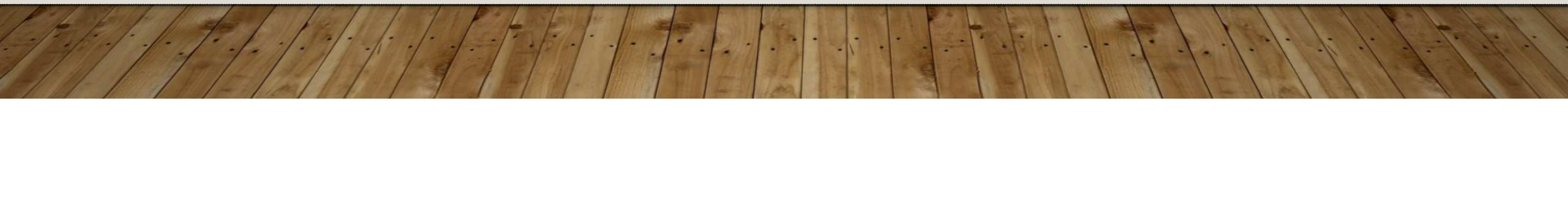


“FAKEECONOMICS” AND INTEGRATION ISSUES: SOME PROBLEMS ON CONNECTIVITY AND INTEGRATION IN CENTRAL ASIA

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FIRST REASON: ISOLATIONISM OF REGIONAL COUNTRIES

- Isolation leads to authoritarian regime. The real concentration of power seems to be impossible without isolation.
- According to the Ekaterina Shulman's definition such societies encompass the reverse of cargo cult. The reverse "cargo-cult" is typical for countries with "catching-up" development, the political elites of which are especial followers of it.
- Economic rivalry, free elections and independent court are unreal for this kind of politicians. Societies of such countries as Uzbekistan, Tajikistan and Turkmenistan gradually slide to the closed community; there is a "monopolization" of patriotism, where government imposes its own ideas of what patriotism should be; any criticism is viewed as a threat to the state stability.



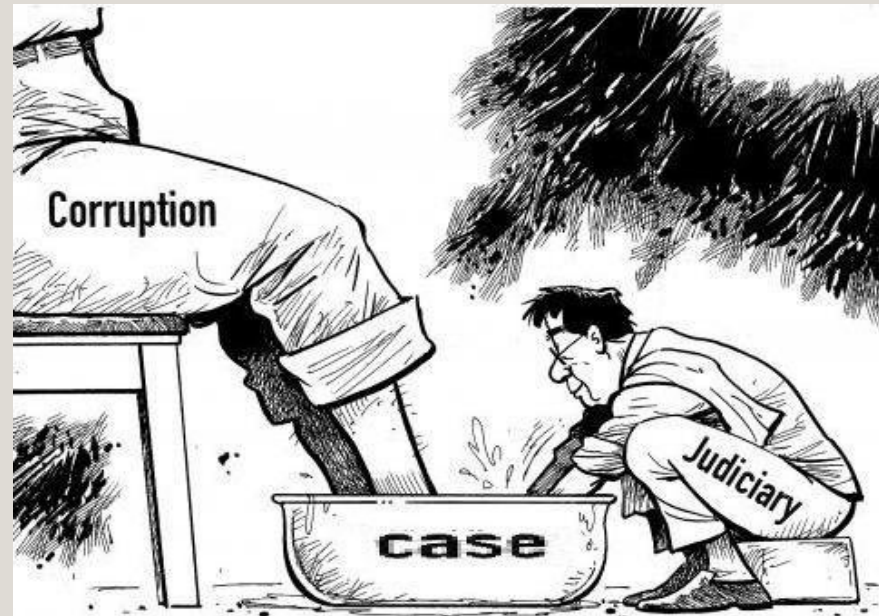
SECOND REASON: CRONY CAPITALISM OF ECONOMIC MODELS OF REGIONAL STATES



- Regional institutions can be viewed as examples of crony capitalism (capitalism to benefit one's own close allies). These models are divorced from reality. There is no intellectual foundation and no open discussion between experts or political and economic circles on how to adapt to the demands of modernity.
- "FAKECONOMIC" model economy – imitations of market economy

CORRUPTION AND ADMINISTRATIVE BARRIERS

- The problems of the regional states economic models include growing inequality, stagnation in production, and the tyranny of petty bureaucrats and law enforcement.
- Public and social groups that have been practically unable to defend their own interests have not recognized what principles are truly worth defending.



WHAT IS NEXT?

- For successful modernization to take place, large investment is required, either internal or external, and measures must be taken to improve investor confidence.
- The implementation of real, not declarative, institutional reforms is needed in the judiciary, tax collection, and educational system.
- True democratization of the country, improving protections for free speech as well as approval of and not resistance to investigative journalism, in particular journalism aimed at investigating conflicts of interest within the Government and business community.
- Real conditions must be created for competition and a level playing field for small and medium enterprises. Steps must be taken to reduce the arbitrariness of the bureaucracy and law enforcement.

ECONOMIC ASPECTS

- Launching regional decision-making intuitions or platform on transport and energy issues.
- International aid on technological solutions (investments). Technical solutions could become main important foreign investment in Central Asia. Central Asian countries need foreign investments and solutions for their own infrastructures. So, American economist Dornbush describes, that, foreign technical solutions can improve more investment from inside country than outside, and this solution can develop education and health systems.
- Creating business platform to develop transport hubs and cross-border trade platforms