley.

⁷¹ Tajiks mostly come and take the goods to Oratipe (Oratube in Russian) and Parishanba (thursday). (Khujand).

⁷² Interview with lawyer and consultant of the Ferghana Valley Lawyers, NGO, Karasuu border office

⁷³ Interview with trade analyst at Pragma, April 16, 2006, Osh office

⁷⁴ Another source claimed 5-6,000 containers. Interview with head of Karasuu trade union, April 13, 2006, Karasuu bazaar

⁷⁵ Angermann, 66-72

⁷⁶ Interview with lawyer and consultant of the Ferghana Valley Lawyers, NGO, Karasuu border office

⁷⁷ During the WWII he worked in Chelyabinsk Traktor Factory, where his health was worsened. He returned home and assumed leadership of various positions. See B. Shamshiev, “Bazar Bashchysynyn Baiany,” *Respublica* April 22-28, 1997, pg. 4

as: how many customers will there be in the future, what do people need, and I decided to build a bazaar on 12 hectares of land.”⁷⁸

In order to achieve this vision, he studied the bazaars in other cities of Central Asia such as Leninabad in Tajikistan, so that it could be of ‘oriental style’: he wanted hotels, livestock, vegetable and fruit pavillions, mosques.⁷⁹ After much political wrangling, on December 1983, the Karasuu region administration gave Turateli 12 hectares of land in order to build a bazaar. With support from Moscow, and the help of various project specialists, he succeeded in acquiring the necessary equipment, for example two pumps from Bulgaria that would pump water throughout the bazaar.⁸⁰ The construction began in 1986, proceeded in three phases, and was finished in October 1990. As conditions improved, more people visited it and more money started circulating.⁸¹

Already in the late 1980s, however, ownership challenges arose. During the construction, as discussed above, a Republic-level decision in 1987 turned over the responsibility of the bazaar from the Ministry of Trade to the Osh Oblast Consumer Union.⁸² While the Consumer Union *de jure* owned the bazaar, by 1992, governors and then mayors started to appoint directors of the bazaars.⁸³ In 1995 the bazaar was formally turned over to the Karasuu region municipal office (akimat) with the approval of Osh Oblast government administration. However, as mentioned above, a 1996 Presidential decree was supposed to give bazaar property back to the Osh Consumer Union.⁸⁴

Amidst these *de jure* legal disputes over who officially owned the bazaar – the Karasuu region municipal office, Osh oblast government, or the Consumer Union – another set of events was occurring that indicated who really controlled the bazaar *de facto*. As one newspaper reports, in the morning on August 3, 1995 two young men entered Turateli’s office: “Turatali was talking on the phone. One of the strangers took the phone and dropped a bundle of money on the table. .. The law-enforcement officers immediately counted the money, drew up a report, and took him to their office. Until now Turatali keeps talking about how the officers forced him to sign the documents.”⁸⁵ According to one regional analyst, in 1995, the person who confiscated this

⁷⁸ March 17, 1994, *Osh Zhanyrygy*, pg. 3-4

⁷⁹ See B. Shamshiev, “Bazar Bashchysynyn Baiany,” *Respublica*, April 22-28, 1997, pg. 4

⁸⁰ March 17, 1994, *Osh Zhanyrygy*, pg. 3-4

⁸¹ See B. Shamshiev, “Bazar Bashchysynyn Baiany,” *Respublica*, April 22-28, 1997, pg. 4

⁸² November 21, 2000 *Asaba*, pg. 5

⁸³ Interview with analyst at PRAGMA, April 14, 2006, Osh

⁸⁴ “Bir zhumada zheti kun bolso-biz toguz kun ishteibiz,” *Erkin Too*, March 29, 1997, pg. 6; “People’s belongings will be taken?” *Asaba* 2000, 21 November, pg. 5

⁸⁵ See B. Shamshiev, “Bazar Bashchysynyn Baiany,” *Respublica* April 22-28, 1997, pg. 4. According to a new administrator who started after Turateli left, “I came in September 1995, when Turatali was in jail and

property was Bayaman Erkinbaev, who struck a deal with the head of the Consumer Union, Mamat Orozbaev, to purchase a part of the bazaar for 25 million soms, a minimal sum at the time.⁸⁶ Mamat Orozbaev was leader of the Kyrgyz Consumer Union by 1990 when the USSR collapsed.⁸⁷ The new owner, Erkinbaev started his company, Kyrgyz Sooda Birinch, to buy the bazaar, and is said to have controlled 37%.⁸⁸

A further bout of conflict emerged in September 1999, when the Osh Oblast Consumer Union reregistered their remaining shares of Karasuu bazaar as a limited liability company – OsOO Karasuu Bazaar. In response, protests broke out and pensioners and traders working in bazaar wrote a letter to the President and Prime Minister at the time, and to the Osh governor saying that ““Osh Consumer Union sold “Turatali” bazaar to a private owner. Bring it back to people.””⁸⁹ According to the authors of the letters, when Karasuu bazaar was turned into a limited liability company (OsOO), the Consumer Union did not consider the positions of the people and Karasuu region administration. A special commission created by the Osh oblast administration and Karasuu local administration revealed that the share of the Consumer Union was 32.7%, with the rest belonging by that time to private entities, allegedly Alisher Sabirov, Bayaman Erkinbaev, and I. Kyrgyzbaev.⁹⁰ While the discourse of “people’s property” and “cooperative ownership” seemed to dominate the headlines, de facto, the assets had already been sold and the new owners were controlling the bazaar. [see Appendix 2 for more statements by officials published in newspapers in 2000 re: this sale]

As of 2005, there were about 13 or 14 directors of Karasuu, and continual arguments about the land because it was never clearly demarcated and delineated. As the trade turnover increased dramatically during this time, so did the potential profits from the sale of containers: In the 1990s, a container cost \$5-700. As of 2006, they cost from \$8-20,000.⁹¹ Also by this time, some of the major owners had become intertwined in local and national politics: Bayaman Erkinbaev and Alisher Sabirov were national deputies, the wife of Alisher Sabirov was part of the

the bazaar was left without a director for two months. I used to work as an inspector in the oblast’s administration and they unexpectedly asked me to assume the position. I tried to hide for a week..., because I had never worked in the trade sphere. ... Well, it was an order...” “Bir zhumada zheti kun bolso-biz toguz kun ishteibiz,” Erkin Too, March 29, 1997

⁸⁶ Interview with trade analyst at Pragma, April 14, 2006, Osh office

⁸⁷ Interview with analyst at PRAGMA, April 14, 2006, Osh. Upon the independence, Orosbaev allegedly continued to lead the organization because he had good relations with President Akaev’s wife, Mairam Akaeva.

⁸⁸ Interview with journalist from Osh, April 19, 2006. Bishkek

⁸⁹ “People’s belongings will be taken?” *Asaba* 2000, 21 November, pg. 5

⁹⁰ “People’s belongings will be taken?” *Asaba* 2000, 21 November, pg. 5

⁹¹ Interview with trade analyst at Pragma, April 14, 2006, Osh office. One of the interviewee’s friends sold a container in 2000 for \$3,000.

city parliament⁹² [confirm this], and the daughter of the former governor Kasiev also owned some containers.⁹³ Other owners who are not explicitly political figures include Melis Myrzamatov and the owner of OsOO Baken (a woman director) – an important transport company started in 1994.⁹⁴ By 2005, high-level politics and bazaar business were intimately interconnected.

After the events of March 2005, the conflict heightened again, although this time in a different form. Bazaar owner and parliamentarian Erkinbaev's long-time friend in the 1990s, Junusov, had been interested in sharing the bazaar with Erkinbaev, but instead of the right to control the bazaar, Erkinbaev made him a director (remember, the owners are often hidden from the bazaar itself and the directors actually run the show on a day-to-day basis). However, in June 2005, Junusov led a set of protests against Erkinbaev at Karasuu bazaar and other places owned by Erkinbaev in the city of Osh. Junusov *de facto* took control of the bazaar using his own private security people, but was assassinated shortly thereafter on September 5th. Suspicion fell on Bayaman Erkinbaev, and the prosecutor general who was investigating this incident, Beknazarov, became embroiled in political scandal and was 'relieved' of his duties, what people view as a politically motivated act. Just two weeks later, on September 21st, Erkinbaev was also fatally shot. The criminalization of politics had reached its peak. Just a week before, on September 14, a local court had ruled that the purchase by Erkinbaev's company of part of Karasuu bazaar in 1999/2000 had been illegal.⁹⁵ After his death, the Osh Consumer Union and the Karasuu municipality, both claimed control, however, many believe that the assets simply transferred to Erkinbaev's wife.⁹⁶ Traders and observers alike said that the bazaar became increasingly chaotic after these incidents, with new 'fees' and 'bribes' required in this vacuum of authority. Most recently, in January 2007, the new director of the bazaar was also assassinated.⁹⁷

Thus, in sum, Karasuu bazaar has been embroiled in similar ownership disputes based as in the central marketplaces in Bishkek and in Osh. The shift from a retail bazaar to a bigger, wholesale bazaar with huge trade volume (as opposed to the retail bazaars in Bishkek and Osh) has only heightened the stakes. The criminalization of bazaar ownership also distinguishes it from the retail bazaars in Bishkek and Osh, adding another layer of ownership conflict.

⁹² The wife of Alisher Sabirov is Kulkar Pasha and has a company Umit 2000, and controls about 10-20% of the bazaar

⁹³ Interview with journalist from Osh, April 19, 2006. Bishkek

⁹⁴ Interview with trade analyst at Pragma, April 14, 2006, Osh office

⁹⁵ Interview with vice-director of part of Karasuu bazaar, April 11, 2006, Karasuu bazaar

⁹⁶ Interview with trade analyst at Pragma, April 14, 2006, Osh office; See also ICG Report on Kyrgyzstan, November 2005. The bazaars whose male owners have been killed (Karasuu, car bazaar), have women now in their places.

⁹⁷ "V Karasuu ubit direktor," *Akipress*, January 19, 2007.

The Car and Spare Parts Bazaars in Bishkek

The criminalization of Karasuu bazaar ownership is not unique in Kyrgyzstan: the car and spare parts bazaars in Bishkek were also the site of violent conflict after 2005. These are separate bazaars located on formerly empty territory during the Soviet period. Both bazaars are very lucrative – the spare parts bazaar is home to about 800-1,000 containers, with about 1,000-1,200 cars that come in every day to shop at the bazaar.⁹⁸ The car bazaar is filled with 2-3,000 cars from Friday to Sunday, and about 100-150 cars are sold each day that it is open. Again, the money for the bazaar owners comes not from the trade itself, but rather from the fees / rents that they extract for land. For the car bazaar, they charge about \$5 / week for cars to sit there.⁹⁹

In June 2005, parliamentarian and owner of the car and spare parts bazaars, Surabaldiev, was assassinated in broad daylight. While the reasons remain unclear, analysts believe that this had something to do with the ownership of the big bazaars, one of which he built himself beginning in 1994 and the other of which he bought from a bank in a controversial bankruptcy case in 1999. The previous owner, Boris Vorobiov, had the bazaar confiscated by AKB Bank after defaults on loans and then fled the country.¹⁰⁰ Interviews with employees of these bazaars suggest that Surabaldiev and some of his employees may have been involved in criminal ‘sportsmen’ networks for some time. He was vocally pro-Akaev at the time of the coup in March 2005, and some suggest that pro-Bakiev allies may have had something to do with his death.

These cases of Karasuu and the car/spare parts bazaars exemplify the conflicts that emerge out of personal disagreements of criminalized networks. Combined with the cases of the central marketplaces in Bishkek, Osh, and Karasuu, these cases suggest that conflict is prevalent among big bazaars in Kyrgyzstan, and occurs in the context of weak law enforcement and legal and judicial institutions to resolve disputes.

Dordoi – Why No Ownership Conflict?

Yet the interesting thing about recent events in Kyrgyzstan is that not all bazaar owners – even in big, wholesale and car bazaars that are highly profitable – have been part of these

⁹⁸ Interview with administrator at Kudaibergen bazaar, May 23, 2006, Bishkek.

⁹⁹ Interview with controller at Azamat, May 24, 2006, Bishkek.

¹⁰⁰ El’vira Surabaldieva, “I Wish to Declare...” *Vechernyi Bishkek*, August 5, 2005.

ownership struggles. For example, the two main owners of Dordoi – Salymbekov and Baibolov– have held on to their assets without any open confrontation.¹⁰¹ This leads us to ask: how have these owners been able to secure their assets?

Here, in contrast to the central marketplaces in Bishkek, Osh, and Karasu, these bazaars were not tied to Soviet trade institutions, and unlike Karasu and the car/spare parts bazaars in Bishkek, the owners do not have criminal ties. The absence of these two characteristics suggests that Dordoi bazaar will be more likely to avoid conflict. Furthermore, an investigation of Dordoi shows how bazaar owners create an entrepreneurial discourse and business model surrounding the bazaar, and have secured their property by becoming national-level parliamentarians.

Dordoi Bazaar

Dordoi bazaar is located on the outskirts of the capital, Bishkek, north of the city. It has grown to be one of the largest wholesale and retail bazaars in the country and broader Central Asian region, serving not only the population of Kyrgyzstan but also of neighboring countries including Kazakhstan, Tajikistan and Uzbekistan. According to a 1995 newspaper article, there were 160 workers in the company, the company offered daily over 3,500 trading places at the market, and there were about 10,000 buyers every Saturday and Sunday at the market.¹⁰² By 2005, there were 6-7,000 containers and about 20,000 people who work in the bazaar (traders, security, others). According to one newspaper article from 2003 that quotes a government official, about \$200 million per month circulates in the bazaar,¹⁰³ however, this amount is likely much higher. Goods primarily come from neighboring China, although some also come from Turkey, Pakistan, and some clothes are now made in Kyrgyzstan (*samaposhiv*). Other goods come from Poland, Italy, UAE.

Dordoi is located on land that was empty during the Soviet period. In the early 1990s, rows were built out of cement stands.¹⁰⁴ Why did it become so popular? In part because the space and geographic location allowed the bazaar to play a bigger regional role in wholesale trade. This vision was created by its main founder, Askar Salymbekov. He graduated from Kyrgyz State

¹⁰¹ The biggest car bazaar in the south of the country in Osh also has a stable history, although due to space limitations I will not be discussing that case in this paper..

¹⁰² “_____ – _____” (Rich market has rich people), *Kyrgyz Tuusu*, August 8, 1995.

¹⁰³ B. Adilbaev, ministry of finance, stated that sales volume of “Dordoi” per month comprises 200 million US dollars. See “Acting director of “Dordoi” Amanbai Kaipov: “Unity is solution to all problems” *Aalam*, October 10, 2003, No. 68, pg. 3

¹⁰⁴ Before an official name was attached to the bazaar, people used to call it “*talchok*” or ‘push’.

University in the Department of History and Economics, worked for the Komsomol in Frunze (now Bishkek), and then became head of Frunze's sport department. Later he became the head of Dordoi Company, and became governor of Naryn province, later mayor of Bishkek, and currently serves as national deputy.¹⁰⁵

According to Salymbekov in a 1995 interview, after describing the collapse of industry and the lack of wage employment in the early 1990s,

“At that moment, I was the head of City sport department, ... I also wanted to try this kind of business. The construction of the new wholesale market had started, and I became the head of that market....All our other markets were full already and traders needed some new and free places to do their businesses. As you know, the market economy was one of the key elements of the Akaev reform program. The market plays a very important role for us; if we have markets full of different goods and in big volumes, it means that prices are going to be low and people's income will grow. ... On another part of our land, we are planning to build international whole sale market. In this way, our company has been working to continue the improvement of marketplace construction.”¹⁰⁶

In order to build a big, international wholesale market, Salymbekov traveled to Tashkent and Moscow in 1995. He realized there that the geography and location of markets were crucial, especially so that people from different parts of the country and neighboring states could easily access the market.¹⁰⁷

Dordoi bazaar – while it looks like one sprawling entity – actually has about 4-5 owners. One is Askar Salymbekov and his company, Dordoi Corporation. His older brother owns Marys Sport (a part of Dordoi Bazaar) and some warehouses there, and his younger brother owns another part of the bazaar, Djungkhai.¹⁰⁸ While the Dordoi bazaar is the main asset now in the Dordoi company's portfolio, the family also owns Alamadinski bazaar, Dordoi Plaza (a mall), Dordoi Plastic Company (a joint venture with Turkey), Dordoi Medical Center for eye surgery, the new Bishkek movie theater Oktiabr, Hotel Koitash (one of the most expensive in the city), Soccer team Dordoi Dynamo, and vodka company Medved.¹⁰⁹ “Dordoi Corporation” is one of the shareholders of “DosKredobank”, and holds controlling share of “Kyrgyzmebel” (furniture) and

¹⁰⁵ “_____ – Dordoi's descendant,” *Kyrgyz Tuusu*, March 27-30, 1998. One interview suggested that the reason he was able to build capital and actually construct the bazaar was because he had cattle and could sell meat (this area of Kyrgyzstan is known for cattle raising). Most other professions during the Soviet period were not able to convert assets to profitable new enterprises.

¹⁰⁶ “_____ – _____” (Rich market has rich people), *Kyrgyz Tuusu*, August 8, 1995.

¹⁰⁷ “_____ – _____” (Rich market has rich people), *Kyrgyz Tuusu*, August 8, 1995.

¹⁰⁸ Interview with former security worker at Dordoi, April 20, 2006 in Bishkek, Kyrgyzstan (in café) plus other interviews

¹⁰⁹ See website, www.dordoi.kg

“Kyrgyz textile factory”. Askar Salymbekov and his family, in other words, have a business empire.¹¹⁰ In addition to the Salymbekov family, the other major founder or owner of Dordoi is Kutabek Baibolov, whose company is OsOO Oberon.¹¹¹ He has been a member of parliament for many years, and his wife is also a member of the Bishkek city parliament.¹¹²

As far as I can tell and according to analysts, there have been no ownership struggles of the sort described for the central retail bazaars, Karasu, or the car / spare parts bazaar in Bishkek. Based on my initial observations and interviews, three reasons emerge. First, while the other bazaars had contested and confusing privatizations, this one was clearly the project of Salymbekov from the beginning and he worked out clear delimitation of the bazaar with Baibolov and the other 1-2 owners. Second, he has supported many initiatives to make the bazaar more transparent and marketable, by allowing a trade union that publishes a Dordoi trade journal with information on the containers, advertisements for the vendors and other service providers, bus schedules, and a map of the bazaar and surrounding area. His corporation also has an elaborate and sophisticated website (www.dordoi.kg) that has information about each of the holdings, including the bazaars, and he has worked to make their holdings legal in terms of documentation and the law.

Finally, the owners of Dordoi are national-level politicians, who have amassed wealth and then run for parliament to secure their assets, get immunity from prosecution, and gain more political clout to fend off threats to their business.¹¹³ Deputies can use political positions in parliament to protect their assets, although as we saw in the case of Surbaldiev and Erkinbaev this itself can not guarantee their survival.¹¹⁴ In fact, when politics is so personalized, and legal mechanisms to adjudicate disputes do not have legitimacy even if they may exist, violence and blood-letting become an important alternative path for property redistribution. This is especially true when the owners are controversial figures, allegedly involved in shady / criminal circles. This fate is not inevitable, however, and future research will highlight more specific mechanisms through which owners of Dordoi secure their assets.

¹¹⁰ “Is it ‘Dordoi’ bazaar’s veins?” *Aalam*, No. 8, March 3-9, 1999, pg. 1, 5

¹¹¹ He allegedly has good relations with the Akaev family (Miraim). Apparently they are from the same village (*selo*)

¹¹² According to one former employee at Dordoi, Salymbekov owns about 700-1000 containers, but this is unclear. Interview with former security worker at Dordoi, April 20, 2006 in Bishkek, Kyrgyzstan (in café). Two additional owners also have stakes in smaller parts of the bazaar; one of them is Alkanov from Talas.

¹¹³ Interview with journalist in Bishkek, November 21, 2006, phone interview

¹¹⁴ Correspondence with journalist in Bishkek, March 14, 2006.

Conclusions and Implications

The primary question in this paper has been: in the context of political instability and weak law enforcement and judicial institutions, how do business owners avoid conflict over property? I have shown that two particularly important factors matter in the case of large bazaars in Kyrgyzstan: those bazaars that were not integrated in Soviet trade institutions and whose leaders were not involved in criminal networks avoided conflict over assets. These businessmen are also important politicians and use their political power to secure their business interests, and have developed from the onset an entrepreneurial discourse and business model for their bazaar.¹¹⁵

The second question that I have addressed is when there is conflict, what forms it takes. The struggles over bazaars that were integrated in Soviet trade institutions experienced particularly fuzzy and chaotic changes of hands throughout the 1990s, involving cooperatives, local municipal authorities, and private businessmen. The infiltration of criminal networks into the bigger wholesale and car businesses and political circles has also emerged in Kyrgyzstan as an important source of violent conflict over property. Understanding the roots of these conflicts sheds light on contemporary struggles – ongoing to this day.

Two further implications follow – one for area studies, and the other for theories of property rights. Regarding the former, in the mid-1990s, there was great discussion and hype from the international community about the potential for the Kyrgyzstan to become the “Switzerland of Central Asia,” a model for other regional countries in the adoption of democratic and liberal economic reforms.¹¹⁶ This paper reveals how contested ownership has been not only for Akaev-family assets, but for a range of assets – in particular bazaars – long before the March 2005 events. In fact, as analysts were praising Kyrgyzstan’s potential, many of the confusing and complex ownership struggles were underway and the study of bazaars in particular captures these struggles from the local perspective. As one commentary from 1995 depicts:

“This is the time when alienation and ignorance of rule of law are reaching their peaks, rather than that of democracy. It is also the time when ‘smart’ leadership [office holders, ministers], which has already

¹¹⁵ The research design I created suggests that numerous factors that could be at work do not play a definitive role. For example, conflicts are not specific to any region of the country. The distinction between wholesale /high volume car bazaars and retail bazaars also matters, but not definitively: while retail bazaars in city centers are contested today because of their integration in Soviet institutions, this does not imply that wholesale bazaars are not contested.

¹¹⁶ Indeed, some important early reforms included the media freedom and civil society promotion. Others?

parted from grassroots, has taken limitless advantage of the lame economy undermined by widespread embezzlement.”¹¹⁷

Yet I have also suggested – precisely in this context – how the owners of Dordoi (Salymbekovs and Baibolov) have managed to secure their assets by fostering more transparency in business dealings and by securing their assets via parliamentary membership. This shows that while conflict does plague many bazaars, and many have turbulent and contentious pasts in terms of ownership struggles, this does not necessarily have to be the fate for all bazaars.

Regarding the study of property rights and conflict, the NIE property rights literature often assumes a clear public-private distinction – that is the public authorities (state) has one set of interests, and private actors (businessmen) have another, and that the two are clearly demarcated.¹¹⁸ Based on this study of bazaars in Kyrgyzstan, I find that public/private distinctions are intertwined and often blurred, not through traditional means of lobbying and other informal channels of influence common in the West and other regions, but by ‘public’ officials (in the executive and legislature) having direct ‘private’ holdings in bazaars. Table 2 below summarizes the links between owners of bazaars discussed above and executive or legislative positions.

Table 2: Political Ownership Interests in Five Major Bazaars in Kyrgyzstan

Name of Bazaar	National Legislature	Regional/City Legislature	Local Executive (Mayor)
Dordoi	Three owners are in the national legislature (two from Salymbekov family and one from Baibolov)	Wife of one of the owners is in the city legislature (Baibolov); of the administrators is also in city legislature (Kaipov)	
Central in Bishkek			??? Mayor controls central part of bazaar on municipal street
Central in Osh		Two owners are also in the city legislature (Khikmatolo and Iminov)	Mayor controls central part of bazaar on municipal street (Isakov)
Karasuu	Two owners in the national legislature (Sabirov, and formerly Erkinbaev)	Wife of one of the owners is in the city legislature (Sabirov)	Daughter of former mayor?
Car bazaar in Bishkek	Owner in national legislature (formely Surabaldiev)		

¹¹⁷ A. Kaparov, “G. Kuznetsovdun Teskeri Toktomu, *Kyrgyz Tuusu*, June 13, 1995.

¹¹⁸ See Frye’s recent work, and McChesney’s edited volume

The overlap between business and different levels of politics in these cases are indicative of a broader trend in Kyrgyzstan today. One interview from 2005 suggested that 30% of deputies in the parliament have interests in bazaars.¹¹⁹ And a cursory look at parliamentarians at the national and city levels reveals that the vast majority of them have significant business interests. Parliament must be viewed in this context as a way to secure assets and extend power relations.¹²⁰ The historical, comparative approach I adopted is a way to understand how these relationships between business and politics emerged in the context of state formation in a rapidly changing political, social, and external environment in the 1990s.

¹¹⁹ Interview with policy analyst at Economic Policy Institute, April 7, 2006, Bishkek.

¹²⁰ Here I could go into more detail about the policy implications of this trend. For example, to the extent that policy initiatives arrive that threatens their businesses – for example the case of the national government’s attempt to install cash registers in bazaars in 2003 – will fail if major businessmen do not back them. Given that the businessmen are also parliamentarians, they also have a lot of clout and de facto veto power. Another more controversial and tentative point: if these politicians were to support tax reform (by all accounts it’s easier to work in a bazaar than open a store largely for tax reasons), then they would also lose their own rent/fee revenue in bazaars!

APPENDIX 1: CRISIS IN KYRGYZ CONSUMER UNION¹²¹

Last years the amount of trade, preparing, remaking and producing issues has drastically decreased. Now the financial condition of the system is very difficult. The production for rural population and any work of economic character has stopped. The wholesale trade has also stopped.

If we take the whole goods operation of the Republic as 100 percent, the good rotation of the consumer's society union was 78,5% in 1990 and in 1995 it became 3%. In comparison to the year of 1994, last year the amount of preparation and buying of the following product decreased in the following way: meat – 35%, milk – 82%, wool – 20%, fruits and vegetables – 28%. The preparation of fruits and reuse of raw materials were stopped.

Out of 365 subjects of the cooperation 178 or the half were with expenditure. In 1995 the debit debt of the system was 4-time more than in 1994 and the percentage of the debt in banks for using credits was more than 100 million som.

All of these things prove that the system of the consumer's cooperation cannot reestablish itself in new conditions, and cannot fulfill the duties that are placed on them: such as, to supply rural areas with food and non-food goods, to buy agricultural food and raw materials from the agricultural organizations and people, to process them, and to sell through its trade sphere, to produce food and non-food goods and some other organizational work.

APPENDIX II - Statements by officials published in newspapers in 2000 re: sale of Karasuu by Consumer Union¹²².

Temirbek Akmataliev, the governor of Osh oblast.

What can you say about the current issue with Karasuu Bazaar's sale?

I have just come from the vacancy. Before it, I received a letter from the people. Then I created a commission of the oblast administration, which took the responsibility for the issue when I was absent. In a couple of days I am expecting the results of the commission. Nevertheless, my position is: the bazaar belongs to Union of Consumers of Osh oblast, which endows it with a right to sell it. However, they should have waited for a while by giving an advertisement. Sooner or later, the bazaar was meant to be a property of a private person. Once it

¹²¹ S. Aidarbek, "Consumer ...needed," *Zaman Kyrgyzstan*, March 15, 2006, p. 1, 4.

¹²² *Erkin Too*, No. 92, December 1, 2000, pg. 11.

belongs to the private person, the bazaar will have better attention. Shortly, this is it. Lets wait the results of the commission.

Adam Zakirov, the governor of Karasuu rayon:

Frankly, I was one of the lasts to hear the news. The Union of Consumers should have acknowledged us about this. The people came to my and asked what I would do about it. They said they would mount a protest on 9 November, if there were no reaction. I told them not to do it, which otherwise would distract people from their works. I proposed to arrange a meeting in the bazaar. Then on 9 November we had the meeting.

(interviewer) Rumors had that some people expressed their disappointment with you since you, as a representative of Karasuu rayon, let the people from Jalalabad, rather than people of Karasuu, to buy the bazaar.

I say openly. The elders came and told me this. People is people, they will say any kind of words. Some said, “Why you, the son of Karasuu, let people of Jalalabad to take over our bazaar. I told them to be patient and not to let dislike lead you. I explained that the special commission is working on this. We are also working on our rayon’s administrative level. We try to determine if the bazaar was sold legally or illegally.

Marat Orozbaev, the chairman of the Union of Consumers:

Actually, we are mired in disputes since the beginning. Although the bazaar was under our control, it was subjected to other external powers. I don’t want to talk about them. For example, 40-50 people for the administration would be enough. In contrast, the number of workers reached up to two hundred. The director knows how to hire people but he doesn’t know how to fire them. Therefore, the staff has increased over time. Because of this reason, as the profit goes to other people, we cannot avoid quarrels. In addition, the bazaar rather than giving a profit, laid a huge burden of debt on us: bills for energy, taxes, social funds. Thereby, we had to sell it.

What do you say for those who believe that the Union of Consumers doesn’t have a right to sell the bazaar? Our share is 32.7%. We sold only this part.