Pomfret, Richard. *The Central Asian Economies in the Twenty-First Century: Paving a New Silk Road.* Princeton: Princeton University Press, 2019. 328 pp. (ISBN-13: 9780691182216)

Richard Pomfret is one of the best-known scholars writing on the economics of Central Asia and this book will be appreciated by regional specialists and economists. The book examines the economic policies and economic conditions of the five former Soviet Central Asian Republics (Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan) from their independence in 1992, focusing on the themes of economic development and economic liberalization.

Part I of the book provides an introduction and compares the five nations in terms of their implementation of economic liberalization measures and natural resource endowments. In Part II, five chapters analyze each of the five nations' economic development models since independence. Part III concludes with three chapters devoted to relations among the five, relations between Central Asia and the great powers (U.S., Russia, China, E.U.), and recent efforts to build a new Silk Road, respectively.

The book finds that, counter to orthodox economic liberal expectations, countries with the most liberal economic policies did not always record the highest economic growth, primarily due to variation in national natural resource stocks. While the fastest developer, Kazakhstan, adopted market friendly economic policies, high gas and oil prices allowed protectionist Uzbekistan and Turkmenistan to outperform resource poor Kyrgyzstan, which was the most economically and politically liberal of the five. Hampered by civil war and resource scarcity, Tajikistan remains the least developed. Despite high levels of export dependence, all five nations struggle with steep trading costs, due to outdated and poorly maintained infrastructure and inefficient, corruption riddled bureaucracies.

Kazakhstan

Kazakhstan's high levels of GDP per capita derive from its more market friendly policies and successful development of its large oil and gas stocks. Kazakhstan began as the wealthiest of the five, but its economy declined during adjustment from 1990 to 1998, due to brain drain, interruption of Soviet supply networks, and crony capitalism in privatization under the increasingly dictatorial rule of Nursultan Nazarbayev. Higher world oil and gas prices stimulated an economic boom from 1999 to 2007, leading to increased investment in facilities, construction of pipelines to China and Turkey, and increased oil and gas output.

Pomfret praises Kazakhstan for not wasting resource wealth, and instead using oil and gas revenue to pay off the IMF, establish a rainy day national resource fund (NRKF), take ownership of oil firms, initiate oil exploration, fund anti-poverty programs and improve education levels. When oil prices fell after 2007, the government drew on the NRKF to avoid financial collapse and in the process created large gas and oil state enterprises. Pomfret criticizes Kazakhstan's failure to liberalize its inefficient agricultural sector by freeing prices, however, instead using oil revenue to fund the bureaucratic and corrupt allocation of subsidies.

Kazakhstan has adopted a more market led approach since 2015, joining the WTO and emphasizing infrastructural development. Kazakhstan must improve its electricity grid to develop potential green wind and solar power and nuclear power from its uranium deposits.

Uzbekistan

Despite possessing abundant natural gas resources, Uzbekistan's failure to implement market-based reform hindered its development. Cotton exports enabled Uzbekistan, the most populous of the five, to handle the initial collapse of central planning without too much difficulty. Although Uzbekistan's market development was limited by trade protectionism and incomplete privatization under the dictatorial rule of Islam Karimov, rising commodity prices after 2000 in gas, gold and copper, and remittances sent back from Uzbek workers in Russia delivered economic growth.

Uzbek government market restrictions included foreign exchange controls, control of capital inflows and the state purchase of cotton and wheat, incomplete land reform, restrictions on internal migration, violent crackdowns against traders, and trade protection of cars, textiles and wheat under the control of an inefficient government bureaucracy bloated by patronage appointments.

Following Karimov's death, new President Shavkat Mirziyoyev reestablished regional rail and air links, made progress developing the market and rule of law, reformed the public service and the judicial and tax systems, liberalized the foreign exchange regime, reduced gas subsidies, and ended forced child labor in the cotton fields. Supported by the E.U. and the U.S., Uzbekistan is pushing hard for WTO membership.

Turkmenistan

As the least politically or economically open of the five, Turkmenistan survived on gas exports, despite an inefficient economy under the repressive rule of Saparmurat Niyazov, known as Turkmenbashi.

Turkmenistan never fully liberalized prices or privatized housing, with the state securing support through free distribution of gas, electricity, heat, water and salt. Gas revenue has been spent on a repressive security apparatus, money losing industrialization projects in textiles and petrochemicals, and construction of underused vanity projects for Turkmenbashi. Government preference for social control over human capital led to the purging of thousands of teachers, neglect of education and the use of forced student labor in the cotton fields.

While Turkmenistan was saved by high gas prices after 2000 and construction of a new gas pipeline to China, Pomfret concludes that reform prospects look bleak despite the assumption of power by Gurbanguly Berdimuhamedow following Turkmenbashi's death. Purges and declining education standards have robbed the bureaucracy of the educated workforce needed for reform, while the move to offshore liquefied gas threatens to reduce the value of Turkmenistan's gas stocks.

Kyrgyzstan

Despite its status as the most economically and politically open of the five, as the first to institute market reform, join the WTO and democratize, Kyrgyzstan's lack of natural resources other than a single gold mine has limited its economic growth.

Open economic policies produced the two largest bazaars in the region, which manage trade from China into Uzbekistan and Tajikistan, but limited prospects have led to one of the highest worker remittance to GDP ratios in the world, and Krygyz dependence led the country to join Russia's customs union, the Eurasian Economic Union, in 2015.

Tajikistan

Tajikistan's civil war left it amongst the poorest countries in the world in 2000. After Emomali Rahmon unified the country with Russian help, the country became dependent on worker remittances from Russia for 40% of its GDP, which helped reduce poverty from 83% to 31% of the population. Tajikistan's remaining challenges include poor infrastructure, unsafe drinking water, low levels of health, education and pension spending and struggles with the drug trade. The country's ambitious goals include completing construction of the $5 billion Rogun Dam but a poor electricity grid hinders export prospects.

While the economies of all five Central Asian nations are trade dependent, each suffers from high trading costs, as measured in time and bureaucratic red tape. China's One Belt One Road initiative is partly helping to ameliorate this problem by building transportation infrastructure throughout the region, and China's 2018 free trade agreement with the Russian-led Eurasian Economic Union will further entrepreneurial activity. The greatest remaining developmental challenge is the absence of "soft infrastructure": effective bureaucracy. Throughout the region, corrupt officials on the take raise the costs of market exchange and hinder development. Anti-corruption bureaucratic reform will be essential to complete the construction of Pomfret's "New Silk Road."

James C. Schopf
Keimyung University