A new property regime in Kyrgyzstan; an investigation into the links between land reform, food security, and economic development

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Annex C: Two models compared
### Contents of the columns

1. Number
2. Rayon (p-H) or town (g.)
3. Number of the registered real property units
4. Number of transfers in 1997
5. Number of transfers in 1998
6-15. Schedule of opening of new offices

BOOMTIME FOR KYRGYZ COTTON, NOT SO IN UZBEKISTAN
(By Zamir Osorov*)

In times of market transition, the country that is quicker in implementing reforms finds itself in a more favorable situation than those that are slower. In an agricultural country, the aspects particularly relevant in carrying out reforms are private land ownership, trade, freedom of enterprise and some other freedoms, freedom of speech not being among the least.

World practices testify to this axiom being absolutely correct. However some transitional governments, including those of Central Asia, give preference to methods of compulsion in running such processes - forgetting that the reforms are intended to provide maximum economic freedom. In so doing some of the leaders refer to national peculiarities, combating terrorism, sustaining order and so on.

However, Kyrgyzstan’s tangible successes in agriculture, resulting mainly from the reforms and private ownership of land, show that only freedom can lead to freedom. There is no alternative. This is shown by a contrast with neighboring Uzbekistan where public ownership of land has remained in its Soviet-type forms of collective and state farms. There is more freedom in Kyrgyzstan than in Uzbekistan.

Askar Akayev is seemingly softer and weaker than Islam Karimov, who is a professional economist. Paradoxical though it is, the leader’s weakness becomes a strong point in his policies and is good for the society being reformed.

To make sure about this one can compare the farmers’ standards of living on both sides of the border. Cotton is cultivated both in Kyrgyzstan’s Jalal-Abad province and Uzbekistan’s adjacent Andijan province. However, despite high crops, under Uzbek law, all the cotton is surrendered to the State; private sale of this strategic material is legally punishable. Meanwhile, thousands of farmers in Kyrgyzstan sell cotton on their own. As a result of this freedom about ten foreign and joint ventures opened of late in Kyrgyzstan’s Nookaen district alone, specializing in cotton purchase and processing. This is in addition to the district center’s state-run cotton processing plant that has lost its monopoly. Cotton competition between the purchasing agencies has turned out to be good for the farmers emancipated from collectivism: cotton prices are growing year on year. This year an average farming family of 5 earned 30,000-50,000 some (the som was 48/$1 this summer) from cotton in the Nookaen district, significantly greater than urban families’ incomes. One should also take into account that farmers, in addition to their principal source of income, have cattle and poultry.

The farmers’ standard of living is particularly low in Uzbekistan against this background. There raw cotton producers live on scarce wages, exactly like in former times: the state confiscates the whole cotton crop from them and all efforts of independence are suppressed. As a result thousand of Uzbekists this year had to illegally cross the frontier to earn money by working for the Kyrgyz farmers as auxiliary workers for 30-50 some a day. More enterprising and shifty Uzbekis living by the border are engaged with cotton, fuel and lubricant smuggling to Kyrgyzstan despite tough suppressive measures by Uzbek authorities. Checkpoints and trenches are located all along the frontier and heavily armed border guards are always on duty. Nevertheless smuggling is prospering. At nighttime, gasoline cisterns and cotton bales are transported from Uzbekistan to Kyrgyzstan. Large merchants can find a common language with the customs officials: petty venturers smuggle goods using cycles to get around the trenches, or carriages for mountain paths.

In a word, the market economy always wins.

Uzbekistan’s roads that have been closed to transit have turned out to be good for Kyrgyzstan but inflicted serious economic damage on the Uzbek border towns such as Madanlyst, Honobad and Andijan. In general, the majority of once flourishing oriental bazaars on the Uzbek border territory now suffer hard decline as the hub of local trade has moved to neighboring Kazakhstan.

“Kyrgyzstan has good laws for those who want do business” are the words one can hear from Uzbeks coming to Kyrgyzstan.

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