

# Governing the Extractive Sector: The Politics of Authoritarian Neoliberalism and Labor Resistance in Kazakhstan

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## Introduction

According to Karl Polanyi's seminal work *The Great Transformation: The Political and Economic Origins of Our Time* the rolling out of self-regulating markets invariably erodes societal relations, destroys jobs, and inflicts grave damage on the environment as a result of turning land and labor into pure commodities. If carried out consistently, this movement will inevitably provoke the emergence of a countermovement composed of disenchanting workers seeking to oppose the destructive power of the capitalist market and to reclaim justice (Polanyi 1944/2001).

This part of Polanyi's argument provides a good explanation for the situation of oil workers in Western Kazakhstan today. The 30 years of its neoliberal transition into a market economy have had devastating effects on labor, shrinking the workforce, dismantling independent trade unions, and depriving workers of social protection, among other things. At the same time, the intrusion of the neoliberal economy has been met with fierce resistance from affected workers who have been trying to reclaim their rights. In the oil industry in Western Kazakhstan, which forms the backbone of the country's growing economy, there have been frequent contestations between oil companies and disenchanting workers rallying behind issues of wage increases, improving working conditions and safety standards, social protection, and independent trade unions. The events in Zhanaozen in December 2011 provide a case in point. Back then, after ten months of continual protests by workers of the OzenMunaiGaz oil

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company to demand fairer payment, 17 oil workers were fatally shot by the police and dozens were injured and imprisoned. The events have been very well documented in detail elsewhere (Satpayev and Umbetalieva 2015; Evans and Sil 2020). Importantly, the Zhanaozen uprising was just one dramatic culmination in a series of recurrent labor protests challenging the neoliberal foundations of the capitalist transformation in the country. Since 2022 alone, there have been more than 134 larger and smaller uprisings of oil workers in the Western Mangystau region alone that produces close to 70% of country's oil output and is home to most foreign oil companies exploring for oil and gas in the country (Smolin 2023; Baisalov 2022).

Against Polanyi's assertion, however, oil workers were not able to institutionalize into an effective countermovement. As will be shown later, all workers' protests remained scattered, isolated, and poorly organized. Why? In this chapter we seek to interrogate this question. In doing so, we are informed by Friedman's concept of the "insurgency trap" that he developed on the basis of China's labor protest mobilization (Friedman 2013; 2014) and argue that the stalled labor protests of oil workers in Kazakhstan can be related to the fact that in Kazakhstan, as in China and other illiberal autocracies, the key obstacle to institutionalizing the countermovement has been a lack of powerful institutions in the form of independent trade unions that would help workers materialize their demands into deeds and take the lead. What they have instead is what Friedman has called "appropriated representation" (Friedman 2013: 302) in the form of a state-sponsored Federation of Trade Unions, created and orchestrated by the state with the aim of co-opting workers, and which acts as an umbrella organization for smaller unions at company level. This latter aspect is particularly induced by the form of neoliberalism that prevails in the country, which we will refer to as "authoritarian neoliberalism," following the seminal works of Ian Bruff and Cemal Tansel (Bruff 2014; Tansel 2017; Bruff and Tansel 2019). Characteristic of this subspecies of neoliberalism is the ominous alliance between the local state and big capital, which ultimately serves to stymie workers' attempts to form effective collective power through a barrage of disciplinary measures.

The chapter will be structured as follows. In the next section we expand on the properties of neoliberal restructuring in the extractive sector and how it has affected the situation of oil workers in Western Kazakhstan. This is followed by a discussion of the labor insurgency from 2008 to 2022. The penultimate section analyses the role of trade unions in the country. The chapter concludes with a summary of our results.

*Neoliberal transformation and the oil sector: all pain, no gain!*

We contend in this chapter that neoliberal restructuring of labor has constituted the backdrop and the main arena for recurrent labor protests in the country. There is still only a limited body of literature, especially in the region itself, that has explored the entry of neoliberalism into the labor market (Totaro 2023; Sorbelo 2023; Sanghera and Satybaldieva 2021; Yessenova 2012). By neoliberalism we refer here to a particular set of economic policies that elevate the expansion of transnational corporations, privatization of public goods and deregulation of welfare state services to the postulate of society's socio-economic development, while the fundamental role of the state is reduced to protecting the unhindered flow of capital and the pursuit of profit, even by force if necessary (Tansel 2017; Harvey 2007). Since the 1970s, neoliberalism has become a dominant development and policy practice worldwide, permeating almost all major socio-political and economic spheres today (Harvey 2007; Judt 2010). Everywhere in the world the rolling out of neoliberal reforms has been associated with the dismantling of workers' rights, the erosion of trade unions, and the growth of income inequality.

In Kazakhstan, as in all other post-Soviet states, neoliberal reforms were introduced in the 1990s (Zhussipbek 2011; Yilamu 2017). Initially touted as a panacea for all the ills that had befallen the country as a result of the political and economic upheavals following the collapse of the Soviet Union, the Kazakh authorities—initially at the behest of the IMF, World Bank, and WTO—embraced neoliberal reforms in the hope of making the transition to a market economy (Zhussipbek 2011; Gallo 2021). However, in stark contrast to Western democracies, where the implementation of neoliberal reforms took place in the context of established democratic institutions and the rule of law, the imposition of neoliberal reforms in Kazakhstan took place on top of established authoritarian institutions, which in the process exploited and exacerbated its negative tendencies. Consequently, neoliberal restructuring in this country went far beyond the mere structural adjustment reforms advocated for the western countries (Bruff and Tansel 2019). On the one hand, the resulting symbiosis in the form of “authoritarian neoliberalism” defined here as a mixture of authoritarian governance and neoliberal capitalism has provided state authorities with a blueprint not only for influencing lucrative financial investment and privatization channels in ways that benefitted only those embedded in the ruling class and their cronies (e.g., Sanghera and Satybaldieva 2021; Tutumlu 2019)

but also—to echo Tansel's seminal conceptualization of authoritarian neoliberalism—for employing a barrage of disciplinary strategies ranging from more explicit forms of state coercion to specific legal and administrative mechanisms to marginalize and criminalize oppositional social forces in order to “entrench existing power relations and inequalities” (Tansel 2017: 6). As outlined in this chapter, the use of such strategies has served the sole purpose of protecting capital accumulation and reproduction from any attempts to circumvent it, in particular by disempowering the labor class and plunging it into a state of precarity. In what follows, we briefly interrogate the modalities of authoritarian neoliberal adjustment in the oil sector.

In Kazakhstan the oil sector constitutes an important pillar of the economy accounting for almost 19% of the country's GDP and a total of 35% of government revenues according to the Report on Transparency (Lobacheva et al. 2020; Kalyuzhnova and Patterson 2016). The extractive sector also accounted for more than 70% of total FDI stock as of 2017 (OECD 2017). The country's booming oil sector comprises 172 known oilfields, with the largest ones being Karachaganak, Kashagan, and Tengiz, all of which were transferred to private ownership in the wake of privatization campaigns in the 1990s and 2000s (Vakulchuk and Overland 2018; Jäger 2014; Yessenova 2012). During the 1990s the state was confronted with a series of non-lucrative deals with international oil companies, most of which had been signed singlehandedly by the former authorities bypassing parliament (Sanghera and Satybaldieva 2021: 128; Vakulchuk and Overland 2018: 144). That corruption was involved was self-evident and has been extensively covered elsewhere (Sanghera and Satybaldieva 2021; Yessenova 2012; 2015). A prominent example of this was the establishment of the TengizChevroil (TCO) company in 1993, a private business venture operated by Chevron Inc, which remains the core crude producer in the country. As detailed by Yessenova, the 1993 contractual provisions were massively coercive for the young state in terms of revenues and tax regulations, but extremely lucrative for Chevron; moreover, the terms of the contract were protected from any future changes in legislation, taxation policies, and political regime for 40 years (Yessenova 2012: 97). The most intriguing thing in the months leading up to the signing of the agreement was that neither the parliament nor the public were involved in the negotiations, as they took place behind closed doors, in a speedy manner, and within a very narrow circle of people in charge on the Kazakh side (Yessenova 2012; 2015). Those who were recalcitrant and resisted, such as the first democratically elected parliament,

were effectively sidelined and then dissolved in 1995 (Eschment, 1996). Only after 2000 did the state manage to turn the situation around its extractive sector in its favor by changing its policy toward transnational oil companies (Orazgaliyev 2018). In particular, the state renegotiated contracts with foreign investors, amended the fiscal regulations governing the petroleum sector, and established the state-owned KazMunaiGas (KMG) company in 2009, which will have at least a 50 per cent stake in all new oil development projects in the future (Orazgaliyev 2018: 146–149). Several scholars have explained these changes with reference to growing resource nationalism in Kazakhstan (Vakulchuk and Overland 2018: 144). At the same time, however, the new tax regulations did not affect the old obligations, such as those with Chevron (Sanghera and Satybaldieva 2021: 131).

Three decades on from the transition to a market economy, the situation in the oil sector remains tenuous. As will be shown in the next section, the sector has been repeatedly rocked by protests large and small. The oil companies appear to be above the law, while the state seems to have done little to protect oil workers from the arbitrary and abusive practices of oil companies. On the contrary, after the Zhanaosen uprising the state doubled down on its efforts to introduce a series of neoliberal reforms aimed at limiting the space for labor dissent and contestation, in an effort of preventing any attempt to circumvent its efforts at capital extraction and accumulation.

One such measure involved the introduction of a new Law on Labor Unions in 2014 and the new Labor Code a year later, both of which made the organization of independent trade unions and holding assemblies tantamount to inciting social unrest and thus liable to severe punishment. As will be discussed in more detail below, the new Law on Trade Unions introduced a two-stage registration process for local labor unions and obliged them to join the higher-tier trade union subordinate to the state, otherwise the registration of the trade union would be denied (Akhmetzhanov and Orazgaliyev 2021; Croucher 2015).

Besides the suppression of trade unions, there are other measures relating to the employment sector that are of particular interest here. It should be noted, for instance, that the oil sector makes an important contribution to cutting unemployment in the regions where oil production is based (Mangystau, Atyrau, West Kazakhstan, Aktobe). As of 2023, 43.9 thousand people were employed in crude production in the Mangistau region alone, more, that is to say, than in the construction, education, and retail sectors

(Qazstat 2023). At the same time, however, according to the World Bank, more than 15.5% of the region's population live in poverty (Toiken et al. 2023).<sup>4</sup> In other words, by and large oil revenues do not trickle down to ordinary citizens.

Moreover, recent research has found that working in the oil sector has little appeal to the local population. This may be due to tough working conditions, which often require 14- to 28-day shifts away from the family, working in harsh weather conditions, and living in labor encampments which often do not meet sanitary standards (Sorbello 2023; Kesküla 2018; Trevisani 2018; Yessenova 2015; Jäger 2014). That revulsion may also be linked to the restructuring measures in the employment sector, initially introduced and enforced by the transnational oil companies, but tacitly supported and defended by the local state. One such policy concerns the strategy of the employer company to split labor between regular companies and subcontractor companies that provide goods and services for the main operation company (Sorbello 2023; Totaro 2023; Trevisani 2018). According to some estimates, the oilfield sector is represented by more than 2000 service companies at the moment that have different ownership forms and affiliations (Economic Research Institute 2021). The practice of splitting work between regular workers and subcontractors has grown particularly since Zhanaozen and is infamously known as the “optimization policy” (Totaro 2023). Officially the policy was justified on the grounds of increasing competitiveness, but, as growing research shows (Sorbello 2023; Totaro 2023; Trevisani 2018), the practice generates a lot of injustice and harbors the seeds of conflict (Trevisani 2018). This is because the policy affects both working conditions and wage distribution, which are not equal between workers in regular companies and those in subcontractors. In terms of working conditions, research has shown that service companies do not always adhere to the same rules, standards, and safety measures as the regular operation companies, that their work depends on successful tenders, is at times seasonal, and is constrained by a limited number of contracts, which is why they are often pressured to cut costs for both technology and labor (Mazorenko and Sorbello 2023; Trevisani 2018). In terms of wages the differences can range from 150,000 Kazakh tenge (equivalent to 300 EUR) in a subcontracting company and four to five times that amount in the main operation company. So, it was not uncommon for the subcontracting

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4 In Kazakhstan, the poverty line is set at 70% of the regional subsistence level, equal to about 101 USD as of 2023 (Franke et al., 2009: 129).

system to lead to racialized class divisions, inasmuch as the employees in the transnational oil companies were foreigners, as a rule highly skilled and well paid, while the subcontractors were basically staffed by Kazakh workers who had comparatively low skills and were paid less (Totaro 2023).

All in all, the vertical division of labor between operating and service companies in Kazakhstan has created two distinct worlds of oil production, with the transnational oil companies having a privileged status and the subcontractors an inferior one. As will be seen in the next section, it was the service company workers who organized most of the protests during the last decade. More importantly, as critiqued at length elsewhere, the vertical splitting up of oil companies into operational and service companies allowed companies to destroy labor solidarity and shift responsibility for any wrongdoing to third parties (Yessenova 2018). For example, as observed by Dmitry Mazorenko and Paolo Sorbello (2023), due to the outsourcing of oilfield service contracts and labor it is no longer uncommon to meet several people in different overalls emblazoned with the logos of different companies doing the same work in the same fields, but under different working conditions, safety standards, and payment regimes. This observation is reinforced by international experience. For example, as shown by Eli Friedman (2013; 2014) in the case of China, in addition to maintaining greater flexibility in personnel management, separating the main companies from responsibility for third parties by outsourcing services to other companies is a popular strategy in this country to break workers' solidarity and thus prevent them from organizing effectively.

As mentioned above, the state appears to support the practice. For example, KazMunaiGaz, which, as was said before, is the main state-owned oil and gas company and an operative arm of Kazakhstan's government when it comes to other oil companies in the country that were created and privatized after 2011 in an effort to "optimize" the labor force. In reality, however, thousands of people were simply fired then later rehired by subcontractor companies under much worse conditions (Mazorenko and Sorbello 2023).

The 5/50 program, adopted in April 2017, is further evidence of similar government efforts to weaken the workforce. It was ostensibly intended to improve staff turnover, but actually aimed at further disciplining laborers in the restive oil sector. Specifically, the program provides for employees to voluntarily leave employment and receive a severance payment equal to 50 percent of their salary for the last five years of employment at one or other oilfield service company. The policy affected in particular the structure of

the KazMunaiGaz company and its subsidiaries. Again, this novel policy was implemented under the pretext of introducing more flexibility and increasing the competitiveness of the sector, as it mainly targeted those working for subcontractors in jobs not related to the oil sector, such as locksmiths, drivers, etc., but in reality, it only worsened the situation of those who were laid off under the program. For, as Paolo Sorbello and Almas Kaisar (2022) report in detail, although the affected workers were able to pay off their debts and buy houses, they had difficulty finding satisfactory work outside the oil sector, which was already overstretched by overstaffing in state-owned companies and deteriorating conditions in private service companies.

All these policies have, in effect, led to very exploitative conditions in the oil sector at a scale that some scholars have dubbed “precarity as slavery” (Galdini et al. 2023; Totaro 2023; Sorbello, 2017). According to Totaro, for example, “precarity as slavery” is a condition where workers are under the constant threat of dismissal and have no significant rights to protect them from the discretion of the employer (Totaro 2023: 8). As will be shown later and is argued here, the policies left oil workers in a hazardous situation of precarity, exploitation, and distress that made it unrealistic for them to conduct viable protest against a system in which they found themselves to be mere cogs, utterly weakened and voiceless but purposed to remain “working bodies” and produce material value for the new class of nouveaux riches. In this system of exploitation, the state has, unfortunately, adopted a very ambivalent position, tending to prioritize the interests of (foreign) capital over the rights and welfare of ordinary workers. This development has understandably led to growing discontent among oil workers. This will be discussed in more detail in the next section.

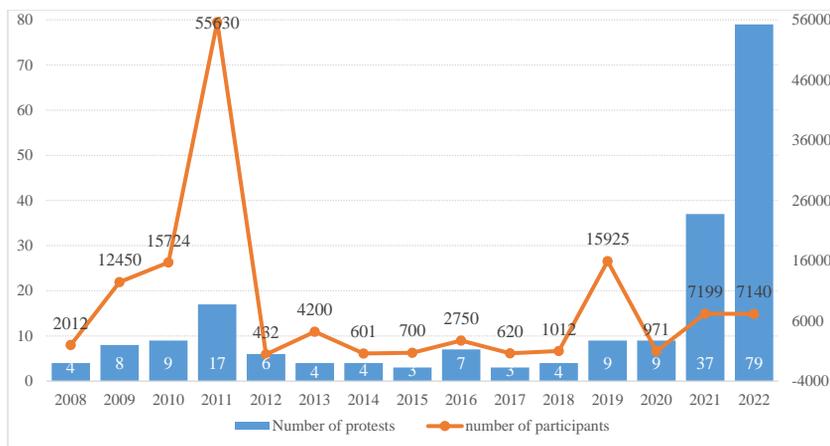
### *Dynamic of labor insurgency in the oil sector*

What can be concluded from the preceding analysis is that the Kazakh variant of authoritarian neoliberalism exerts considerable pressure on workers in the oil sector as an exclusionary, coercive, and exploitative form of governance. In the past, this has led to significant violence among oil workers, culminating in the deadly clashes between the oil workers of Ozenmunaigaz in Zhanaozen and the police on December 16, 2011, when 17 oil workers were killed, while dozens were injured and detained. The main motivation for the wave of labor protests was the growing awareness

of injustice in the workplace and inequality among workers, which most workers attribute to the capitalist restructuring in the country. As part of this challenge, the state is accused of playing into the hands of transnational oil companies instead of supporting the workers. According to Kirill Buketov, a senior official of the International Union of Federation and Allied Workers (IUF), the 2011 uprising in Zhanaozen “marked a turning point in Kazakh labor relations, as violent and unlawful repression was no longer the exception but the rule” (cited in Croucher 2015: 952). At the same time, as Richard Croucher (2015: 952) notes, the uprising demonstrated the contours of the national situation in the oil and gas industry in that the workers protests were insufficiently well-articulated and not grounded in formal institutions of employee representation.

There are no reliable statistics on the number of workers’ protests. The state often attempts to conceal the problem, while reporting on protest events remains a risky endeavor. Part of the reason for the lack of reliable data is also the character of the work of transnational oil companies in Kazakhstan, which tends to stay concealed from the eyes of the public, sealing off oil production sites and the residential areas in which oil workers reside with barbed wire fences and security personnel to prevent any outside interference, as well as to ensure that any wrongdoing remains within the territory. Saulesh Yessenova has variously reported on this in detail in her groundbreaking research (2012; 2018).

Figure 1: Number of labor protests and participants in the oil sector in Western Kazakhstan



Source: Authors' own composition

Based on available information from the internet and the analysis of protest coverage in the mass media, we identified 511 labor protests in Kazakhstan between 2008 and 2022. This number includes all the labor protests that took place and were reported during this period. Of these, most took place in the extractive sector, with oil and gas companies in the western part of Kazakhstan accounting for 40% or a total of 203 protests (Figure 1). Within this time period, the number of labor protests flattened out relatively in 2008, only to rise again after the price shock and the fall of the ruble in 2007 and 2008 in Russia. This wave continued in 2009 and 2010 and peaked in 2011, with the Zhanaozen uprising being the most sustained and violent outbreak of protest. The Zhanaozen uprising was also the largest protest action in terms of the number of participants, with almost 42,653 workers taking part. Following the violent suppression of the labor uprising in Zhanaozen, there was a decline in protests after 2011. The dearth of protest activity in 2015, when only three protests took place, can be attributed to restrictions on the rules for peaceful assemblies and the adoption of a new law on trade unions, which significantly restricted workers' rights to form independent unions, required them to re-register existing ones, and made amendments to the settlement of labor disputes by prioritizing individual settlement over collective bargaining. Protest activity

increased after 2019, which can be attributed to the change of government from Nursultan Nazarbayev to Kassym-Jomart Tokayev and the resultant hope for change. In 2021 there was a sharp increase in the number of labor protests—37 out of 203 protests, or almost 20 percent, which some scholars link to the parliamentary elections that took place that year (Beimenbetov 2021). In 2022 in particular there was a sharp increase in protests in the western region, with 79 protests involving more than seven thousand workers, indicating the critical situation in the oil sector in western Kazakhstan.

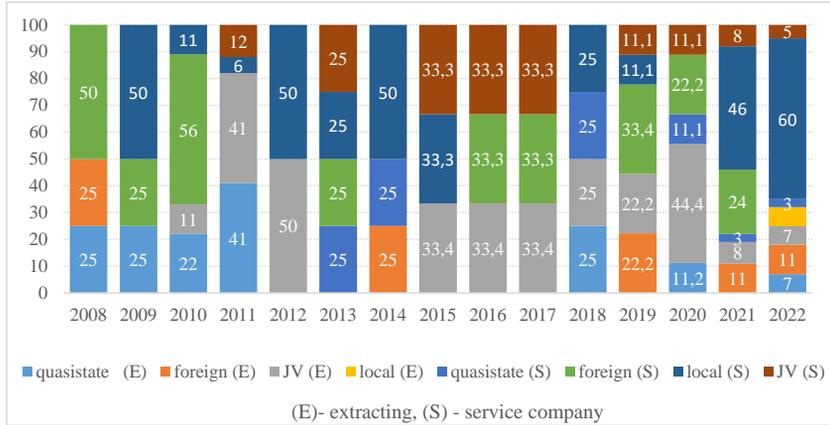
Another defining feature of the protest waves in the oil sector was that most of them took place in the service companies (Figure 2). As mentioned earlier, service companies differ from the oil extracting companies with regard to working conditions, safety standards, and payment. The lack of these provisions was often the cause for protest mobilizations of workers within the service companies. For the sake of analysis, in Figure 2 we divided the service companies by ownership form into local, quasi-state, foreign, and joint-venture and into extractive (E) and service companies (S). Local companies are service companies that are registered with the Kazakh chamber of commerce and have at least 95 per cent of employees with Kazakh citizenship. As a rule, local service companies were previously branches or divisions of large international oil companies but were later spun off as part of the optimization policy. Foreign service companies are companies run by foreign companies. As Sorbello reports, the transnational oil companies often favor foreign service companies over local Kazakh ones, which in turn outsource labor to local service companies (Sorbello 2023). Quasi-state companies include service enterprises that are partially or fully controlled by the state but operate like private companies. KazMunaiGaz provides an example of a quasi-state company. A joint venture (JV) is a service company in which two or more parties agree to pool their resources to provide services. West Oil Software, which was being hit by protests at the time of writing is an example of a joint venture.<sup>5</sup> Looking only at the most recent wave of protests since 2019, it can be seen that most protests took place in oil service companies operated by local companies: 22.2% in 2019, 44.4% in 2020, 46% in 2021 and 60% in 2022, followed by protests in foreign service companies (33.3% in 2019, 22.2% in 2020 and 24% in 2022) and joint ventures (11.1% in 2019 and 2020, 8% in 2021 and

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5 “Oil Workers In Kazakhstan's Volatile West Continue Strike,” RFE/RL, December 15, 2023, <https://www.rferl.org/a/kazakhstan-oil-workers-hunger-strike-zhanozen-tensions/32732528.html>.

5% in 2022). The lowest number of protests was recorded by quasi-state service companies. Overall, these figures indicate a very critical situation for local service companies.

Figure 2: Protests within subcontracted service companies (2008-2022) in %

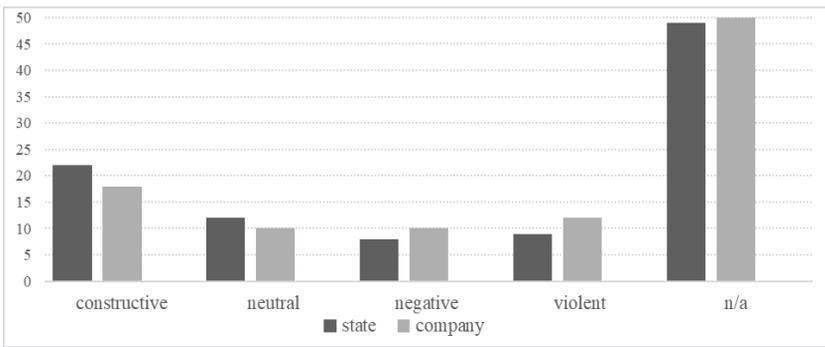


Source: Authors’ own construction

Looking now at the way that the state and company management reacted to the workers' protests, the next figure illustrates the nature of state and company responses. According to the literature, the involvement of oil as such is assumed to provoke militant responses from the state due to the strategic importance of this resource (Evans and Sil 2019). Our data seem to confirm this observation. As far as the waves of protest in Kazakhstan are concerned and the nature of the reactions to them, the available data show that only in one third of the observed cases were the reactions of the state and the oil company management constructive. This was particularly the case after the change of government from Nursultan Nazarbayev to Qassym-Jomart Toqayev in 2019. By contrast, in two thirds of the conflicts, employees' demands were either rejected by the state and the company or remained unaddressed. In a similar number of conflicts, violence was used to suppress dissent. Overall, it can be inferred that the state adopted an ambivalent position in conflicts between the management of the oil companies and the employees. On the one hand, the Kazakh authorities sought to tighten the legislation; on the other they chose to leave the matter to the companies and not interfere or suppress them. Overall, the findings suggest

that in most conflicts the state sought to side with the company's management, while the interests of ordinary oil workers were subordinated to this goal. This observation confirms Yessenova's assertion in the case of the oil workers' conflict with TCO management that it was a calculated decision by the company and the state, both of which had an interest in maintaining the redistribution of resources around the oilfield and therefore a genuine interest in containing the workers' demands (Yessenova 2018).

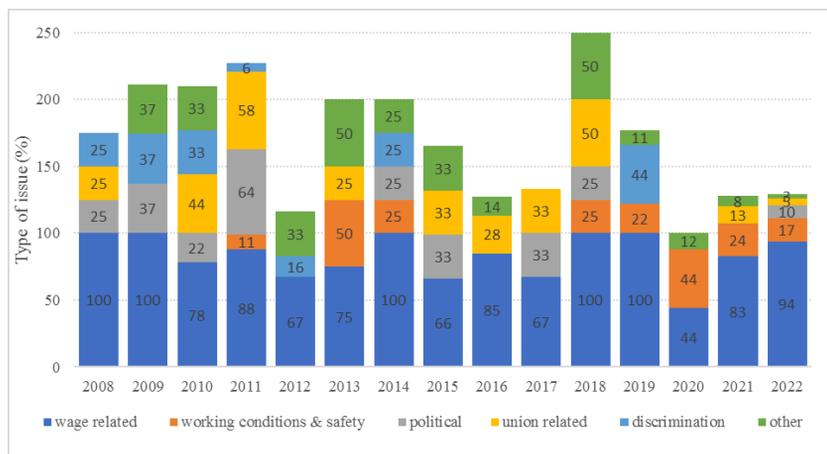
Figure 3: State and company responses to oil workers' protests in Western Kazakhstan, 2008–2022



Source: Authors' own construction

What issues moved the workers in the oil sector? As can be seen from the next figure, wage-related issues dominated the protest repertoire of the oil workers' conflicts in Western Kazakhstan. These included workers' dissatisfaction with low wages, inequality in wage arrears between foreign and local workers and changes to the remuneration system. In second place were political issues such as the renationalization of companies and the demand for intervention by the authorities. This was followed by demands for the right to belong to independent trade unions. Among other things, workers expressed their dissatisfaction with the persecution of union leaders, the rejection of independent trade unions, and the new trade union law passed in 2014. Finally, better working conditions and issues of discrimination in the workplace were also at the center of employees' demands.

Figure 4: Issues raised by oil workers in the western Kazakhstan oil sector 2008–2022



Source: Authors’ own construction

As already mentioned, our main concern here is to explain the reasons for the oil workers' inability to form a successful countermovement. Indeed, despite numerous protests since 2008, oil workers have not been able to form a strong countermovement to reclaim their rights. Following Friedman's work, it is best to refer to workers' protests in Kazakhstan's oil sector as "trapped insurgency." According to Friedman, an insurgency is trapped if it has the following features: protests are cellular in nature, dispersed, fragmented, and ephemeral, they have no consistent, permanent, or formalized organization, no clearly articulated goals and no identifiable leadership (Friedman 2014: 35). Similar traits can be attributed to the oil workers' protests in Western Kazakhstan. We contend that one reason for this is the lack of powerful trade unions. We expand on this argument in the next section .

#### *Trade Unions in the Kazakh oil sector: from cooptation to incapacitation*

All over the world, the implementation of neoliberal reforms has led to a curtailment of trade unions' ability to represent workers' interests (Akhmetzhanov and Orazgaliyev 2021; Kesküla and Sanchez 2019). As neoliberalism

promotes flexible labor markets, puts an emphasis on deregulation and market-oriented wage systems, all of this can be at odds with the goals of trade unions, which often strive for job security and stable working conditions for their members. Against this backdrop, Eeva Kesküla and Andrew Sanchez (2019: 111) concluded that, due to the increasing disenfranchisement of trade unions, more direct or “performative forms” of confrontation with the capitalist state have become more likely.

What about the trade unions in Kazakhstan? In Kazakhstan, trade unionism dates back to the Soviet era. Trade unions in Kazakhstan were part of the larger Soviet trade union system, which was tightly controlled by the state (Akhmetzhanov and Orazgaliyev 2021: 135). After independence in 1991, trade unions went through a period of restructuring that can be best described as a transition from co-optation to decapacitation. Indeed, in Kazakhstan unions have suffered 30 years of continuous decline. It is indicative that in the Global Labor Rights Index for 2022, Kazakhstan was ranked among the 10 worst countries in the world in terms of treatment of workers, along with India, Thailand and the Philippines. The current form of representation of workers in the oil sector and at large can be best described by Friedman’s term “appropriated representation,” in which the state grants exclusive rights of political representation of an entire class to a particular organization “in the absence of substantive or formalistic delegation from membership” (Friedman 2013: 303).

Today, Kazakhstan’s Trade Union Law envisages a three-tier structure with national trade union associations at the highest level, industrial unions a tier lower, and local unions at the company level. Local unions represent workers employed at a single company or multiple companies in the same industry. Industrial unions represent workers employed in the same industry, while national-tier trade unions represent workers at the national level and are composed of industrial trade unions (Akhmetzhanov and Orazgaliyev 2021; Croucher 2015). Currently, there are three republican trade union associations in Kazakhstan: the Federation of Trade Unions of the Republic of Kazakhstan (FPRK), which is the largest and most important confederation, but linked with the state authorities and the ruling party Amanat (formerly: Nur-Otan), then the Kazakhstan Federation of Labor (KFL), and the Commonwealth of Trade Unions of Kazakhstan “Amanat” (Akhmetzhanov and Orazgaliyev 2021: 136). According to information from the Committee on Statistics of the Ministry of Labor in the third quarter of 2019, the total number of trade union members was 2,967,000 people or

44.5% of the number of salaried employees, an increase of 11% compared to the fourth quarter of 2015 (39.6%).<sup>6</sup>

None of the three associations is trusted by the workers to defend their rights and interests. The Federation of Trade Unions (FPRK), for example, which is the umbrella organization for other smaller trade unions in Kazakhstan is viewed with suspicion—and this for several reasons. First, many enterprise trade unions do not strive to be affiliated with the FPRK as they fear that by doing so they will lose bargaining power and, more importantly, become more vulnerable to “company influence and to their becoming, in local parlance ‘yellow unions’ or employer-driven bodies” (Croucher 2015: 951). Second, it is alleged that trade unions have remained largely unreformed and have not led significant industrial conflicts since 2011 (Croucher 2015: 952). According to Croucher, the FPRK is still haunted by the “Soviet model” of trade unionism in that it is controlled by leaders from Soviet times and, on the other hand, views its functions as limited to the following three: support of the government, being a watchdog, and providing material support for its workers in need and dispatching them to summer camps, vacations and the like (Croucher 2015: 951). Thus, Croucher (2015: 950) concludes, the story of Kazakhstani trade unions is one of “organizational stasis” and that they should move beyond a service-oriented toward a more labor-organizing function.

Of particular interest to us here are the policies that have been implemented to curtail workers’ rights. Overall, it seems that the curtailment of labor rights has coincided with the economic boom since the early 2000s, so that there is a certain rationale behind this: with the growing influence of transnational corporations and thus growing financial inflows, the Kazakh state was keen to remove any obstacles, including trade unions, that might get in the way of these windfalls. So legislative changes have made labor organizing tantamount to a criminal act and therefore severely punished.

Among the first was the adoption of the new Labor Code in 2007, ahead of the joining the World Trade Organization (WTO), which restricted the right of workers to organize strikes. From that point on, most strike actions became illegal, and strikers became the target of harassment and suppression. Of particular interest in this context was the introduction of the new Labor Code in 2015, which tightened requirements for labor representation. Specifically, the new law stipulated rules for the registration with the state

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6 Republican Association of Trade Unions, <https://kasipodaq.kz/strategy/>.

of new trade unions and the re-registration of existing ones. Among other things, the law introduced a mandatory affiliation requirement according to which sector-based, territorial, and local trade unions must affiliate to a national trade union association within six months of registration. According to Croucher and many others, this stipulation does not leave any option for local and industrial trade unions to remain independent of a higher-tier union (Croucher 2015; Buketov 2014). At present, trade unions at the enterprise level do not have any real choice about trade union affiliation, since the higher-level Federation of Trade Unions (FPRK) is their only viable option. As a result, local trade unions have lost their ability to make independent decisions as they are tied to following the decisions of the higher-level unions. The law has also created burdensome obstacles to the creation of industrial and national-level trade unions by introducing requirements regarding the geographic location of affiliated unions or workers' groups (Akhmetzhanov and Orazgaliyev 2021: 136).

In fact, the new registration requirements have made it particularly difficult for independent trade unions in Kazakhstan to re-register. One example is the case the Confederation of Free Trade Unions of Kazakhstan (KSPK), which used to be the largest independent trade union in the country at the national level, but which failed to register due to the new geographical and representative requirements of the new labor code. When the KSPK subsequently attempted to register under the name Confederation of Independent Trade Unions of the Republic of Kazakhstan (KNPRK), it was banned by the court, along with three other smaller affiliated industrial unions representing medical, domestic, and mine workers, respectively, because it allegedly failed to confirm its trade union status, despite having branches in all regions. Its chairperson was arrested, while a number of oil workers who declared a hunger strike against the court's decision were heavily fined and some sentenced to prison (Akhmetzhanov and Orazgaliyev 2021: 137; Rittmann 2021).

Ultimately, these innovations have meant that the labor movement, including the oil workers' movement, has no leadership and no chance of making its demands heard by the state, unless these demands are in line with state policy and do not jeopardize economic growth. As soon as they swim against the tide, they are massively suppressed. To return to the main idea of this chapter, mistrust of the official trade unions, coupled with the sheer impossibility of forming free and independent trade unions and the state's continued persecution of trade union leaders, is the reason why workers are unable to form an effective counter-movement, why their

protests have remained wildcat, and why their demands have been ignored by the state. Consequently, the trade unions, which have the task of protecting workers from the abusive practices of the state and employers and representing their interests and needs, do not fulfil this function.

This may also be because conditions in the workplace, which we referred to above with the term “precarity,” also mean that the workers do not represent a coherent community, but are fragmented and lack a collective identity, since they are confronted with their own problems such as fear of forced dismissal, low wages, poor working conditions, among other things. In this context, it is worth pointing out Yessenova's suggestion that this may also be due to the nature of shift work in encampments, away from home and without connection with the community (Yessenova 2012: 104).

In response to these developments, there have recently been more and more efforts by workers to organize themselves into labor collectives (Kaisar and Sorbello 2022). Labor collectives are loose groups of employees organized via workplaces rather than branches of trade unions. The emergence of labor collectives may be indicative of a kind of resistance by workers to the state's attempts to organize them from above. It could also indicate that a kind of affective bond persists among workers when it comes to collective organizing. Workers are knowledgeable about the functions of trade unions and anticipate the current trade unions will play a similar role. Indeed, according to some reports, labor collectives are increasingly becoming the driving force behind workers' protests. In 2021 alone, they organized 31 protests and in 2022, according to incomplete information, around 40 (Kaisar and Sorbello 2022). It remains to be seen whether they will be successful and persuade the companies and the state to give in to their demands rather than succumb to pressure from the latter.

### *Conclusion*

Since independence the Kazakh authorities have directed their efforts toward enhancing the efficiency of the country's economy by doubling down on efforts aimed at increasing the generation and accumulation of capital. In accordance with this neoliberal imperative, the interests of workers have become increasingly subordinated to this goal if not disregarded completely. The consequences have been quite dramatic with failing safety standards, falling wages, growing disenchantment and rising protests among workers, among other things. In this chapter we have looked into

the situation of oil workers in Western Kazakhstan, which is home to most of the transnational and national oil companies operating in the country. As has been illustrated, the reforms have invariably led to the economic development of the sector, but at the same time growing precarization among oil workers, which has translated into growing contestation. And yet there seem to be no institutional channels to channel this discontent into civilized forms of protest. Thirty years of neoliberal exploitation of the sector have resulted in weakened trade unions that do not seem up to the challenge of rising labor protest. As has been pointed out, the current trade unions lack a credible mandate from the workers, while their attempts to form independent representative bodies have been severely repressed. That the state allows these kinds of development leads to thoughts that all these policies were initiated and implemented with the sole purpose of precluding any possibility of forming resistance to capital accumulation and perpetuating the conditions that gave rise to it. In this regard, it is worth asking whether this development path is sustainable. It is worth referring in this context to Nicos Poulantzas's assertion that authoritarian responses to capitalist transformation were particularly responsible for new forms of popular struggle "which seek to create and live in a different kind of world to the one being imposed on them" (cited in Bruff 2017: 161)

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