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**Industrial Relations in Kazakhstan's Oil Sector
(1991-2019)**

Paolo Sorbello

MA Russian, Central and East European Studies; MA International
Relations; MA International and Diplomatic Studies

This thesis is submitted in fulfilment of the requirements for the degree of
PhD within the University of Glasgow

School of Social and Political Sciences

College of Social Sciences

University of Glasgow

January 2021

“I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my own work and has not been submitted for any other degree at the University of Glasgow or any other institution.”

Printed Name: **PAOLO SORBELLO**

Signature: _____

Abstract

The objective of this thesis is to determine the extent to which the influence of transnational corporations into Kazakhstan's authoritarian law-making and labour practices has had an effect on worker disenfranchisement.

The case study aims to plug two niches: labour processes both in Kazakhstan and in the global oil sector are understudied. The social sciences scholarship on Kazakhstan has concentrated on its post-Soviet legacy, on its macroeconomic dependency on oil exports, and on its authoritarian transition. Political economy studies of the oil sector have focused on its effect on a country's budget and democratic fabric, while anthropologists have explored the peculiar aspects of "living around oil."

This dissertation enters a conversation with the scholarship that studies the relationship between workers, companies, and governments. Yet, rather than approaching the topic from a strict Industrial Relations standpoint, it follows the "lifetime" of the worker across the topical moments of hiring, working, and outstaffing.

This study argues that both private oil companies and government institutions have devised specific strategies to cut their costs, both material and immaterial, and increase their control over their worker-citizen in Kazakhstan. Legal instruments, such as Labour Codes, or corporate intermediaries, such as manpower agencies, have worsened conditions for the workers. In addition, the thesis shows processes of co-optation of trade unions, which were undermined through adverse legislation and political pressure, and the repression of independent labour actions.

In the in-depth analysis of the case of Kazakhstan, financialisation and precarisation are shown to be complementary catalysts of corporate and state policies against labour.

This work offers a novel framework that could be replicated in other oil-rich contexts, where the peculiar dynamics in the hydrocarbon sector have triggered an increased precarisation of the workforce.

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Note on Translation and Transliteration

Doing research in Kazakhstan implied the oral and written use of four languages – Russian, English, Italian, and Kazakh in order of frequency – and producing a final work in English meant that I had to make linguistic choices to translate and transliterate words, names, and toponyms. The continuous attempts of the government of Kazakhstan to set in stone a new Latin-character-based alphabet and phase out the modified-Cyrillic one used at present constituted a challenge, since some of the proposed new versions would revolutionise the orthography: Kazakhstan would become Qazaqstan, for example. Yet, the rapid changes and inconsistencies – current president Kassym-Zhomart Tokayev switched the spelling for his name into Qasym-Jomart Toqayev, yet his online Twitter handle is still @TokayevKZ and his description says: “President of the Republic of Kazakhstan” as of December 2020 – suggested that I continue use a standard transliteration from the modified-Cyrillic alphabet.

My choices in this regard were driven by readability and transparency for cross-referencing. In this light, I aimed to employ the most commonly used spellings, especially for what concerns city and people’s names. In addition, given the timeframe adopted for the research, I chose to use the Astana toponym to describe Kazakhstan’s capital city, rather than Nur-Sultan, the name assigned on 20 March 2019, the day after long-time president Nursultan Nazarbayev resigned.

In the case of media sources and bibliographic references, I chose to leave the original spelling in Cyrillic and insert my translation in parentheses in an effort to ease accessibility via electronic and physical libraries, should web addresses become obsolete.

Acknowledgements

This project was made possible by the University of Glasgow and my supervisors, Dr Luca Anceschi, who originally endorsed my project and provided earnest and honest advice throughout the four years of research and writing, and Dr Eamonn Butler McIntosh, who was punctual and detailed in his guidance across methodological and ethical questions. My gratitude goes to their professionalism and teamwork in believing in the project. I also want to thank them for their humanity in giving me a break when I most needed it.

I was proud to have my research financed by the Europe-Asia Scholarship, while my fieldwork was partly funded by an international mobility programme within the framework of Erasmus+.

During a four-year doctoral project, time goes by slow and fast at once, as people enter and exit the life of the student, tasked with one of the loneliest jobs in academia. The naked truth is that I was both lucky and unlucky to find and lose life companions along this path.

Here, I want to acknowledge those who either stayed or entered my small world. Filippo & Aliya, Franco, Maurizio, Alberto, Kostya, Misha, Matteo, Gian Marco, Medet, Mery, Zhenya, Zhar, Chris & Stela, Moldiyar, Leyla, Asel, Pascal & Aisana, Abu, Laura, Natalia, Tristan, Dennis, Sinead, Mia & Dias, Matteo & Ola, Owen, Katie, Max, Stig, Yuri, Gaetano, Andrea & Lisa, Jessica, Janì, Claudio, Giancarlo & Manu, Marika, Elvira, Eleonora, Steph & Pierre, James, Baur & Stas, Kyle & Amy, Tom, and, most importantly, Lisa, the bussi hurricane that carried me through the last months of writing and will continue to surprise me.

One last moment of thanks goes to my family, my parents (my lifelong teammates), my aunts, uncles, and little cousins (already getting too old for diminutives), and my beloved Nonna Maria, all of whom I miss every day.

Almaty, 5 January 2021

Introduction

Men of all colours and of all languages appeared from the sea in black vessels with iron prows. Machines appeared, with cogwheels and shiny blades, which outdid men at resisting snakebites and fevers. The derricks were made of wood, later they were made of iron and sprouted side by side. They also brought automobiles, gramophones, pool tables, and women capable of making love for twenty-five hours a day: their names were Wrench, Breaker, Valves, Pipe (Galeano 2008: 82).¹

In Atyrau, the so-called ‘oil capital’ of Kazakhstan, two large concrete buildings symbolically surround the *akimat*, the regional administration building. The headquarters of the Tengizchevroil joint venture stand on one side, while facing the *akimat* from across the banks of the Ural river are the offices of the North Caspian Operating Company (NCOC) consortium. Tengizchevroil is in charge of oil production at Tengiz, one of the largest oil discoveries of the 20th century, while NCOC has developed the Kashagan oil field, one of the largest finds of the 21st century. These two fields alone account for around 50% of Kazakhstan’s oil output and the trans-national companies developing them have crafted, together with the government, some of the least labour-friendly conditions in the country. These companies’ declared anti-union rulebook and the aim to slash costs and curtail labour activism have engendered a whole industry that enhances precarisation. Outsourcing companies, manpower agencies, and service contractors also boast offices in Atyrau, just next to the buildings of the largest producers.

Before the first oil gushed from Tengiz in 1979, however, Kazakhstan’s principal oil producing region was Mangistau, an arid, windswept land to the south. From the 1960s onwards, Soviet engineers and blue-collar workers flooded the area, populating villages near the fields of Uzen, Karazhanbas, Kalamkas, Zhetybai, and other smaller exploration ventures. Since Kazakhstan became independent in 1991, a handful of these fields were heavily privatised, maintaining a Soviet style of management and industrial relations.

¹ Author’s translation from the Spanish original.

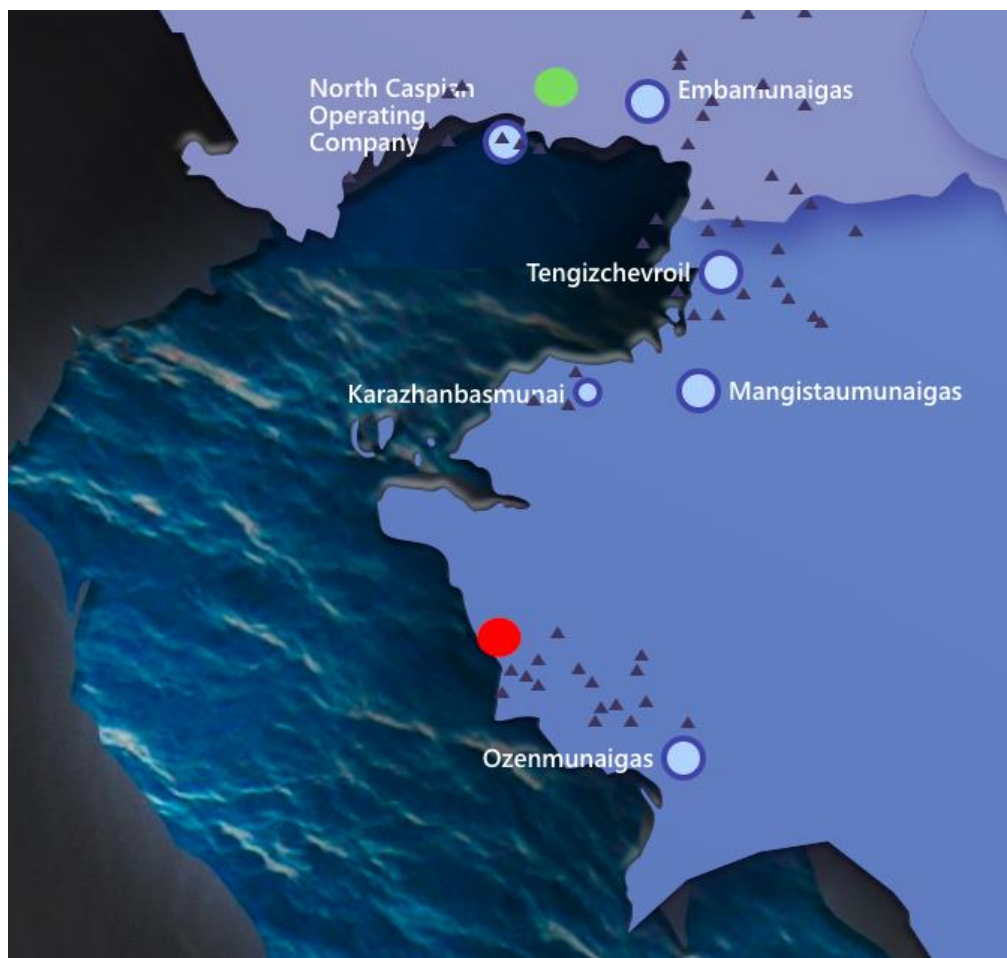


Figure 1: Oil fields in Atyrau and Mangistau (regional capitals markers: green dot = Atyrau; red dot = Aktau).²

Between the Atyrau and Mangistau regions (Figure 1), similarities are scarce, discounting the common denominators of oil wealth and labour suppression. The ways in which labour relates to oil production and the relationship between companies, state institutions, and workers are symbols of two worlds apart, one heavily informed by the Soviet legacy of planned economy and control, the other influenced by global corporate practices of profit maximisation. Galeano's images of a newly-discovered oil region, flooded with gramophones and pool tables, definitely apply to the city of Atyrau, less so to Aktau, the capital of Mangistau. To the north, near Uralsk (Figure 2: The Karachaganak field in Western Kazakhstan (regional capital: Uralsk)., industrial relations at the Karachaganak field manifest a hybrid dynamic between foreign corporations and Soviet customs. The

² Screengrab from the interactive website of NC Kazmunaigas, available at: <http://ir.kmg.kz/kmg-in-kazakhstan> [Last accessed: 2 December 2020].

southern Kyzylorda region (Figure 3) is also alien to the booming, oil-fuelled development of Atyrau.

Western Kazakhstan, Aksai Contract Area:

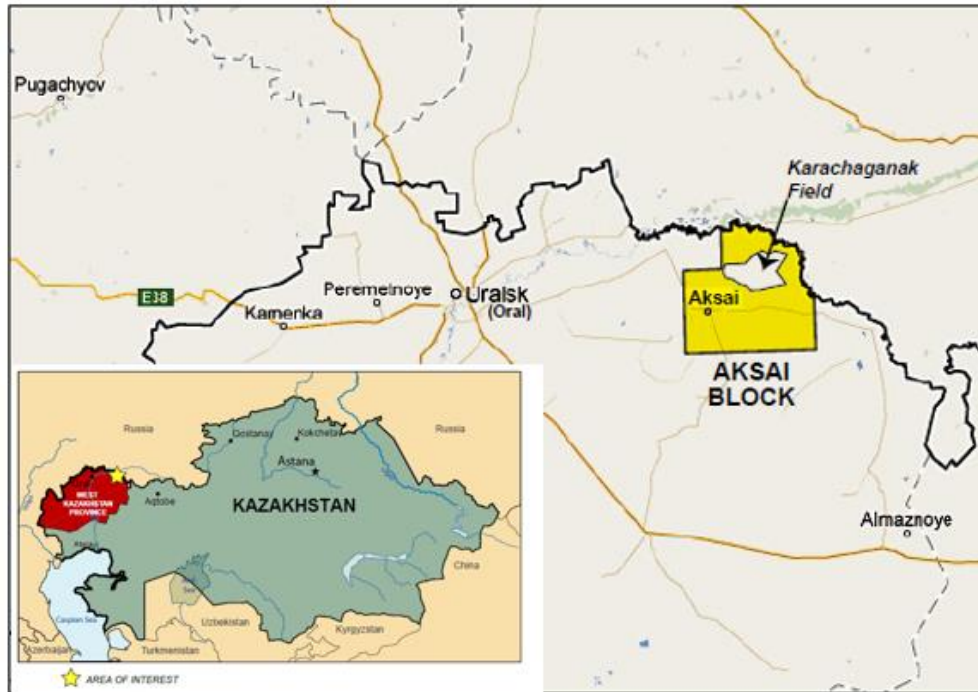


Figure 2: The Karachaganak field in Western Kazakhstan (regional capital: Uralsk).³

The purpose of this study is to map and analyse industrial relations in four oil regions, namely Atyrau, Kyzylorda, Mangistau, and West Kazakhstan. To this end, this work relies heavily on field interviews and historical research in an effort to understand change and continuity in the dynamics between corporations, state agencies, and workers – the three principal actors of an Industrial Relations system. By departing from the discipline of Industrial Relations and attempting to improve both its theoretical and analytical power, this dissertation addresses a scholarly gap situated at the crossroads between Sociology, Political Economy, and Anthropology, in a multidisciplinary effort typical of Area Studies.

³ Image published on the website of Sequa Petroleum, available at: <https://www.sequa-petroleum.com/wp-content/uploads/2014/11/Aksai-contract-area-map.png> [Last accessed: 2 December 2020].



Figure 3: Oil fields in Kyzylorda (regional capital marker: yellow dot = Kyzylorda).⁴

The study's focus on Kazakhstan has to be seen as a starting point in the analysis of labour relations in the oil sector – a topic that, to date, has received little scholarly attention. Disciplines such as Industrial Relations, Sociology, and Anthropology have devoted a cursory attention to the fate of oil workers, who are subject to different pressures compared to other, 'traditional' extractive industries, such as mining.

Kazakhstan's economy is dependent on oil revenues. Despite price volatility in the global markets, oil has accounted for 15-25% of the country's GDP, 17-20% of government revenues, and over 50% of export revenues, which generally also attract hard currency and encourage foreign investment. Furthermore, the oil economy created a galaxy of related industries, from construction and hospitality, to translation services and telecoms.

⁴ Screenshot from the interactive website of NC Kazmunaigas, available at: <http://ir.kmg.kz/kmg-in-kazakhstan> [Last accessed: 2 December 2020].

Dependency on oil made Kazakhstan's economy susceptible of global trends, such as oil price volatility or real estate boom-bust cycles.⁵

Besides a dependency on oil production and export for hard currency, Kazakhstan also displays the main features of an authoritarian state: It constitutes, more aptly, a 'closed context,' as explained below in the Methodology (Chapter 1). The authoritarian attribute has folded together government and corporate strategies of control, because both the closed political regime and the neoliberal logic of oil companies aim to keep in a state of passive subjugation the citizen-worker.

It is important to note that the automation of the process of oil extraction, paired with the extreme financialisation of the economy of oil, shrunk both space and time available for the organisation of labour. In addition, while workers have contributed to the enriching of the state coffers, they have also been excluded from the political process, since Kazakhstan's closed context quashed any dissenting voices that contested Nursultan Nazarbayev's rule, the president that led the country for three decades.

When in 2014 and 2015 the labour legislation was overhauled, essentially worsening labour conditions across all industries, oil workers saw these legislative amendments as a retaliation for the events of Zhanaozen, an oil town in the Mangistau region where riot police shot dead at least 16 striking oil workers in December 2011. In current parlance, Zhanaozen became synonym for state repression, to the extent that several opposition groups commemorate the anniversary together with the mourning of the victims of the brutally repressed student protests of 1986, dubbed Zheltoksan ('December' in Kazakh), for short.

While the events described above and my lived experience in Kazakhstan prior to the start of the PhD programme had an influence on the selection for a case and a topic of scientific enquiry, the lack of systematic and in-depth analyses of labour relations in the oil industry

⁵ Alima Bissenova, Construction Boom and Banking Crisis in Kazakhstan, CACI Analyst, 3 June 2009. <http://www.cacianalyst.org/publications/analytical-articles/item/11850-analytical-> [Last accessed: 3 December 2020]

became a field I took interest in exploring both for its peculiar characteristics and because of the lack of scholarship on the matter.

With this goal in mind, the present study focuses on the legal and informal practices adopted by a country that has transitioned from being part of the Soviet Union's planned economy, to becoming an independent sovereign state whose economy depended on resource extraction and exports. Crucial in this process, as argued herein, was and continues to be the role of trans-national companies (TNCs), which establish internal anti-labour practices while lobbying for more friendly laws that would reduce their labour costs and improve their bottom line.

The peculiar nature of the oil sector historically shaped the geography of Kazakhstan. In the dusty steppe of the Western regions around the Caspian, where Tsarist and Soviet explorers found oil, villages and small cities dotted the previously uninhabited lands. The finite nature of oil basins and the cyclical activity of exploration and production companies has a strong effect on employment. Informed and influenced by several academic disciplines, this study offers a holistic analysis of how this industry has contributed to social changes across the decades.

The research objective

This study aims to address the following research questions:

- Why has the oil sector in Kazakhstan become an increasingly precarious industry for the workers?
- What are the strategies that both companies and the government have adopted to weaken labour rights in Kazakhstan's oil sector?

The hypotheses that emerged were multi-faceted: 1) Trans-national companies (TNCs), especially in the oil sector, have translated into the Kazakhstani context their global practices aimed to maximise profits; 2) Local elites tried to maintain coercive control over segments of the population through increasingly restrictive legislation, which chiefly impacted the organisation of labour, targeting the highly profitable oil sector.

In short, this dissertation argues that oil corporations and the government have become dynamic allies in a struggle against labour in Kazakhstan. TNCs operating in the oil industry are responsible for their profits towards their shareholders, scattered across continents and often times trading shares on global stock exchanges. Their geographic and human affiliation towards local and international workers goes as far as it is instrumental to improving their financials. TNCs have devised strategies of precarisation against labour and have refined them across the decades in dozens of jurisdictions, not only Kazakhstan:

- A heavy use of manpower agencies to employ temporary workers, even when the period of work and task are similar to permanent positions;
- A decided tug-of-war between Industrial Relations departments and workers to gradually decrease conditions and pay; and
- A strong preference for automation and outsourcing in poorer countries where the cost of labour is lower.

In its kaleidoscopic mix of agencies, patrons, and elites, the Kazakhstani government became a protagonist in the demolition of the Soviet-era labour infrastructure and the construction of more precarious scaffoldings for worker rights. By maintaining a strong control over the Federation of Trade Unions (or just ‘Federation,’ in Russian, Федерация профсоюзов Республики Казахстан, abbreviated with the acronym ФПРК, herein transliterated as FPRK), the umbrella organisation of loyal labour committees, the Kazakhstani government drew a symbolic line between those unions that could be functional to its strategy of control and those which became undesirable due to their activism. Independent unions, in fact, were progressively marginalised and ultimately neutralised via legislative tools. Within the closed context of Nazarbayev’s authoritarian rule over Kazakhstan, opposition parties or independent trade unions were not welcome, because they represented potential platforms for challengers to the status quo.

The oil sector was regarded as fundamental for Kazakhstan’s economy and the government aimed to co-opt workers through the ranks of the Federation, in a rather similar fashion to the previous experience during the Soviet era. Once their opportunities to organise into independent unions were quashed, the higher-than-average salary that they received for

working in oil came to represent a thin sugar coating for the sour pill that was their limited freedom of organisation.

Infighting within loyalist trade unions, which held membership into the Federation, took the shape of personal spats, rather than political arguments, once more deviating the discourse from the labour struggle to petty fights over who could best peddle the policy of the government. While labour co-optation is a common, global practice that both governments and corporations employ, the precarisation of labour at oil consortia led by TNCs rendered this strategy almost superfluous in certain regions of Kazakhstan, where unions of any kind are not welcome.

Workers for the Tengiz and Kashagan projects have been implicitly barred from joining or forming trade unions. They work in extremely modular contexts, in rotation villages that hinder the socialisation of their issues. The tightly organised hourly shifts and the two-to-four-week rotation in and out of the village virtually remove any possibility to organise a worker assembly. Workers often raise their voices due to the frustration of not having a platform to be heard. TNCs consider their Industrial Relations and Human Resources (HR) departments to be the loci of conflict resolution, yet these are not impartial players: An individual worker raising an issue with HR could suffer repercussions on bonuses or risk future promotions.

The government, via its agencies, concocted a strategy to further weaken the importance of trade unions and placed the emphasis on ‘corporate communication,’ seen as the principal solution to avoiding bursts of anger similar to the months-long strike in Mangistau in 2011, which ended in tragedy.

A novel approach: Three phases of working for oil

This thesis addresses the existing gaps in the literature on the study of oil more generally and in Kazakhstan’s labour more specifically by placing the worker the heart of its analysis. With an in-depth investigation of “working for oil,” this dissertation argues that inequalities in pay and conditions, limitations of freedoms, and neoliberal corporate practices were

gradually introduced by TNCs in the oil sector and had a direct effect on the relationship between labour and capital and indirectly aided the government's authoritarian project, because precarisation of work is ultimately also an instrument of control. This emerged throughout the work for this thesis and was among the driving forces behind the fundamental choice to analyse three distinct, yet certainly not unrelated, 'phases' of work, which are outlined in the three core chapters (5, 6, and 7).

Rather than just a formal narrative solution, such a structural choice represented an original and innovative approach to the study of Industrial Relations, radically different from past strictly legalistic or strictly anthropological studies, as shown below in Chapter 2 (Literature Review). The subdivision into 'phases' was an important analytical tool that allowed to a) attain a holistic understanding of the industrial sector and b) to assess the neoliberal strategies of precarisation and control that both companies and the government implemented in opposition to labour, throughout the 'lifecycle' of work.

At the hiring phase, corporate structures such as manpower agencies and human resources departments substituted trade unions and government-controlled employment agencies, while workers became "bodies" that could turn into "disposable" assets, should the oil extraction project require a cost-cutting solution. The outstaffing phase, in fact, shows how precarious work turned into socially disruptive unemployment, especially due to the microeconomic structure of the households of oil workers, with the men generally being the breadwinners, while women and children maintained a state of dependency on the oil company pay cheque. The government established neoliberal programmes of "adaptation" for laid off workers, which so far have only created indebted entrepreneurs, rather than a new middle-class, as originally planned.

While historically different enterprises used to grant different conditions of work, holding a job at a state-owned company in Kazakhstan became increasingly similar to the precarious terms stipulated for a job at a contractor of a TNC. The convergence of work conditions towards precarity was exacerbated by policies of 'nationalisation' and strategies to increase the 'local content' of TNC investments. This thesis concurs with the argument that the financialisation of the oil industry has gradually shifted the focus of 'value' towards the maximisation of shareholder value (Labban 2014), and that the violent repression of

strikes and other labour actions in Kazakhstan was in line with the corporate and government interests.

As outlined throughout the dissertation, these strategies of precarisation are sometimes imitations of other practices already employed by oil TNCs across the world, while in certain cases they are idiosyncratic to the context of Kazakhstan. In short, TNCs have transposed into Kazakhstan their global practices aimed to extract the maximum profit, while local elites have tried to maintain a hegemonic control over segments of the population through increasingly restrictive legislation against labour.

While several of the topics discussed herein have been addressed in various ways by several disciplines, this study claims originality and innovation for its eclectic and multi-faceted approach and the novel way of problematising the research question. By breaking down the empirical chapters according to the ‘phases of work’ as described below, this thesis offers the possibility to study the effects of precarisation longitudinally, rather than chronologically or thematically. This structure creates a dynamic between the background chapters on the history of oil and labour in Kazakhstan and the findings of this work, which relied on field interviews across the country’s oil regions.

A breakdown of the chapters

The structure of the dissertation is clustered into three parts. The first part (Chapters 1 and 2) is a study of the methods employed and a review of the literature that turns the spotlight onto the gap that this work aims to fill. The second part (Chapters 3 and 4) hosts a historical overview of two of the principal themes tackled in this work: Oil and labour in Kazakhstan. The third part (Chapters 5, 6, and 7) represents the empirical core of this work. In the next paragraphs, I describe in detail the purpose of each part.

In Chapter 1, I discuss the research question, the innovative approach I tested in this work, the rationale for the case study, and the methods employed before and during fieldwork. The methodology explores at length my 12-month fieldwork in Kazakhstan (two months in the summer of 2017 and ten months in 2018) and offers solutions to the various barriers

that hindered the research process in such a closed context. In reviewing the methods, I also situate my endeavour in a dialogue with various disciplines that rely heavily on fieldwork. To this aim, I reflect on my positionality, the risks connected to my sources and my person, and the potential pitfalls of the methods employed. Reliance on rather informal networking tools to gain access to interviewees presented me with several ethical dilemmas that I had to resolve by maintaining a professional distance and being prepared to face different scenarios. Besides being an introspective analysis of ‘how’ I went about my research in Kazakhstan, the methodology chapter also aims to offer a series of caveats and suggestions for future research in similar contexts.

Chapter 2 is a short literature review that deconstructs and reassembles the original building blocks of this dissertation. As already mentioned, I departed from the Industrial Relations theoretical framework, which analyses how three actors, and their internal hierarchies, interact within a system. In the chapter, I illustrate the original theory and some of its further iterations, before delving into each particular actor (state institutions, workers, and companies) to show which influences from several different disciplines – from Anthropology to Political Economy, from Sociology to Political Science – contributed to my own reading and innovation of the Industrial Relations framework. I close the chapter with a short paragraph on Kazakhstan, further justifying my case choice and foreshadowing several of the topics that I address in the following chapters.

Chapter 3 and 4 outline the historical foundation of this work. Both concentrate on the case of Kazakhstan and situate the subsequent analysis in a historical context that is thematically focused on oil and labour. While it became an independent country only in December 1991, Kazakhstan’s history goes back for centuries into the nomadic experience of its people, the warring clans and khanates across Central Asia, and the great power struggle to control the Eurasian continent. In the late stage of the Tsarist domination, however, a labour movement shaped up and the first oil explorations in the Caspian region struck basins of crude. This marked the starting point for the background chapters, which analyse debates and struggles around the oil fields and the centres of power.

Chapter 3 is divided into three parts. Starting from the first oil fountain of 1899, the first section outlines the historical milestones that led to the creation of an oil industry in the territory now known as Kazakhstan. The second section provides a background study of

the struggles in the Soviet leadership, especially during the years in which Mikhail Gorbachev served as General Secretary. At the time, Nazarbayev quickly bolstered his position as the leader of Kazakhstan, by seizing the opportunity given by popular unrest in 1986 and 1989. The third part paints in quick brushes the post-independence history of Kazakhstan's oil industry, highlighting how the early privatisation programme created a competition between TNCs and the government, which was resolved with the creation of Kazmunaigas, the country's oil and gas conglomerate, in 2002.

Chapter 4 is structured around three themes: 1) concepts and practices of labour in the Soviet era; 2) legislative changes after independence; and 3) landmark labour struggles in the oil sector. The first section is a conceptual analysis of political ideas regarding trade unions after the Bolshevik Revolution of 1917. The battle of ideas between Vladimir Lenin and Leon Trotsky had a substantial influence on the future course of trade union organisation and control throughout the Soviet era. The second section explores the post-Soviet legislative amendments that progressively worsened labour conditions in the country, especially for employees of extractive companies, who were subjected to a number of exceptions because they worked at "hazardous production facilities," where safety regulations trumped all other organisational or political issues. The third section focuses on the intensification of labour struggles in the years around 2010, which culminated – but did not stop with – the eight-month strike in Zhanaozen, quashed by riot police in December 2011. The aim of this section is to highlight two crucial points: 1) the progressive elimination of platforms for dialogue between labour, management, and government; 2) the ascription of the events in Zhanaozen to a longer, more complex history of labour struggle.

The following three chapters direct the reader's attention to the core argument of this thesis in a structure that mimics that of a 'lifecycle' of a worker in the oil industry. Chapter 5 showcases the different aspects of 'the hiring phase,' i.e. corporate policies and practices, regional differences, the role of manpower agencies, and the government policies aimed to increase the proportion of local employees. The theme of increased precarisation is studied from the perspective of the worker entry into the oil job. Some employment schemes are precarious because of their setup (such as work subcontracted through a manpower agency, in contrast to regular staff employment at the production company), some are precarious because competition among local specialists has a dumping effect on wages and conditions.

Chapter 6 illustrates how the characteristics of day-to-day employment in oil companies hinders labour organisation and, in general, socialisation between the workers. Be it the spatial isolation of their place of work from their ‘home,’ or the workshift time management at offices and plants, several of the corporate organisational technologies employed as tools of control are described in the chapter. In addition, a dedicated section highlights the differences between working for a TNC or for Kazmunaigas, the national company. This section also advances the argument that the financialisation of the state-owned company had an adverse effect on labour conflicts and ultimately exacerbated the clashes that turned into the Zhanaozen massacre.

Chapter 7 explores aspects related to contract termination, be it due to physical limitations of oil basins, or due to corporate decisions. Working in oil is often tied to specific geographic areas and losing a job in a particular region could jeopardise livelihoods, especially for non-specialist workers whose skills are harder to transfer. The chapter also addresses the progressive weakening and co-optation of trade union organisations, which have become subservient to both corporations and government agencies. In the absence of strong labour organisations, government agencies have taken up an educational role for workers, who are taught to ‘adapt’ to the new neoliberal environment and break away from the Soviet-era understanding of job security.

A concluding chapter wraps up the topics addressed throughout the dissertation and ties them back together with the original research enquiry, providing a summary of the findings and a roadmap for future research in similarly closed contexts, both in terms of the authoritarianism of the government and the secrecy of the corporations.

Before moving on to the next chapter, with Figure 4 below, I intend to give a bird’s eye view of Kazakhstan, of the pipelines connecting its oil fields to the country’s export markets, and of the vast distance between the oil fields and the administrative and business centres of the country, namely the former capital Almaty to the south-east and Astana, the current seat of the government, renamed into Nur-Sultan in March 2019.

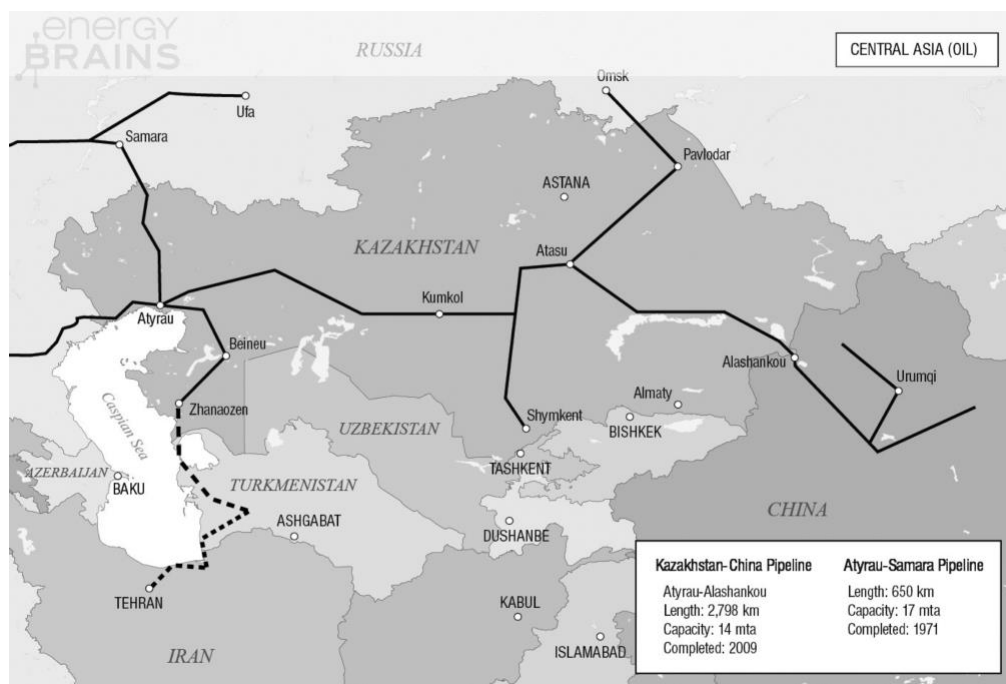


Figure 4: Oil export pipelines from Kazakhstan.⁶

⁶ Map originally published at the now-defunct website www.energybrains.org [Last accessed: 28 October 2016].

1. Methodology

Introduction

This doctoral project tests an innovative approach to understand post-Soviet labour processes in the oil sector. The goal is to explore the gap between the explanatory power of worker disenfranchisement and the influence of transnational corporations into Kazakhstan's authoritarian law-making and labour practices. The case study focuses on the oil industry as an under-studied sector of the economy, and indeed one susceptible to several pulls: Trans-national capital, peripheral industrial zones, and technologies of power and control, among others. The selection of Kazakhstan, as explained below, emerged out of the consideration of its economy as oil-dependent and my own positionality as a student and a journalist in the country.

While conducting postgraduate research on the geopolitics of oil pipelines at KIMEP University in Almaty⁷ and covering local stories on politics, economics, and society as a correspondent for several local and international newspapers, I grew increasingly interested in exploring labour issues in the previous years in Kazakhstan's oil regions. As a doctoral student, while my interest was channelled through the mainstream academic discourse, the core of my scientific enquiry came to experience constant, parallel evolutionary developments: it is precisely to the description of such evolutions, and their placement within relevant methodological debates, that this chapter devotes its core attention.

The research spans across the first three decades of Kazakhstan's independence (1991-2019), and, in this sense, covers the years in which Nursultan Nazarbayev served as president of the country. In addition, the 2019 bookend allowed me to produce an informed assessment of the first concrete effects of the 2014 law "On Trade Unions"⁸ and the 2015

⁷ For a double-degree International Masters in Russian, Central and East European Studies with the University of Glasgow (2012-2014).

⁸ In Russian, Закон Республики Казахстан О профессиональных союзах, 27 June 2014, n. 211-V, full text available at: https://online.zakon.kz/document/?doc_id=31571953 [Last accessed: 2 April 2018].

Labour Code,⁹ which set in stone a new labour infrastructure and were the prime movers of this doctoral endeavour. In terms of structure, the research begins with a review of the scant historical literature on the extractive sector and its impact on society, presented in the next chapter. The thesis then unravels two descriptive chapters about the case study, before embarking on an original analysis of the ‘three phases’ of work, namely the process of hiring, the conditions of working, and the prospects after losing a job or being outstaffed.

The subdivision into ‘phases’ of work is instrumental to putting forward the core argument of this thesis, constituting both a narrative and an analytical tool that tackles several different topics thematically, rather than chronologically. I describe in the following paragraphs the process of rearranging the data into a consistent narrative, an exercise that constituted most of the writing and re-writing period for this work. The exercise of clustering the thesis into ‘phases’ of work can be considered a useful method to address specific points in the research of labour relations. Methodologically, such a subdivision could ultimately serve as a blueprint for future research with a similar agenda.

This chapter represents a deep dive into the scientific enquiry behind this work. It focuses on a series of intertwined processes, which, in turn, regulated the formulation of the research question, determined the methodological justification of the Kazakhstani case study, grounded the research process within the country’s authoritarian environment, and selected the methods supporting data gathering. By studying and problematising the qualitative methods employed while researching this thesis, this chapter aims to provide a methodology for future research in similarly unexplored fields.

Selecting Kazakhstan, framing the question, and gathering data

This section focuses on the early-stage process of framing the research enquiry, a process that undertook several epistemological modifications until its final form was reached (Groenewald 2004). The initial research task, as it often occurs, revolved around the

⁹ In Russian, Трудовой кодекс Республики Казахстан, 23 November 2015, n. 414-V, full text available at: https://online.zakon.kz/document/?doc_id=38910832 [Last accessed: 2 April 2018].

isolation of Kazakhstan as a case and the crafting of a research question and of adequate methods that would contribute to the advancement of the study of industrial relations, of oil-dependent economies, and of Kazakhstan.

In political economy terms, Kazakhstan has often been examined either in light of its rent-based economy or in light of the authoritarian nature of its regime, or in a combination of the two approaches. The economy runs on oil exports and the government has been unsuccessful in its purported efforts towards revenue diversification. The government, in turn, depends on the country's 'First President,' one of several titles attributed to Nursultan Nazarbayev, who has accumulated and ring-fenced his power for three decades. Oil riches have both ensured Nazarbayev's ability to take Kazakhstan out of the post-Soviet economic and political crisis that embroiled all newly independent states and formed an elite of loyal functionaries and figures who have protected his rule.

This study seeks to add a third, unexplored element to the study of the political economy of Kazakhstan's oil, namely one that moves beyond rentierism and authoritarianism. Drawing from Mitchell's arguments regarding the power of trade unions in the energy sector (2011), Dunlop's original model of industrial relations (1958), Deutscher's study of Soviet trade unions (1950), and Labban's work on the influence of finance in labour relations in the oil industry (2014), this work analyses the role of transnational companies in shaping industrial relations in Kazakhstan's oil sector, before it became a rentier state, or before its turn towards authoritarianism.

A review of the existing literature (see next chapter) permitted a narrower definition of the main question and hypotheses to be tested throughout the thesis. An elite-centred history of oil in independent Kazakhstan had been already traced by Wojciech Ostrowski in his PhD dissertation, later published as a book (Ostrowski 2010b). Other scholars have authored articles and monographs on the political economy of transition or the geopolitics of energy. The segments left to explore were those located 'below' the state-centric or elite-centric studies of international relations and political economy and 'sideways' at the level of trans-national corporations, which participate in the socio-political life of Kazakhstan through specific channels and sets of rules. Instead of a top-down approach, which often leaves out either – or both – workers and companies, I chose an original bottom-up approach that relied heavily on fieldwork explorations and data collection (Bhattacharjee

2012: 93-94), in an effort to shed a light on the aspects of the industrial relations triangle – state agencies, companies, and workers – that receive the least attention in the literature. By taking a positivist, capitalist framework such as the one proposed by Industrial Relations scholars and flipping it on its head to understand the strategies of precarisation of labour, I plugged an unexplored niche in the sociological study of the oil sector.

Such approach led to a regular refining of the research question and the inclusion and elimination of variables. While this endeavour could not be ascribed to an exercise of ground theory – as I did not craft a theory only out of data (Pole and Hillyard 2016: 130) – or a test of an established framework – as I was influenced by several disciplines, such as sociology, political economy, and anthropology – the interplay between the intellectual exercise and the individual stories that I was able to collect in the field was fundamental for the shaping of a more original research question. The original enquiry centred around authoritarian strategies only, missed the role of companies and the bi-directional influence between corporate and state apparatuses in devising technologies of precarisation and control towards the worker-citizen.

Together with a deeper engagement with the literature, it was the fieldwork experience that contributed to a decisive recalibration of the research question, highlighting the importance of months spent visiting sites and talking to people involved in the enduring struggle between labour and capital, between ruled and rulers, between extractive industries and nature. Such an exercise was more akin to analytic induction, a strategy useful to “narrow down the issue or phenomenon explored” (Pole and Hillyard 2016: 133). Indeed, interviews in the field helped shape the scientific enquiry, in line with Newsome’s warning of the potential “need to adjust their research question midway through data collection” (2014: 410). As a successive reflection, it is possible to affirm that if the fieldwork fails to affect the research question, the researcher alternatively: a) was lucky in framing a pertinent question; b) had prepared an extremely readable case through flawless preliminary work; or c) used the fieldwork only to prove her initial argument, wearing the blinders of presumption of knowledge. Becoming progressively more puzzled by the amount of information on the one hand and more anxious to craft a better research question on the other can be considered an integral part of the doctoral training, and in Area Studies the fieldwork is the ultimate testing ground for perfecting the scientific enquiry (Bryman 2007).

The overarching question for this work can be summed up as:

Why has the oil sector in Kazakhstan become an increasingly precarious industry for the workers?

The hypotheses that followed this question are that trans-national companies have translated into Kazakhstan their global practices aimed to extract the maximum profit, or that local elites tried to maintain coercive control over segments of the population through increasingly restrictive legislation. The research focuses on the highly financialised world of oil extraction, transport, and sale and how this impacts the socioeconomic and labour environment in Kazakhstan's oil regions.

The framing of such multi-faceted hypotheses, together with the fieldwork experience, prompted two complete redesigns of the structure of the thesis. Following a chronological order, this work could have incurred in an excessive reliance on description over analysis, sometimes misreading diachronic aspects of change and continuity. By adhering to the disciplinary breakdown of actors proper of the Industrial Relations discipline – workers, companies, and state institutions, as shown in the following literature review chapter – the dissertation would have needed constant cross referencing throughout the text and would have been more difficult to follow without repetitions. Instead, opting for a subdivision in 'phases' of working in the oil sector proved to be the most flexible and comprehensive, as it allowed a dynamic engagement with the literature and the empirical experience. With the word 'phases,' I allude to the three, more or less natural, moments of the lifetime of a worker, who is initially hired (The Hiring Phase), then has an experience within the company (The Working Phase), and ultimately leaves the job (The Outstaffing Phase). Such a subdivision allowed to explore the nuances of "working for oil" in each of these three stages.

The choice to concentrate on the workers was driven by the interest to bring to light unexplored issues concerning what Gramsci would define the "subaltern class" (1975), especially given the space and depth that other studies have given to the hegemonic actors of Industrial Relations in the oil sector, namely governments and companies. Such an

endeavour entails an exploration of the strategies and practices of worker marginalisation, exploitation, and oppression.

The first year of the PhD was dedicated to making extensive use of secondary sources across the United Kingdom. As outlined above, bibliographic reviews and archival research were useful to improve the research question. Extensive use of libraries in Glasgow, St. Andrews, Cambridge, and London was crucial to gather both factual information from the archives (especially from the massive collections and catalogues of the British Library) and books and reports, which were made easier to browse via the SCONUL Access, a programme that allowed me to visit any library in the United Kingdom. By obtaining a wealth of literature on post-Soviet and corporate practices as well as historical data on Kazakhstan and its oil sector, I was able to both begin the process of refining my research question and appreciate the magnitude of in-country investigation that expected me. A sustained period of fieldwork study of local and national labour structures and their multiple, overlapping core-periphery interactions within the country and within the world economic system was necessary to complement the findings of the examination of secondary sources and ultimately execute the project's full potential.

The selection of a qualitative analysis of labour dynamics in Kazakhstan's oil sector through interviews – as a method – was justified by the lack of extensive documentation on labour actions, evasive analyses of legislative changes, and secretive company and government strategies¹⁰ (Jager 2014: 501). The topic could not be tackled exclusively via desk research. Archival material and, chiefly, interviews became the data upon which I base the findings of this doctoral work. Importantly, given that the interviews were meant to serve as new, raw data, I planned to collect as many relevant sources as possible. Therefore, the selection of the interviewees was prompted by a mix of availability, access, and chance (Seidman 2006).

¹⁰ “A law on public access to government information was adopted in 2015, but it is poorly implemented in practice. Officials' asset and income declarations are not publicly available.” Freedom House, *Freedom in the World 2020: Kazakhstan*, <https://freedomhouse.org/country/kazakhstan/freedom-world/2020> [Last accessed: 26 November 2020].

Therefore, once in Kazakhstan, alongside with organising interviews, I continued doing archival research, which gave me access to Russian-language news sources and scholarly works only available in the country. I made use of official public archives in Almaty and Astana (chiefly the two largest National Libraries and the Library of the First President) and I was also able to briefly use the city archive of Aktau. I used a combination paper and web archives of Казахстанская Правда (Kazakhstanskaya Pravda), Панорама (Panorama), Республика (Respublika), Radio Free Europe/Radio Liberty (in its Russian-language local edition for Kazakhstan), and several other regional papers, such as Огни Мангыстау (Ogni Mangystau), Лада (Lada), and Ақ Жайық (Ak Zhaiyk).

My proficient knowledge of Russian and basic understanding of Kazakh rendered the process of accessing these archival troves easier. As a foreigner, non-native speaker, however, I was often treated with suspicion, as shown in the following sections.

Doing fieldwork in an authoritarian context

Having spent a preliminary period in the field before embarking on the full-fledged fieldwork activity served the purpose to finish adjusting the research question. While the original plan did not suffer of a “crisis of research design” (Laporte 2014), it indeed underwent significant changes. Once the question and the case were improved, I had to grapple with the prospect of doing extended fieldwork in Kazakhstan, a country I knew well enough that travelling there would not be a leap in the dark, but also a country with a hostile research environment and one that could have undergone – as it finally did while I was in my writing process – a power transition. While I had completed all my interviews by the time that Nursultan Nazarbayev resigned his decades-long presidency, I was still living in the country and there was little indication that a change at the top would have happened then or at any other time, peacefully or through violence. As I embarked on this project, I was aware of these possibilities, as well as privy to the experiences of other scholars working in authoritarian contexts. As shown in the next paragraphs and in the extant literature (Schatz 2009; Tutumlu and Rustemov 2019; Tutumlu 2019; Costa Buranelli 2020). Kazakhstan’s authoritarian environment was an immanent constant in the process of carrying out the fieldwork.

Several studies have focused on doing social sciences fieldwork in authoritarian contexts. I subscribe to the view that, instead of the liberal-authoritarian scale, scholars should employ a dichotomy between open and closed contexts, as expounded in Koch (2013a: 391). Using Bayat's argument (2010) that power is coercive in all types of regimes, yet authoritarian regimes are characterised by an uneven power circulation, Rivetti and Saedi (2018) argued that "closure" creates "a research-unfriendly environment." In the panoptic conditions of organising and carrying out fieldwork in closed contexts, researchers often feel observed and sometimes self-censor their line of enquiry, in an effort to stay out of the radar of their inviting institutions and avoid endangering the physical health of their sources (Menga 2020).

In an effort to mitigate "the marked contrast between the 'messy' fieldwork site and the often sanitised institutional setting where we endeavour to order our findings" (Kay and Oldfield 2011: 1276), Koch suggests that researchers "employ a practice-based theoretical framework" in closed contexts (2013a: 394). Such a strategy would avoid translating liberalist assumptions into environments that have proved hostile to academic research. Even local doctoral students and early-stage researchers undergo self-censorship in an effort to secure jobs at state universities and avoid upsetting rectors loyal to the government that appointed them. While representing a constant that I often encountered during the fieldwork, such attitude follows a trend described in the literature on both media and academic self-censorship in post-Soviet authoritarian contexts. This trend is related to the concept of "адекватность" in Russian, that can be translated in English as "sense of proportion" (Schimpfössl and Yablokov 2020: 31). This sense of proportion draws the boundaries within which academics are free to draft their arguments, with a tacit understanding that going beyond these borders would imply a marginalisation or an outright denunciation by other colleagues.

Beyond the freedom of academic research, another potential set of risks was represented, according to several media and think-tank reports, by security and terrorism. From a security standpoint, Kazakhstan is far from a troublesome country, although its authoritarian stability could suddenly be tilted by impromptu bursts of anger. The

occasional lone shooter¹¹ or the small disorganised group of misfits stealing weapons,¹² however, do not pose a security threat that is comparatively riskier than in any other country.

Facts notwithstanding, subscribing to the narrative of military lobbies in the United States¹³ and security services in Kazakhstan (Totaro 2020), several outlets have repeatedly warned of the spectre of terrorism in Central Asia. Most of the ‘terror’ acts, however, were motivated by disenfranchisement and misery, rather than organised Islamic radical groups. The UK government, in its Foreign Travel Advice webpage, states that “Terrorist attacks in Kazakhstan can not be ruled out.”¹⁴ Yet, despite the sensationalist narrative coming both from governments and media outlets, exemplified by a 2017 Foreign Policy magazine article titled “Our Future Will Be Violent Extremism,”¹⁵ the situation on the ground shows a picture of growing inequality and widespread social injustice, as peripheral population groups are marginalised and excluded from the windfalls of extractive projects.

Contrary to the prevalent media narrative, the extensive work carried out for this doctoral project, across several cities and regions in Kazakhstan, was never marred by risks related to terrorism. In an effort to counter the sensationalist tones of several reports that inevitably raise eyebrows at the ethics committees of several universities in the United Kingdom, I encourage future researchers to perform a thorough due diligence of the spaces and times

¹¹ Catherine Putz, What Did Kazakhstan Learn from the Almaty Shooting?, The Diplomat, 1 November 2016.

¹² Kazakhstan: Gunmen attack gun shops and army unit in Aktobe, BBC, 5 June 2016.

¹³ John Heathershaw and David Montgomery, Who Says Syria’s Calling? Why It Is Sometimes Better to Admit That We Just Do Not Know, CEDAR Network, 17 February 2015, <https://www.cedarnetwork.org/2015/02/17/who-says-syrias-calling-why-it-is-sometimes-better-to-admit-that-we-just-do-not-know-by-john-heathershaw-and-david-w-montgomery/> [Last accessed: 21 October 2020].

¹⁴ <https://www.gov.uk/foreign-travel-advice/kazakhstan/terrorism> [Last accessed: 21 October 2020].

¹⁵ Reid Standish, “Our Future will be Violent Extremism,” Foreign Policy, 1 August 2017. <http://foreignpolicy.com/2017/08/01/central-asia-kazakhstan-eurasia-terrorism-extremism-isis-alqaeda/> - A response to this report was published two weeks later: Paolo Sorbello and Franco Galdini, What’s All the Fuss About Terrorism in Central Asia?, The Diplomat, 16 August 2017. <https://thediplomat.com/2017/08/whats-all-the-fuss-about-terrorism-in-central-asia/> [Websites last accessed: 21 October 2020].

that they will visit in their fieldwork, to apply prudence, and to take such bold media claims with a grain of salt.

Conducting fieldwork in Kazakhstan

Despite having already lived and studied in Kazakhstan for one year during an MA programme and having visited for work trips later, upon embarking on the PhD project I tried to steer away from assuming to already “know the field” (Newsome 2014), after all I had yet to visit most of the oil-producing regions that made the bulk of my doctoral fieldwork and the country had changed in the years after my first visit. For example, President Nursultan Nazarbayev had won yet another presidential election in 2015 and seemed to have no plans to leave office.

I thought it was important to scout the country again before formalising my fieldwork plans. In the summer after my first year in Glasgow, I therefore embarked on a two-month trip to Kazakhstan – facilitated by a visa-free regime for short-term visits – during which I visited Almaty, where I used to live, Astana, the capital city, and Aktau, on the Caspian seashore. The visit was useful to cement the relationship with Glasgow’s partner university, KIMEP, and lay the groundwork for a study visa for the following year. The trip to Astana, though short, was useful to get acquainted with the etiquette for obtaining meetings with both government officials and diplomats, which turned out useful during my subsequent travels. In Aktau, with the crucial help of a fellow PhD student who had lived there for months before my arrival, I finally was exposed to the practice of doing research in an oil region. In each of these cities, I was also able to complete certain bureaucratic steps, such as obtaining a mobile phone number, registering for library and archive access, and signing up to networking events, that would prove useful during my extended fieldwork a few months later. In general, the period spent in Kazakhstan in summer 2017 was fruitful both in terms of data gathering and networking. It also, crucially, confirmed the feasibility of the research project, boosting both my confidence in the work going forward and my morale.

Because field interviews were singled out as the main method for this thesis, I had to grapple with several challenges regarding the feasibility of conducting research in Kazakhstan. In the next paragraphs, I describe at length the strategies I employed to overcome the complex process of making contact with sources, to manage my time in the field, and to cope with loneliness and random bursts of success. In addition, I describe the formal and informal channels I used to network and initiate the “snowball effect” that allowed me to obtain a substantial number of interviews. I also describe my strategies in overcoming potential risks and drawbacks, including – but not limited to – the security of my sources and mine.

The slow and informal process of obtaining the first interviews was eye-opening, because if I had to rely on such snowball effect, I would have had to select a rather lengthy fieldwork period. After a frank negotiation with my supervisors, and once I had obtained a full clearance from the ethics committee, I decided to frame my fieldwork between February and December 2018, a 10-month period that would have notably avoided the two coldest months in Kazakhstan, when dire temperatures and icy streets render least likely the feasibility of meetings and networking events. I considered the fieldwork concluded for the purposes of this thesis by the beginning of December, after completing my fourth site visit in an oil region. I deemed that by then I had gathered enough data to write a compelling argument. In essence, I wrapped up the fieldwork once I concluded that it had been “long enough to appreciate the depth of the material” (Delamont 2002: 161).

During the 10-month period of fieldwork, frequent travels and blitz visits to various cities across the vast territory of Kazakhstan meant that I had to change accommodation 31 times – sometimes returning to the same short-term rentals – a practice that, while convenient in terms of agility, had an effect on my mental stability, as I constantly had the fear of missing out on events or meetings that could be useful to my research, but were happening thousands of miles away. In some cases, field interviews were conducted or failed to happen by mere chance, in contexts where a second opportunity would not materialise later.

Different fieldwork sites returned different results. It has long been reflected upon (Sultana 2007; Kay and Oldfield 2011) that fieldwork is sometimes a stressful and lonely endeavour that can often lead to failure (Brasher 2020; Horton 2020). At times, in at least two locations, it became almost impossible to knit the thread that would have linked me to my

potential interviewees, which meant that, for days on end, I was stranded at home, making calls through official company and government channels, reviewing my notes, and waiting for the “snowball effect” to finally bear fruits (Glasius et al. 2017: 83). Out of the disappointment for an inefficient period spent in Kyzylorda in the summer, during which I had almost no human interaction for the first two weeks, I decided to steer away from the Aktope region, where I had the smallest number of contacts and where notoriously-secretive Chinese companies¹⁶ constitute the bulk of the operators (McCarthy 2013: 277-278). Instead, I opted to visit the West Kazakhstan region, home to the Karachaganak field, operated by a consortium of foreign companies. The prior experience in Atyrau, where the presence of foreign companies had facilitated the process of obtaining interviews, was also a factor in this final choice.

Trying to obtain a meeting with a company representative, with a government official, or with a worker through official channels, such as emailing or calling the main offices returned little to no results. Secretaries and public relations cadres seem to be trained in building a wall between their organisation and the outside world. Mastering the formulas to reach their supervisors and patiently waiting for the hold music to fade often led to brisk and dismissive answers. After dozens unanswered emails and abruptly ended phone calls, I decided to focus my energy on first- and second-hand contacts. In the end, out of over one hundred interviews, none of them were arranged through official channels.

Networking events, such as specialised conferences and closed discussion clubs, were a fruitful way to create a human connection and sometimes would immediately lead to an interview in a hotel lobby on the sidelines of a convention. Over the months spent in the field, I participated in six specialised conferences on oil and gas, two meetings of Central Asian trade unionists, two training sessions organised by the government for oil and gas trade unionists in Kazakhstan, and a number of press conferences and discussion clubs devoted to issues such as civil society activities and human rights violations.

¹⁶ “Chinese investment in Kazakhstan is nearly all by *state-owned* enterprises” (O’Neill 2014: 146 emphasis in original), which adds a level of state-secrecy to the business deals and the territorial concessions between the governments of Kazakhstan and China.

The two most important oil and gas conferences, Kazakhstan International Oil and Gas Exhibition (KIOGE) and Kazenergy alternate each year: KIOGE takes place in Almaty and assembles panels on finance and technology of extraction and transport as well as exhibitions of industrial novelties; Kazenergy is more policy-oriented, generally visited by company CEOs and ministers, and takes place in Astana. Besides these, I also participated in Kazneftegazservice, the conference that the Kazservice lobby group for service companies organises in Atyrau, and Kazakhstan Drilling Roundtable, organised in Astana by Rogtec Magazine. In addition, I participated in two university conferences in Astana and Almaty that focused on energy yet were more modest in terms of the number of participants.

I was invited to participate in two training sessions on “financial literacy” especially prepared for trade union leaders working for companies owned by the national holding Samruk-Kazyna from across the country. These sessions were held in Astana and organised by the Centre for Social Communication (ULES), also owned by Samruk-Kazyna.

During the preliminary fieldwork in the summer of 2017, I participated in the inaugural session of the newly-created group Monitoring Mission on Labour Rights in Central Asia, in Almaty. During the 2018 fieldwork, I participated in several events related to labour rights organised by the German foundation Friedrich Ebert Stiftung in Almaty and by Paper Lab in Astana.

Participation in these events positioned me within Kazakhstan, allowing me to develop a holistic approach to the niche issue that I was studying, given that labour rights in the oil regions cannot be disconnected from human rights violations or the struggles of civil society activists. In addition, through these events I was able to set in motion a snowball effect, by which interviewees would also sometimes recommend others, who would readily agree to talk to me only because their friend or colleague had put in a good word on my behalf (Glasius et al. 2017: 54-57). In Atyrau, networking events often migrated to a bar popular with expatriate workers, which was another proficient way to do a more immersive field observation. Social media and personal messaging services were heavily used for contacting potential interviewees, yet initial suspicion and potential fear of surveillance made it nearly impossible to conduct full interviews remotely.

An immediate veil of suspicion towards an Italian man, from a UK university, speaking good Russian and some Kazakh clouded the vision of most of the contacts I established. In some cases, it was difficult to convince them that I was not a “шпион,” a spy looking to steal industrial or political secrets to report to an alleged secretive boss. While the spy epithet was at times funny and used to break the ice, it also maintained a certain distance between the interviewee and me, as sometimes it was noticeable how the respondents filtered their answers. However, I shared a similar experience to Scoggins (2014: 394), who, while conducting fieldwork in China, was sometimes able to pass beyond the veil of suspicion: “Although some potential interviewees were reluctant to speak with me, other respondents were curious about foreigners and happy to tell their story to someone who was willing to listen.” From a positionality standpoint, being a white male in the white male-dominated context of the oil sector represented an advantage when trying to obtain meetings. My Italian passport and my University of Glasgow business card opened several doors.

Walk-ins were also successful strategies to obtain or schedule interviews. Although I mostly employed this practice as a last resort, I would dress up nicely, wield my business card at the entrance and ask to speak to the Human Resources or Public Relations manager. I did so in Uralsk, Atyrau, and Kyzylorda at the main offices of companies, local government agencies, and universities. In certain cases, however, this apparent reverence turned around and some sources saw it as a window of opportunity to give resonance to their cause. While I do not consider activism and research to be incompatible, such was not the endeavour that I had embarked on from the outset, so I tried to maintain the necessary distance from the various sides and concentrate on the scholarly task.

Social media was also a useful networking tool that I employed. Mobile applications such as Facebook and LinkedIn connected me with several sources. In addition, I cautiously used the dating mobile app Tinder. In 2018, when I used it for the fieldwork, the application scraped the social profiles of the users and made visible, in some cases, the workplace of the person. This, together with the fact that its popularity in the country was still scarce, gave me the idea to try and contact those whose job description had to do with oil, especially in regions where my contacts were scarce. I treated widespread homophobia and

homophobic crimes in Kazakhstan¹⁷ as a risk and therefore only made my profile available to women.

Aware of the ethical pitfalls of using a dating app for academic research (Condie, Lean, and Wilcockson 2017), I strove to explicitly explain my purpose – a chat about their job – during our preliminary conversations via the app. Also aware of my positionality as a white male in a country where foreigners are generally considered rich, expatriate workers, who are sometimes treated as potential objectives in family planning, I went to extra lengths to ensure that any double entendres or awkwardness were avoided. While scholarship on the ethics of using dating apps for networking is still scant, it remains true that “regardless of the country, culture, or social network, relationships can become sexualized” (Kovács and Bose 2014: 116) with the sources, something I made sure to avoid. Subscribing to the methodological approach of “non exceptionalism” when using different recruitment methods (Gelinas et al. 2017), I applied the same academic rigour during my usage of every social discovery platforms, from LinkedIn to Facebook, from Twitter to Tinder.

I only met oil industry-related women for field interviews that I contacted via the Tinder app at coffee shops in the mornings or afternoons. I found that being serious and open about the purpose of the meeting was a successful strategy in avoiding to cheat the data out of my interviewee, who always knew that we were having a business meeting and no more. Around a dozen, or 10% of the interviews were conducted this way, and I was able to obtain another handful interviews via a snowball effect from those.

In total, I was able to interview more than one hundred respondents, of which I ultimately count 115, as those were the ones that I define “meaningful” for the PhD project.¹⁸ These meaningful interactions were not simple encounters, but semi-structured interviews during which I asked questions spanning from the government’s official industrial relations policy, to formal and informal corporate practices in dealing with labour issues, to the effectiveness of trade union membership. I crafted a larger set of questions for four specific categories

¹⁷ “That’s When I Realized I Was Nobody”: A Climate of Fear for LGBT People in Kazakhstan, Human Rights Watch, 23 July 2015. <https://www.hrw.org/report/2015/07/23/thats-when-i-realized-i-was-nobody/climate-fear-lgbt-people-kazakhstan> [Last accessed: 2 February 2018].

¹⁸ For a full list, see the Appendix.

of respondents and I adapted them to the conversation as it went on. Sometimes, meaningful interviews lasted as little as 15 minutes, sometimes as much as three hours.

The demographic composition of the oil industry is traditionally heavily slanted towards male workers, who can make up 80% or 90% of an oil company's staff, yet the fieldwork returned a more balanced composition between genders (two-thirds men, one-third women) because of my focus on Human Resources, corporate departments where women are more often employed. In addition, the fieldwork allowed a heavy participation of local respondents, despite it being comparatively easier to organise interviews with expatriate workers. Ultimately, 80% of the interviewees were local Kazakhstanis:¹⁹ the majority of the interviews was therefore conducted in Russian. Finally, one last demographic detail tabulated here was a subjective,²⁰ yet useful characteristic of the source: I assigned to each respondent one of four levels of employment, which allowed me to track and balance the voices of the disparate actors of industrial relations.

Wary of the potential drawbacks for workers, human rights activists, and government representatives I interviewed, I followed several security protocols, such as the protection of interviewee data, the use of secure, encrypted messaging services, and anonymity. The use of anonymous sources, even for consenting individuals or people not in a dangerous position, ensured the elimination of one security risk (the traceability of the respondent by either their employer or the state security organs) and one information bias (the potential use of my doctoral work for the particular interest of certain groups or individuals looking for a platform). Anonymity is one of the reasons that led me, in some cases, to avoid the use of consent forms, which the University encouraged to do, and to rely on a lengthier verbal explanation of my project followed by an oral request for consent in participation.

¹⁹ The word "Kazakhstani" defines citizens of the Republic of Kazakhstan, regardless of their ethnic background, which is categorised in their национальность ("nationality"), a voluntary entry in local passports and IDs.

²⁰ The subdivision into Upper Management (UPMAN), Middle Management (MIDMAN), Lower Management (LOWMAN), and OPERATOR follow a corporate blueprint and in this sense they can result arbitrary when applied to civil activists, NGO workers, or even government officials. For comparative reasons, however, I chose to apply this descriptor when tracking my field interviews (see the full table in Appendix).

In addition, I subscribed to a scholarship that views the use of signed consent forms as idiosyncratic to the Western University, rather than to the individual sources in a non-Western environment (Schrag 2011; Schensul 2012). “The dominance of the written consent norm reflects culturally specific views of paper, writing, signatures, and contracts grounded in a Western legalistic culture,” wrote Wynn and Israel (2018: 797) in a seminal critique of the practice. Culturally, it is not customary in Kazakhstan or in other post-Soviet contexts to sign pieces of paper that do not have legal validity in the country and presenting a plain language statement on University of Glasgow letterhead – as opposed to just plainly explaining the objectives of the research during the conversation – would have scared away most respondent. In the interest of transparency and in an effort to show the diversity of the respondents, I attach an anonymised list in the Appendix.

The four-letter codes that identify each respondent are the same as the ones referenced throughout the text. These codes are only used to match each interviewee to the interviews list in the Appendix and contain none of the identifying details that could uncover their real names. I meticulously deleted any other record of the interviews that could link back to the interviewees, as I promised to them when describing the reason for our conversations. While it has been argued that anonymity can never be fully achieved since the researcher knows the identity of the sources (Scott 2005), I concur with the notion that anonymisation is an “ongoing working compromise,” a balancing act (Saunders, Kitzinger, and Kitzinger 2015). I chose a path aimed to first and foremost maintain the safety of the humans I interviewed (Ahram and Goode 2016). “Do not put respondents at risk for the sake of transparency” (Glasius et al. 2017: 122) was a mantra that I learned to abide by during the fieldwork.

In terms of race relations, Kazakhstan’s oil sector presents marked peculiarities, some of which are discussed in this work. Historically, an ‘army’ of local labourers has been subjected to a large presence of foreign men occupying positions of high-level management that international consortia hire to carry out extractive projects worth billions of dollars. When approaching these two different groups, local workers looked at me with suspicion: They thought perhaps I worked for Italy’s ENI, perhaps I was there to test their loyalty to their employer. Foreigners who were privy to the dynamics of academic research were more open to talk, because they sensed that my research would only be used for my degree and the data I wrote would be only read by a handful of people. Once the purpose of my

research became clearer to them, however, race was often overruled by class, as workers understood my condition of precarious student abroad and foreigners became unwilling to share their precious time with someone who could not afford to pay drinks for the table at Champions Bar in Atyrau or at the Rixos Hotel lobby in Astana. In the end, relationships built over tea, plov, or lagman with local workers proved more honest and fruitful for the progress of the fieldwork.

Conclusion and final methodological remarks

This work aims to make the narrow focus of a case study on Kazakhstan's oil sector stand out as a microcosm of the activities of global capital. One of the main arguments of the dissertation is that trans-national companies (TNCs) have translated their global standards and practices into their projects on Kazakhstan's territory, dramatically changing the lives of oil workers used to Soviet-era industrial relations. The choice for a case study on Kazakhstan as a starting point for a doctoral project in Area Studies on industrial relations in the oil sector, although suggested by previous experience, proved particularly fit for a bottom-up approach to the politics of oil. By choosing Kazakhstan and delving deep into its oil regions through extensive fieldwork, I was able to trace dynamics of exploitation and precarisation that usually go missing in disciplinary studies.

In this light, the methods employed in the case study and the structural backbone of this dissertation can become instruments to better map strategies of precarisation in other contexts and geographies of labour relations. Case-study literature on the topic is scarce, therefore this work can serve as a blueprint for research endeavours beyond Kazakhstan, such as post-Soviet Russia, Azerbaijan, and Turkmenistan, but also Nigeria, Venezuela, and Libya. By following corporate strategies and state restrictions along the 'timeline' of the worker, similar trends could be tied together.

This chapter discussed at length the peculiarities of conducting fieldwork in authoritarian contexts, with particular reference to Kazakhstan and the day-to-day practice of data collection. Besides archival material, the dissertation made extensive use of interviews,

treated both as a method to uncover otherwise irretrievable nuances and as pieces of data, as they answered most of my scientific queries.

The strategies employed to obtain interviews were varied, but informality was often a common denominator. While informal processes were crucial for the success of the fieldwork, a firm ethical training at Glasgow and constant self-reminders of my positionality in the field constituted boundaries that I never surpassed. By achieving this separation in my quest for data, I can argue that a solid training and an honest attitude are possibly stronger and more relevant suggestions to future scholars, than ticks in boxes scattered across sterile forms.

The next chapter presents a review of the literature on the disciplines with which this dissertation engages and a preliminary exploration of the literature on the specific case study. The following chapters, *Oil in Kazakhstan* and *Labour in Kazakhstan*, offer a deep dive into the history of oil and labour in the country and serve as background for the subsequent chapters, which address the ‘phases’ of working for oil.

2. Literature Review

While concentrating on Kazakhstan in line with the dissertation plan, this review includes examples of literature on post-Soviet and other resource-rich countries to illustrate similarities and differences in terms of relations between labour, companies, and governments. The sparse literature on Kazakhstan's industrial relations fails to present as strong a scholarly theoretical debate as literature on, say, the resource curse or industrial relations in general. While this gap is one of the drivers for this study, condensing and adapting these wide debates to the particular case of Kazakhstan has been the main challenge for this review and for the overall study.

In this section I aim to turn the spotlight onto the gap that I identified in the literature regarding the study of industrial relations in the oil sector of Kazakhstan. Specifically, this chapter explains why the initial choice for a theoretical framework rests on the foundation of Industrial Relations, while critically approaching its faults. In addition, this chapter examines how different strands of literature, by focusing prominently on states as units of analysis, miss the chance to understand the variables that characterise the sides of the companies or the workers.

The standard framework and its faults: Industrial Relations Systems

Industrial relations is an academic discipline that constitutes the backbone of this work, mainly due to its discrete framework. By focusing on workers, companies, and state agencies, industrial relations conveniently identifies three principal agents in a complex system.

This review methodically follows the framework of industrial relations first developed by Dunlop (1958). I chose this pattern because it allows for a structured deconstruction of the various component of industrial relations and, importantly, takes into account the context and the rules around it. In his seminal book, Dunlop makes two fundamental theoretical claims: First, whether or not under a planned economy, industrial relations constitute a

‘system’ (1958: 2), and the haphazard approach to resolving its problems and disputes common in most societies should not break up its analysis into isolated clusters (i.e. wage relations, employment relations, productivity, etc.). Second, and consequently, Dunlop argues that industrial relations should be considered a subsystem of societal relations akin to, but separate from, economic relations (1958: 5). While they share several features, the overlap between the industrial relations and the economic system is partial.

Dunlop’s approach to the study of industrial relations was innovative because it hinged on the embedded nature of the three key actors – worker, manager and state agency – in their context, or environment. The actors are influenced by the technological characteristics of the workplace, by market and budgetary constraints, and by the locus and distribution of power in society. Dunlop considers these as constants: “These features of the environment of an industrial-relations system are determined by the larger society and its other subsystems and are not explained within an industrial-relations system” (1958: 9).

While the relegation of these characteristics to mere independent variables helped Dunlop’s argument that the industrial relations system stands separate from economic relations, political relations, and other subsystems, this characterisation impeded an analysis of the interaction between the actors and the environment. This is especially true for elements of such environment that are not geographic or financial fixtures of the industrial setting, such as the locus and distribution of power in society, which Dunlop argues could tend to reflect the locus and distribution of power in the industrial relations system (1958: 11). In a problematic statement, Dunlop contends that “the distribution of power in the larger society does not directly determine the interaction of the actors in the industrial-relations system. Rather, it is a context which helps to structure the industrial-relations system itself” (1958: 12). Yet, Dunlop fails to untangle the difference between direct and indirect interaction among the actors and within their hierarchies.

Dunlop also falls short of critically analysing how his next analytical step – the establishment of rules in an industrial-relations system – meddles with the original list of givens. Dunlop says that “in the course of time the rules may be expected to be altered as a consequence of changes in the contexts and in the relative statuses of the actors” (1958: 13), but fails to address – and the convoluted phrasing suggests lack of interest for this analytical goal – the way in which rules are changed. It remains unclear whether societal

rules outside the industrial-relations system – and therefore part of the overall societal environment – can influence or be influenced by the actors in the system.

The last piece in Dunlop's system is ideology, defined loosely as "a set of beliefs commonly held by the actors" (1958: 16). Dunlop argues that inconsistencies between ideologies within an industrial-relations system may lead to disputes, which are qualitatively distinct from organisational disputes.²¹ Again, Dunlop detaches ideology within an industrial relations system from society-wide ideology, although "in the absence of a general consistency of the two ideologies, changes may be expected in the ideologies or in other facets of the industrial-relations system" (1958: 18).

Dunlop's contribution is useful for this study because it helps concentrate the focus of the analysis on discrete and concrete relations between actors for what concerns industrial input and output, and the creation and modification of rules. However, overarching studies such as Dunlop's run the risk of missing the key implications of changes in rules, environments, and ideologies, let alone the evolution of the actors themselves.

In this respect, it is useful to turn to literature that addresses directly the actors involved in the industrial relations system. While this work focuses on the industrial relations system in Kazakhstan, and in its oil sector in particular, it is important to note that this peculiar dimension does not exist in a vacuum. Economic and sometimes political claims have emerged from ruptures in industrial relations. Likewise, an economic reliance on the extractive sector and an increasingly stricter autocratic regime in Kazakhstan have contributed to transforming the oil sector, and its industrial relations system, into a critical node for Kazakhstan's society.

Following Dunlop's blueprint, while slightly expanding its focus, this review focuses on the three principal actors of the considered industrial relations system.

²¹ Dunlop mentioned that the British ideology of voluntarism is shared among the three actors but is also distinct from the philosophies adopted in India or the Soviet Union.

States and institutions: Rentierism, patronage, and curses

As the focus of this analysis, Kazakhstan displays a number of characteristics that are somewhat peculiar and have been individually studied throughout the years. An authoritarian country, a rentier state, an oil exports-dependent country, a post-Soviet economy, or an elite-dominated country, are phrases that would fit any description of Kazakhstan between 1991 and 2019. Rather than considering these as assumptions, this review aims to deconstruct the ideas that too often have been used as the starting point in several academic works.

The scholarly debate on transition, specifically around reforms and economic pitfalls, is akin to the chicken-and-egg dilemma. Are economic reforms the solution to or the cause of the structural economic dangers that economies relying on extractive industries and patronage incur? Liberal economists are often quick to answer that the combination of rentierism and patronage hinders economic reforms needed to avoid resource curse pitfalls (Sachs and Warner 1995; Auty 2006). Assessing Kazakhstan's track record after independence, Auty claims that the country has developed a dual economy, that is while FDI flooded capital-intensive extractive industries, traditional and labour intensive sectors²², from agriculture to “non-mining tradeables” lacked the necessary capitals to survive (Auty 2006: 68):

“In 2002 oil accounted for 17.5 per cent of GDP, 19.5 per cent of government revenues and 56 per cent of exports. But oil extraction employs less than 2 per cent of the workforce and most other exports are capital-intensive goods like metals, which employ few workers.”²³
However, evidence of a strong pick-up in employment emerged in 2000,

²² It is important to note that, in countertendency with other industries, “petroleum extraction is a uniquely capital-intensive undertaking, which implies that an unusually small number of jobs are created by the expansion of this industry,” regardless of the geographic location of the project (Barney 2017: 92).

²³ There are different figures for 2007, which may betray a different methodology of accounting: oil and gas exports accounted for 66% of merchandise exports, while the sector accounted for only 0.25% of employment (Kennedy and Nurmakov 2010: 10).

notably in construction and services in response to higher incomes in the oil sector.”

According to Ostrowski, Kazakhstan is different from the other Central Asian states because a) it emerged from the collapse of the Soviet Union as a middle income economy, b) it was hit by an economic crisis harder than its neighbours and c) it was almost forced into a privatisation of massive scale (Ostrowski 2011: 293). The oil and gas sector was still underdeveloped and its potential attracted FDI. “The increase in oil prices in the 2000s strengthened the Kazakh dependency on resources and led the regime to largely abandon other sectors of the economy. By the end of the 2000s, the turn toward rentierism was complete” (Ostrowski 2011: 294).

More nuanced studies of transition (Burawoy and Verdery 1999; Dale 2011), have focused on property rights, gender relations, small enterprises, and worker relations. These analyses, however, have seldom taken into account the importance of firm ownership, especially concerning the oil sector, and of institutional influence in the decision-making process, variables that are more central in the resource curse scholarship.

In Kazakhstan, the focus of the resource curse narrative has centred either on governance (Ostrowski 2010a; 2011) or on macroeconomic indicators (Najman, Pomfret, and Raballand 2008; Palazuelos and Fernandez 2012). Similarly to liberal economists, critics of the resource curse discourse have emphasised the role of institutions and internal mechanisms in challenging what some have called inevitable effects of hydrocarbon wealth (Jones Luong and Weinthal 2010).

Resource curse academic works have rarely offered an analytical lens to understand labour relations. While workers have generally been left out of the picture, Gelb (1988) argued that labour generally enjoys a share of the windfalls from oil exports. Both employment and wages should increase due to a spending effect, which in turn propels consumption. This macroeconomic effect, however, proves to be temporary and pro-cyclical. “The poor growth performance of the sample suggests, however, that labor’s gains were only temporary. Indeed, by the early 1980s there was evidence in several countries of a fall in real wages at the end of the boom” (Gelb 1988: 138). From its macroeconomic starting

point to its institutionalist critique, the resource curse model is widely accepted in the literature. Arguably, however, this scholarship lacks nuance and treats labour as unitary and static.

Workers: Between assemblages and carbon democracy

A niche scholarship has focused on post-Communist transitions of labour and trade union activity (Ashwin and Clarke 2002; Ashwin 2004; Clarke 2005; Croucher and Morrison 2012). Yet, it rarely considered workers as part of the industrial relations “triangle.” Most of the attention was focused on the different characteristics and possibilities that the labour movements were faced with after their countries abandoned the command economy. In addition, these scholars mostly focused either on factory workers or on mining enterprises, overlooking the oil sector, which displays specific peculiarities, as shown below.

Scholars have seldom embarked in studies of industrial relations within the oil sector. These works have often focused on the human and anthropological condition of workers (Appel 2012; Rogers 2015; Trevisani 2016), avoiding the task of considering the relations between the actors – government, companies, and workers – as closely interconnected. Scholarly works on the Soviet and post-Soviet industrial worker (Morris 2011; Crowley 2015; Rogers 2015; Trevisani 2016) have contributed to locating the worker within a context of geographic and demographic constraints. When analyses expand beyond the *anytown* factory worker – an analysis typical of heavy industry workers in peripheral regions of any country – the peculiarity of the oil sector, while acknowledged, is often relegated to short paragraphs or footnotes (Crowley 2015).

The lack of interest in labour-management-state interaction in the oil sector could be due to the characterisation of the industry as capital-intensive, geographically isolated, and highly financialised. The oil industry’s overdependence on capital and technology, compared to labour, can reach staggering levels. “Petro-states” could be receiving investments in the billions of dollars for the exploitation of their oil fields, which could yield well above half of the country’s export revenues, but only employ a minority of the

workforce – typically in the single-digit range – which is generally rewarded with higher-than-average salaries (Karl 1997: 47).

The oil industry exerted a double effect on labour relations: It created a “new working class” and it switched the focus from the value of production to the value of financial advantages. Writing in the 1960s, Serge Mallet argued that, in relation to petroleum products, workers were mere supervisors of the flow. “Work was becoming technicised, eliminating many of the differences between manual labour and lower management” (quoted in Mitchell 2011: 152). The worker who supervises the flow is essentially supervised by someone with a higher rank who also supervises the flow. “There is no longer a difference in kind, simply a difference of hierarchical situation,” (Mallet 1975: 41). This, according to Mallet, allows workers to engage in a different form of industrial action, the “systematic disorganisation of production,” whereby workers cause limited stoppages to the flow of production and are able to exert a higher pressure on the company compared to wider walkouts. This dynamic was later applied to energy transport systems, such as pipelines, railways, and shipping (Mitchell 2011).

The nature of oil production, however, decreased the opportunities for workers to assemble into unions and build class solidarity. As an alternative to coal, oil decreased the relative power of the workers in the mining sector once industrial production and transport chains switched to oil as their fuel. The containerisation of industrial shipping, by relying less on physical labour to load and unload cargos, also played a role against labour unity, according to what Mitchell argued in his seminal book *Carbon Democracy* (2011: 154). Mitchell wrote at length about the qualitative difference between coal and oil for what concerns the opportunities for industrial action.

“Whereas the movement of coal tended to follow dendritic networks, with branches at each end but a single main channel, creating potential choke points at several junctures, oil flowed along networks that often had the properties of a grid, like an electrical grid, where there is more than one possible path and the flow of energy can switch to avoid blockages or overcome breakdowns” (Mitchell 2009: 408).

Studying Equatorial Guinea, Appel introduced the concept of “modularity” as a method to diminish opportunities for disruption. Modularity is “a central project in the industry’s work toward disentanglement—the use of mobile, compliant, and self-contained infrastructures, labor setups, forms of expertise, and legal guidelines to enable offshore work in Equatorial Guinea to function ‘just like’ offshore work in Ghana, Brazil, or the North Sea” (Appel 2012: 693). “I suggest that the transnational oil and gas industry in Equatorial Guinea is a modular capitalist project: a bundled and repeating set of technological, social, political, and economic practices aimed at profit making that the industry works to build wherever companies find commercially viable hydrocarbon deposits” (697).

Beyond oil, studies of rampant labour movements have often focused on their relationship with the government which, in authoritarian contexts, tends to suppress platforms for worker activism. In the African continent, for example, Kraus (2007: 22) found that “regimes have used two major alternative labor control strategies,” i.e. the corporatist²⁴ – or the absorption of trade unions into the realm of the government by means of co-optation – or the market – which entails the expulsion of labour from the regime’s coalition of support and the restriction of its lawful activities.

In a comprehensive study of Iran’s labour sector, Bayat (2001) argued that workers lacked an internationalist spirit. Their struggle was confined to short-term gains and leverage at firm-level or, ideally, at the state-level, where they hoped to sway policies. When the war with Iraq broke out in 1980, however, Iranian workers put on their nationalist hat to fight against the invader. For this reason, Bayat concluded that class does not opt out of the nation in the Iranian case.

“Workers do struggle to extend their share of power and profit. In this way, they may indeed subvert the national project when it is felt not to benefit them. However, they tend to articulate this not against their nation, nor often even the state, but against their employers, politicians,

²⁴ Importantly, Kraus’s “corporatist strategy” is similar, yet fundamentally different from the concept of “incorporation of labour” (Collier and Collier 2002), which entails the post-authoritarian recognition of labour as a legal actor and political force, its introduction into the political arena.

bureaucrats for, in the last analysis, it is within a national boundary that they can realise their gains.” (191)

It is important to note here that classical studies of labour and industrial relations have often overlooked the qualitative and technological difference between economic sectors. In a seminal book, Burawoy (1979) argues that the two aspects of the labour process he witnessed working at the factory were deeply intertwined. On the one hand, the classical relations of production between workers and management; on the other, workers’ effort in their transformative craft. This dynamic created the game that Burawoy calls “making out.” Burawoy added a caveat on technology in his work: “Whenever technology changes its character, it has a transformative impact on the organization of work” (1979: 47). Yet, Burawoy set technology as a constant in his analysis, thus falling short of making a strong case for the nuance of making out when production is not solely reliant on the worker’s hourly productivity. Work at a factory and work at an oilfield, however, are profoundly different, as thoroughly shown by several authors (Mitchell 2011; Appel 2012; Yessenova 2012), and research on the topic seems to still be sparse (McNeish and Logan 2012; Atabaki, Bini, and Ehsani 2018).

Companies, shareholders, and value in the former Soviet Union and Kazakhstan

After independence in 1991, the transition to a market economy and, later, the designation of energy as a strategic sector of the economy represented two key premises in the shaping of the company behaviour in Kazakhstan. On the one hand, privatisation allowed both local and trans-national firms to emerge; on the other hand, oil’s growing importance opened a space for subsidies and tax breaks for actors willing to invest. At the intersection of such trends, financial capital skewed the importance of profit maximisation towards the maximisation of shareholder value, as explained below.

It is crucial to distinguish between state-owned, privately-owned, and trans-national companies. Firms in each of these categories enter industrial relations in their own way, are managed according to different standards, and are affected by different incentives and

interests. For example, Clarke notes that Russia's post-Soviet industries inherited a Soviet mode of management. The style of control and command is described as "authoritarian paternalist" (Clarke 2004: 407), a definition that captures with particular precision Russia's vertically-integrated holding companies. Once the market opened up, the state had to cope with the dilemma between gaining control over the resources, despite inefficiency, or lose control to foreign subjects in an effort to maximise output. The magic formula was "to maximize their share of the 'economic petroleum rents' from such operations, without 'killing the golden goose' which discovered and developed the black gold of crude oil" (Duval et al. 2009: 7).

In a seminal work on the dynamics between trans-national companies and labour, Enderwick (1985) argues that the companies had an immense, and sometimes crucial, effect on the host nation, which had every reason to side with the company and curb industrial conflict. If the market stakes were high for the company, the survival stakes were even higher for the host nation. Enderwick claims that the role of trans-national companies in shaping industrial relations is peculiar for its international dimension.

"Firstly, the contribution made by DFI²⁵ to host nation output and employment objectives depends on the economic performance of foreign-owned plants. That performance, and hence contribution, is likely to be impaired where a problem of management-labour conflict exists. Secondly, the labour relation experience of inward investors may influence the investment decisions of other potential investors" (1985: 119).

Enderwick also argues that diversification in trans-national companies – but this could also be argued regarding the host nation's economy – was a determinant condition in its bargaining power against labour. Crucially, Enderwick's examples of tools that transnational companies use for retaliation, i.e. relocation, production switching, could not be applied to oil economies because of the physical and geographic nature of oil. The difficulty in the applicability or the replicability of certain concepts and tools common in the scholarship on industrial relations to the oil sector is a key indicator of the peculiarity

²⁵ Direct Foreign Investment.

of oil. As noted above, the virtual absence of a scholarly debate on the specificity of industrial relations in the oil sector is one of the drivers behind this study.

Foreign capital represents a significant portion of capital-intensive investments in the oil sector. In addition, it represents a source of hard-currency for the government, which can use it to balance both its budget and its currency rates. Foreign capital, however, often lacks a specific geographic or national allegiance and is only driven by profit. Focusing on oil, Labban (2014) argued that the financialisation of capital accumulation changed the conception of value at the firm level: the maximisation of shareholder value, rather than value itself in Marxian terms, became a key principle of corporate governance.

The maximisation of the shareholder value is “a dual strategy that aims to create shareholder value in the long term by avoiding risky projects (especially in upstream production) and investing only in projects with a guaranteed rate of return higher than the average; and divesting non-performing assets, that is, assets whose rate of return is below average, and cutting costs, particularly the cost of labour” (2014: 487). This strategy, according to Labban, allows companies to use the cost-cutting measures against labour as a tool to “discipline and regularise” their relationship with the workers.

With this came, in the United States, an offensive against labour, of which Labban describes four mechanisms: layoffs, technological advancements, deunionisation and relocation (2014: 488). Labban hence uses a Foucauldian argument: Trans-national oil companies progressively take the accumulation process away from the labour process. This makes financial value more important to the company than the production process, although this remains important for shareholders and market valuation.

Vertical, centralised state-owned companies, instead, tend to have to respond to the government’s plans and its search for production and profit maximisation. “Where resources are owned, controlled, or managed by the national state, the centralization of capital amalgamates international capital and the national state, without necessarily eliminating their contradictory duality” (Labban 2008: 47).

In short, despite the increasingly financialised nature of the oil business, the ownership structure of a firm still remains a relevant analytical tool to understand its behaviour and

its decision-making process. When coupled with the concentration of the locus and distribution of power, extractivism can channel its trans-national financial flows virtually unchallenged.

The case of Kazakhstan

Kazakhstan, the country selected for this work, can be showcased as a paragon, especially because its economic dependency on oil follows the consolidation of power into the hands of the country's first president.

Until his formal resignation in March 2019, Nursultan Nazarbayev ruled Kazakhstan for almost 30 years. Observers of Kazakhstan's transition from its Soviet past said that the first period of independence was one of liberalisation and opening. Cummings characterised the years between 1991 and 1995 as a period of institutional competition: "Unlike Uzbekistan's Islam Karimov and Turkmenistan's Saparmurat Niyazov, Nazarbayev was not creating a cult of his own personality" (2005: 24). As stakes grew higher, the recession faded, and the oil-fuelled growth began, Nazarbayev and the highest echelons of Kazakhstan's elite built a power fortress, fencing off space for political competition. One of the earliest examples was the annulment of the 1994 parliamentary election, which subsequently allowed Nazarbayev to garner more power. This, in Cummings' view, was the turning point towards centralisation as, after changing the Constitution in 1995, "Nazarbayev's hold on power was being institutionalised" (2005: 28).

Dissatisfied with an increasingly closed system, the local business and political elite that had emerged from the institutional competition period and from the privatisation of state assets came forward to claim political recognition in the late 1990s and early 2000s, only to be gradually silenced or pushed into exile in the following years. This authoritarian stability was fuelled by hard currency revenues from the sale of natural resources (Radnitz 2010). Kazakhstan, a vast and poorly connected country, enjoyed steady, high revenues from oil exports only after its leader had consolidated his power and the regional economic crisis of the 1990s was over.

Besides being a source of power, fuelling the state budget, oil is also an instrument of power. It can be used domestically by the leadership to balance out various elite groups, as a bargaining chip between oil-producing and oil-consuming regions, and as a means for personal enrichment. The history of independent Kazakhstan is rife with examples of these practices (B. Junisbai 2010; A. Junisbai 2014; Cooley and Heathershaw 2017; Chervinskii 2017) and this work aims to connect these historical nodes with the corporate and state practices concerning the oil sector.

The sections of this work regarding the interaction between national oil companies, government ministries and trans-national companies benefited from the scholarship of Vitalis (2007), who studied extensively the case of Aramco, formerly an American-owned company with exclusive rights to Saudi Arabia's oil, which acted to suppress labour organising and political action, both before and after its ownership changed and it became property of the Saudi government.

Studies of governments often highlight the relevance of certain policy-making structures. Some scholars attribute the emergence of “power ministries” alternatively to certain personalities, or the structure of the economy, or sometimes mere chance (Hale 2014; Pleines 2019; Siegel 2018). At the government level, this work focuses on two main aspects of power: the relationship between the state and the companies – whether state-owned or private or trans-national – and the decision-making dynamics within state agencies. These two angles serve the purpose of ultimately understanding both the role of the state and the companies in industrial relations and the government's influence on the creation of the *rules* underpinning these relations.

Scholars focusing on the importance of the energy bureaucratic structure argue that it stands in a tense relational power struggle with other government agencies. The strategic need to ensure either energy security, for oil importers, or budget windfalls, for exporters, inevitably puts those in charge of energy ministries or state-owned companies in a bargaining position with the central authority.

The case of China as described by Taylor (2014) is emblematic: The central state restructured the loss-making industry in the early 1990s, just as it was designing its “go global” policy for foreign investments. This allowed state-owned companies to garner

increasing power and legitimacy as actors both in the domestic and international realm. Internal power clashes also led to several iterations of restructuring for the energy ministries, which changed name and ministers, duplicated and merged every few years. This, however, did not impact significantly energy policy. In analysing the power dynamic in China, Taylor de-mystifies the mainstream one-directional argument that national oil companies (NOCs) effectively make policy, despite the government mandate.

“It’s not that the state-owned companies turned to a market-oriented strategy on their own, they were following the post-Tiananmen changes at the central, state-party level. While Downs (2008) and Houser (2008) claim that NOCs are the prime actor in Chinese energy policy, the book demonstrated the opposite: the central party-state has a power to ‘solicit compliance’ from the NOCs through a variety of political, organizational and financial mechanisms” (Taylor 2014: 178).

In a study of Kazakhstan’s national oil and gas company, Olcott considers Kazmunaigas a vehicle for the government’s efforts to rationalise and codify the energy sector (2007: 56-57). Taylor’s concept of “bureaucratic authoritarianism” used for the Chinese case, could prove a useful lens for analysing Kazakhstan’s case. Kazmunaigas, in fact, is central to this study as a pillar of the state’s agency in industrial relations. The creation of Kazmunaigas in 2002 rationalised the up-, mid-, and down-stream oil sectors in Kazakhstan, giving the state vertical control of the whole chain through a centralised company under the direct ownership of the National Fund, established in 2001 (Olcott 2007: 7). The Fund is managed through the Ministry of Finance, which created a government-level dualism with the Ministry of Energy, which in turn underwent several restructuring and renaming stages since the creation of Kazmunaigas. Notably, whether or not one subscribes to Olcott’s early assessment of Kazmunaigas as a mere vector of Kazakhstan’s energy policy, deprived of autonomous agency, the NOC could still rank above the Ministry of Energy in terms of decision-making power, since it is widely believed that it receives its mandate, both formally and informally, from the president. Taylor’s analysis of China’s NOCs (2014) and Ostrowski’s deep assessment of power relations between government agencies and oil companies (2010), together with fieldwork experiences, were crucial to this work’s understanding of the concrete role of Kazmunaigas in Kazakhstan’s industrial relations system.

The gap and the way forward

This work further expands the analysis of the effects of industrial relations with particular reference to the oil sector, through the geographic and historical lenses of independent Kazakhstan. Historical and empirical evidence, detailed in the following chapters, show that certain corporate practices and state initiatives – often intertwined with one another – have had a negative effect on the other pillar of industrial relations, workers.

Importantly, workers and their organisations have seldom been the scholarly focus in the literature on industrial relations and have rarely been treated as a diversified unit of analysis. This work aims to explore the internal ridges and peculiarities within each of the principal actors of industrial relations in Kazakhstan’s oil sector in an effort to highlight the dynamics that have led to worker disenfranchisement.

From an analytical standpoint, this work argues that industrial relations should be studied from the viewpoint of the worker and, in this light, the empirical chapters follow the determinants of employment, wage, and trade union relations through a virtual “worker lifetime”: The hiring phase, the working phase, and the outstaffing phase. Through such endeavour, this work aims to fill a gap in the academic literature as well as to promote the study of industrial relations, especially in the oil sector, from an alternative angle.

3. Oil in Kazakhstan: History and Literature

Introduction

In November 1899, as the first oil gush streamed out at Karashungul, in the plains of the Emba region, not far from the Caspian Sea, the Tsarist administration in St. Petersburg sought to link up the north-eastern Caspian region to the rest of the imperial railway network. The oil discovery and the successive connection of the Caspian region to the central regions of Imperial Russia put today's Kazakhstan on the map. Emba is an extensive strip of land around the Ural river as it flows into the Caspian Sea. The main oil find in this area was Tengiz, which was first exploited by Soviet engineers in 1979. In the 80 years between the first discovery in today's Kazakhstan and the first oil from Tengiz, the world's largest find at the time, Kazakhstan's oil industry developed rapidly.

This chapter is meant to paint with broad brushes the history of Kazakhstan's oil sector, focusing on aspects of geological exploration, business, and politics that welcomed Kazakhstan in the world of oil. This chapter also describes how Kazakhstan's relationship with extractive resources changed from the Tsarist years, through the Soviet era, into the period since independence. By giving an overview of the geological, industrial, and managerial developments that turned Kazakhstan almost simultaneously into a resource-rich and a resource-dependent country, this chapter and the next intend to paint a background picture for the chapters on the contemporary developments of industrial relations in the oil sector since independence: These developments, more specifically, represent bulk of the analysis presented in the dissertation. Surely, just one chapter on the history of oil in Kazakhstan cannot be fully comprehensive. Instead, together with the following chapter on the history of labour, this background section sets the scene for the following chapters, which inevitably make reference to events, places, enterprises, and people that were active before and after Kazakhstan became independent in 1991. In fact, these two background chapters also tackle issues regarding the formation of Kazakhstan's leadership during the Soviet era and the evolution of the role of trade unions before and after independence.

This chapter starts with a section on the discovery of oil in the Caspian territories now pertaining to Kazakhstan. At the time, these regions were part of the Russian Empire under Tsar Nicholas II. The Emba region described in the first lines of this chapter developed further after the 1917 October Revolution brought this region under Soviet rule. Geological explorations were further conducted in Mangyshlak, another region near the Caspian, bearing the first fruits in the early 1960s. The second section of the chapter addresses one of the issues that keep surfacing throughout this work: the centre-periphery divide between both industrial and administrative regions and the relative peripheralising of the Kazakh SSR within the context of the Soviet Union. The third section sets the scene of the contemporary oil industry in Kazakhstan after independence. In quick snapshots, it highlights how the initial privatisation was soon reversed and the influence of trans-national corporations (TNCs) was tamed by the stronger grip that state-owned enterprises (SOEs) held on the sector. All sections purposefully highlight how these dynamics within the industry have affected the oil workers.

The discovery of oil

After Russian and Kazakh engineers struck oil in Emba in 1899, infrastructure became crucial to carry out more exploratory expeditions and to streamline production. Before the October Revolution, Ural Cossacks stifled any attempt to build a pipeline to Guryev, now Atyrau, and prevented the newly established oil enterprise to withdraw water from the Ural River for their operations (Murray Matley 1994: 315). A railway from Ryazan' to Aleksandrov Gai had been built at the end of the 19th century, connecting the centre of Russia to the Ural region.²⁶ The oil fields in the Emba region were located around 700 km south of Aleksandrov Gai, the last stop of the centripetal railway system. After the Bolshevik revolution of 1917, the new administration laid out plans for the Algemba railway and oil pipeline, which would have linked the Emba region to the existing infrastructure (Nusupbekov 1966: 99). The Red Army battalion headed by Mikhail Frunze and heavily involved in the Turkestan Front of the Civil War seized the Emba fields in

²⁶ Today, Aleksandrov Gai sits around 20 km north-west of the border between Russia and Kazakhstan.

December 1919. The men in the battalion started construction of the railway on orders from Leon Trotsky, confirmed by Lenin via telegram on 17 January 1920.²⁷ Complications regarding scarce supplies of materials, climate hardship, and worker dissatisfaction led to the indefinite suspension of works in October 1921, by order of Lenin.²⁸

Besides Karashungul, large oil fields were discovered in Dossor (1911) and Makat (1913), not far from Guryev, today's Atyrau. By 1914, 200,000 tonnes of crude oil had been produced at the fields in the Emba region. In 1923, the Soviet leadership established Embaneft, a trust of enterprises developing the fields in the area (Nusupbekov 1966: 100). The trust operated under the Department of Oil Fields of the Ural-Emba Region. The new trust crystallised the growth of the industrial complex, as the number of oil workers increased from 590 in 1920 to 1,942 in 1922 (Nusupbekov 1966: 101).

By 1926, a railway linking Dossor and Guryev became operational, cutting costs and time for the transportation of oil. This marked the beginning of export-oriented oil production in today's Western Kazakhstan. By directing pipelines towards the north and west, it became clear that Soviet planners aimed to use oil from the Kazakh SSR to fuel industries in Russia.

In a 1927 landmark report, Russian geologist Ivan Gubkin proposed a centre-led intervention to scale up production at the Emba basin. "A state intervention at Embaneft would be justified. State assistance could be issued in various ways: for example, relieving Embaneft from all tax and debt obligations and re-investing all the profit that it makes from the exploration of Dossor and Makat back into further exploration work."²⁹ By 1928, annual production at Emba grew by almost five times, compared to 1921, to 250,000 tonnes (Murray Matley 1994: 338).

²⁷ Vladimir Lenin, Приписка на телеграмме Реввоенсовета Республики Командующему Туркфронтом М. В. Фрунзе (Attachment to the Revolutionary Military Council telegram to M. V. Frunze, Commander of the Turkic Front), 17 January 1920. Source: <https://leninism.su/works/115-conspect/4089-voennaya-perepiska.html?start=3> [Last accessed: 11 December 2016].

²⁸ Sources put the number of deaths during the construction project at 35,000, mostly due to outbreaks of typhoid and cholera among the workers (Popovich 2018: 207).

²⁹ Petroleum Encyclopaedia of Kazakhstan (2005), Almaty: Munaishy Public Foundation, p. 52.

The Emba region flourished in the 1930s, due to new successful exploration expeditions. At the same time, exploratory expeditions moved from Emba to Aktobe, where the fields of Shubarkudyk and Zhaksymai were found. Yet again marking the importance of connectivity in the development of these oil-producing areas, in 1932 the two regions were linked by rail. Before the Second World War, 65% of the oil extracted at Emba was pumped to Orsk, in today's Russia, through a pipeline built in 1935. In 1937, Embaneft was renamed Kazakhstanneft. In 1940, production reached 697,000 tonnes, but the physical and technological challenges of the fields made oil from Emba around 2.5 times more expensive to produce than the Soviet average (Nusupbekov 1988: 11).

During the Second World War, the Caspian fields became crucial in order to partially make up for the halt in production at Russia's developed fields in the Caucasus. Anecdotal reports and party-propaganda yearbooks recount that oil workers put in a "titanic effort" to boost production during the war years to keep the Red Army supplied with oil (Temirgaliyev 1982: 118; Nusupbekov 1988: 52). In 1942, as the human and material costs of the war skyrocketed, a meeting of the Central Committee of the Communist Party of the Kazakh SSR was symbolically held in Dossor. As the demand for soldiers grew, a shortage of manpower in the oil fields led to a contraction in production, which fell by 20% in the years between 1943 and 1945, despite an increase in the number of drilling rigs (Nusupbekov 1988: 64). By the end of the war, the workforce in the oil sector had grown again to more than 12,000, of which around 5,500 were women.³⁰ At the same time, during the fourth and fifth five-year-plan, the oil fields scattered across the Ural-Emba region were networked: several small and medium power plants were built near the fields and stocking sites were connected to pipelines that converged into the Kaspian-Orsk trunk pipeline (Temirgaliyev 1982: 125). By the beginning of the 1950s, oil production in the Kazakh SSR reached 1 million tonnes per year.

The oil boom led to a technological shift that had a profound effect on the economics of the oil regions in Kazakhstan. It was the war effort that turned the Atyrau region – which at the time also included the Mangyshlak peninsula – into an oil-dependent economy, as

³⁰ Kazenergy, *Победа в сердцах поколений* (Victory in the hearts of generations), Astana: Energy Focus, 2015, p. 47.

labour was devoted disproportionately to oil production and refining compared to other industries such as construction, light industry, or agriculture (Shevchik Ketenci 2008: 57). Scientists with expertise on geological exploration and chemistry came back from their training in Moscow, chiefly at the Gubkin Institute, with novel methods of extractions and recovery. The implementation of water-reinjection techniques in Makat and Dossor in 1944 earned the fields the status of “experimental projects,” given that they were the first to use such technique in the Soviet Union (Temirgaliyev 1982: 134). In addition, increased production helped establish a full-fledged construction sector linked to the oil industry: Alongside Kazakhstanneft, the enterprise Kazakhstanneftestroi was commissioned construction work for both drilling equipment and refining infrastructure.

In a symbolic effort, “the oilmen of Kazakhstan during the war years produced 3,217.2 thousand tonnes of ‘liquid gold’” (Nusupbekov 1988: 65). In the last year of the war, Kazakhstanneftestroi started building the Guryev refinery, completed in November 1945. The refinery contributed to the “foundation of a new sector: oil products” in the Kazakh SSR, as the Republic began producing aviation fuel and other oil products that would service the fast-developing industries of the Caspian basin (Nusupbekov 1988: 65).

As the oil industry became increasingly important to the economy of the Kazakh SSR and in particular of its Caspian region, exploration works spread to nearby areas in the Guryev and Aktyubinsk regions. The first oil in Kenkiyak (Aktyubinsk) and Prorva (Guryev) significantly expanded production: in 1959, its first year, Kenkiyak produced 50 tonnes of oil daily, whereas oil workers at Prorva extracted 150 tonnes per day in 1960. Explorations were spreading across the desert steppe. In 1957, geologists were dispatched to the Fort Shevchenko peninsula,³¹ where the Mangyshlaknefterazvedka exploration company was created (Temirgaliyev 1982: 143).

On 5 July 1961, young drilling operator Nikolai Petrov struck oil in Zhetybai. The first oil fountain in Mangyshlak opened a new frontier for Kazakh oil (Temirgaliyev 1982: 147). This discovery marked a significant shift in the role of Kazakhstan in the Soviet Union’s oil complex. The Zhetybai rig produced 400 tonnes of oil per day, an unprecedented amount

³¹ Part of the Guryev oblast’ then, currently in Mangistau.

for a single field in the Kazakh SSR. Oil from the Mangyshlak area untapped a key new basin of Caspian hydrocarbon resources for the Soviet Union. Significant oil production enticed more exploration work in the Mangyshlak province: the number of exploration rigs grew from 5 in 1960 to 44 in 1963. The region became thirsty for specialised and unskilled workers, prompting the planners to resettle thousands of people from the Caucasus and Central Asia. The labour brigades setting up new exploration drilling rigs were multinational: “Out of six managers of the Mangyshlaknefterazvedka concern, three were Kazakh, two were Russian, and one was Armenian” (Temirgaliyev 1982: 149).

Soviet propaganda hailed the multinational participation in the Mangyshlak oil industry as “the development of the tradition of brotherly mutual assistance,” crucial for the creation of Communism in the USSR (Temirgaliyev 1982: 149). The chain reaction that oil exploration ignited in the Caspian region was circular: Successful exploration in the desert regions led to an inflow of workers, from drilling specialists to masons. These workers, who hailed from different provinces and Republics across the Soviet Union, built or expanded the villages where they would live while working on the expansion of the infrastructure to transport the produced oil; more specialised workforce in the region allowed for more oil exploration on the one hand and for multinational relationships among the people on the other. A strong indicator of the melting pot of peoples that the oil rush created is the marriage index: Between 1963 and 1967 “multinational unions” in Emba and Mangyshlak provinces grew by 4.5% and 6.7% respectively, to about one-fourth and two-fifths of the marriages (Temirgaliyev 1982: 157). This “international” composition of the workforce turned into a demographic change that would brew conflict in 1989 and later on during the independence years.³²

In 1962, Mangyshlaknefterazvedka moved from Fort Shevchenko to the small village of Yeraliyev (now Kuryk), on the Caspian shore, as it was closer to the Zhetybai and Uzen fields that were already producing and could allow exploration brigades to conduct more trial drillings in the area. Alongside exploration work, the Soviet Ministry of Transport ordered the construction of several railroads and pipelines. The 706-km railway from Makat to Aktau started operations in 1964 and was linked to Zhetybai and Uzen in mid-

³² See below in Chapter 4 (Labour in Kazakhstan), and also in Chapter 6 (The Working Phase).

1965. Aktau, Zhetybai, and Uzen were also connected by a pipeline in 1966 and a highway in 1967 (Temirgaliyev 1982: 153). The Mangyshlak region led the way in the Republic's post-war infrastructure boom: between 1940 and 1977, the total length of highways in the Kazakh SSR increased by 43 times, compared to only about five times in the whole Soviet Union (Drobzheva 1980: 258). The increased importance of the village-turned-city of Aktau led the Presidium of the Kazakh SSR to rename it into Shevchenko, in honour of the Ukrainian poet Taras Shevchenko, who had served part of his forced exile in the area in the 1850s.

By 1965, oil production in Kazakhstan reached 2 million tonnes, thanks to the exceptional contribution of the Uzen field. In its first 18 months, Uzen produced the equivalent of the amount of oil extracted in Emba in its first 33 years (Temirgaliyev 1982: 158). If in 1965 the Guryev-Emba region accounted for 84% of the KazSSR total oil production, the proportion dropped to 18.6% in 1970, due to the developments in the Mangyshlak peninsula, which then accounted for 79.2% (Shevchik Ketenci 2008: 87-88). Zhetybai and Uzen became the new centre of Kazakh oil production. The discovery and expansion of some of the largest oilfields in Mangyshlak meant that, by the end of the 1960s, these new discoveries contributed to the sharp increase of oil production up to 10 million tonnes. These fields however produced high-paraffin oil, which was difficult to pump and store without being heated. Transport, therefore, had to be paired with heating stations. Between Uzen and Kuibyshev, the pipeline was dotted with 9 pumping stations and 15 heating points. Appropriately, the pipeline became known as the “Hot River” of the USSR.³³ Analysts have also pointed to a mismanagement of Uzen, the main field of the Mangyshlak province. There, water injections and improvident overproduction endangered the field's sustainability (Considine and Kerr 2002: 175).

At the beginning of the 1960s, three enterprise divisions for the development of oil fields in the West of the Republic emerged: Mangistauneftegaz (1963), Uzenmunaigaz (1964), and Aktobemunaigaz (1966).³⁴ By independence, the bulk of Kazakhstan's oil production

³³ Lyubov Monastirskaya, Перекрестки магистралей — перекрестки судеб (Crossroads of arteries, crossroads of destinies), Prikaspiiskaya Kommuna, 3 September 2014.
<https://pricom.kz/obshhestvo/perekrestki-magistralej-perekrestk.html> [Last accessed: 11 January 2019].

³⁴ Technically, Uzenmunaigaz was a production enterprise, which was managed by Mangistauneftegaz.

came from these three enterprises and the fields they exploited in the Guryev/Mangyshlak³⁵ and Aktope regions.

The fields in Mangyshlak were ultimately connected, via a 1,750 kilometres pipeline, to Atyrau (then Guryev) by 1965 and to Samara (in today's Russia, at the time called Kuibyshev) by 1971, where the Kazakh crude would be processed at the Kuibyshev refinery. Five years prior, in 1966, the first oil tanker from the Kazakh SSR was sent to a refinery in Volgograd. It is important to note that, the discoveries in Kazakhstan outpaced the construction of refineries, making Kazakhstan a net exporter of crude and a net importer of gasoline. Until 2019, this dynamic has not been overturned.

The 1960s were also the years of booming production in Prorva, which quickly became the most important field in the Ural-Emba basin. Manpower was dispatched in the worker village of Sarykamys, nearer to the field, which was expanded to host around 5,000 workers. Alongside Prorva, Kenkiyak's production grew exponentially to 630 tonnes/day in the first years after production started in 1966. Compared to the mid-1960s, average oil production in the KazSSR increased by ten times, to around 20 million tonnes per year in the 1970s, making it the fastest growing industry in the Republic (Koshanov 1979: 90).

The regions of Guryev, Mangyshlak, and Kyzyl-Orda showed a spike in the growth of industrial production in the decade between 1966 and 1975 (Koshanov 1979: 94). Official statistics show that a multiplying effect occurred in the Republic: While new fields attracted capital and labour, the capital-intensive nature of the industry made it so that capital investments increased four times faster than labour and labour productivity grew six-and-a-half times in the period between 1960 and 1977 (Koshanov 1979: 166). Workers became more productive as capital investments were concentrated on the oil industry.

In 1974, Soviet geologists discovered a giant oilfield in the Caspian Depression region of the Guryev province. Its proximity to the sea led the scientists to name it Tengiz ('sea' in

³⁵ Between 1940 and 1990 the Guryev and Mangyshlak regions were subject to several administrative changes. Mangyshlak was twice part of the Guryev region and parts of today's Mangistau region changed administrative centres several times. In this work, Mangyshlak is used as toponym for the region, regardless of its administrative status.

Kazakh). Its characteristics, however, proved to be severely challenging for the Soviets and the initial exploration took five years to bring oil to the surface from its basin around 4,000 metres underground. The first oil gush at Tengiz was recorded on 31 December 1979. The dangerous presence of associated gas and high sulphur content, however, jeopardised Tengiz's stability. After a fire broke out at the well-head in 1985, Soviet workers spent more than one year trying to extinguish it, with help from an international team.³⁶ The fire at Tengiz's Well 37 was a huge blow to Kazakhstan's oil dreams as it seemed unstoppable and local engineers had to call in foreign experts to tame the flames. The 13-month long column of fire was a symbol of the yet immature oil industry in Kazakhstan, which had yet to exert its power over nature.

By 1975, the Kazakh SSR accounted for around 5% of Soviet oil production. The new fields could also produce oil at a fraction of the cost in other regions in Kazakhstan. While remaining above Western Siberia levels, the average cost of extracting a ton of oil shrank from 9.55 roubles in 1955 to 5.42 in 1971 (Campbell 1975: 103). High sulphur content and the tandem of high pressure and high temperature (HPHT as it is known in the industry), made it impossible for costs to shrink further.

In 1981, while oil workers in the Mangyshlak peninsula were celebrating the first 200 tonnes of oil produced in the region (Baiseitov and Andreev 1984: 66), about 300 kilometres from the southern city of Kyzylorda, Soviet engineers discovered oil in a field that became known as Kumkol'. The Soviet Ministry of Oil and Gas established the company Yuzhneftegaz to exploit the field. At the same time, the gas and condensate field of Karachaganak rose to prominence as the field with the highest potential in the medium term. Karachaganak started production in 1984, Kumkol' in 1989.

³⁶ Уход нефтяного патриарха (The passing of an oil patriarch), AtyrauNews.com, 13 January 2009, <http://nomad.su/?a=20-200901130315> and Makhambet Khakimov, Тенгиз 37 бомба для 21 века (Tengiz 37: A Bomb for the 21st Century), Kaspi Tabigaty, 20 October 2012, available at: <https://www.business-humanrights.org/en/kazakhstan-environmentalists-concerned-about-health-hazards-posed-by-tengiz-oil-well-operated-by-tengizchevroil#c69972> reposted in English: <https://azh.kz/en/news/view/367> and Grigori Volchek, Тенгиз: путь длиной в четверть века (Tengiz: A 25-year Journey), 7 June 2018, available at: <http://neftianka.ru/tengiz-put-dlinoj-v-chetvert-veka> [Websites last accessed: 11 September 2019].

After Mikhail Gorbachev came to power in 1985 and the Soviet government decided to open its economy to foreign investment, the Tengiz field, with its technically challenging yet promising potential, became an obvious target. The Soviet authorities ultimately granted access to the area around Tengiz to Chevron. The US company entered an agreement with the Soviet Ministry of Oil and Gas for exploration and production at Tengiz in March 1988 (Labban 2008: 107). In the following years, the parties drafted documents for a 50:50 production contract. In 1990, Chevron Overseas Petroleum and the Soviet oil company Tengizneftgaz created Sovchevron, a “cooperative” that channelled the two enterprises’ capital investment, which was estimated to reach 17.6 billion USD by 1993 (Omarova 1999: 73).

By 1991, the Kazakh SSR produced 26.6 million tonnes of oil, around 5% of the total Soviet production (Sagers and Matzko 1993: 1063). By August 1991, Kazakhstan had nationalised its subsoil resources and the party leaders in Alma-Ata, who were left out of the initial negotiations in 1988,³⁷ became the sole official counterpart for Chevron. It was a first for the Kazakh SSR, since “the business of running the Kazakhstan SSR’s oil industry was in the hands of Moscow, with little involvement of the republic’s local authorities” (Ostrowski 2010: 61).

Centre-periphery leadership struggles

Since the death of Stalin and the discovery of large oil fields in the Kazakh SSR, the Soviet leadership in Moscow drafted clear plans for the exploitation of the Republic’s resources. Local workers would still be employed in the development of agriculture, while ‘expat’ or shift workers from other areas of the Union would be sent in to bring up the industrial areas and the oil fields.

³⁷ Marat Nurgozhin, “Тенгизская одиссея американской акулы” (The Tengizian odyssey of the American shark), *Delovaya Nedelya* 31 July 1998 <https://www.neweurasia.info/archive/archives/may/Oil223w.htm> [Last accessed: 11 September 2019].

Once Nikita Khrushchev came to power as First Secretary of the Communist Party in 1954, he advocated for the re-designing of Central Asia's geographic areas in an effort to foster economic rationalisation. Alongside his campaign for the Virgin Lands in the steppe of Northern Kazakhstan, Khrushchev also planned to shift the oil-producing regions of Kazakhstan under the jurisdiction of the Turkmen SSR. On the other hand, he sought to transfer the southern city of Shymkent from the Kazakh to the Uzbek SSR, aiming to consolidate the cotton industry.

Because of his opposition to the new geographic design of the Kazakh SSR, Khrushchev removed Dinmukhamed Kunayev from his post of First Secretary of the Kazakh SSR in 1962. But the demise of Khrushchev and the rise of Leonid Brezhnev, a close ally of Kazakhstan's main political figure, brought Kunayev back to the helm in 1964. From 1971 to 1987, Kunayev held full membership in the Politburo, the Soviet Union's highest executive branch; he was the first representative from Central Asia.³⁸ The Moscow-Almaty tandem between Brezhnev and Kunayev also dismissed plans for a reorganisation of the geography of the Central Asian republics (Dave 2007: 85-86).

In the post-Brezhnev cadre reshuffling of Central Asia, Kunayev was the last Secretary to be removed, substituted in December 1986 by Gennadi Kolbin, an ethnic Russian, essentially an outsider (Sarsembayev 1999: 324). Gorbachev's decision to install Kolbin ignited yet another fire, a metaphorical one, among the local population. From the protests against Kolbin, which became known as Kazakhstan's *Zheltoksan* ('December' in Kazakh), a rampant politician emerged as the clear heir of Kunayev.

Nursultan Nazarbayev, who had his formative years in the metallurgical centre of Temirtau, a village near Karaganda's coal-producing powerhouse, was a close ally of Kunayev's. He rose through party ranks until becoming Kunayev's right-hand man in the 1980s, when he was named Chairman of the Supreme Soviet in the Kazakh SSR. Kolbin kept Nazarbayev in his post after taking over from Kunayev.

³⁸ Sharof Rashidov, the First Secretary of the Uzbek SSR was a "candidate member", together with Kunayev, between 1966 and 1971. Kunayev was the first to be accepted as a full member.

The Zheltoksan protest of 1986, which culminated in the brutal repression of the protestors, mainly students from Almaty, clearly targeted the ousting of Kunayev and the instalment of Kolbin as a national offence (Kunayev 1994). While still a controversial topic, the central figures in the Party undoubtedly had the last say in the violent quashing of the protest. Nazarbayev intervened publicly, condemning the protest. The relationship between Nazarbayev and Kunayev had worsened at this point, because Nazarbayev thought that the protest had been organised by Kunayev in last a quest for legitimacy.

Distance from Kunayev inevitably inched Nazarbayev closer to Gorbachev. Dave (2007: 89) believes that this too was a machination to balance the executive power of Moscow while working with Kunayev behind the scenes to gain legitimacy. The ethnic component, although present at the protest and generally brewing around Soviet Central Asia, was not highlighted by the leadership. The brutal repression became commonly known as “the events of 1986,” while the term *Zheltoksan* was only used informally to refer to the violent days in Almaty. Only in May 1989 a *Zheltoksan* movement was allowed to register to organise the commemoration of the events.

In the following weeks, in June 1989, a pogrom against people from the North Caucasus in Novy Uzen (now Zhanaozen) caused Kolbin’s ousting and transfer to Moscow, which paved the way for Nazarbayev’s appointment to the post of First Secretary of the Communist Party of the Kazakh SSR (Pomfret 1995: 78). Reports of youth attacking a police station in the village of Mangyshlak and setting fire to mobile homes in Novy Uzen inhabited by workers hailing from the Caucasus were unsettling for both Moscow and Alma-Ata. The attack echoed a recent violent pogrom against Meshketians in Uzbekistan, in which around one hundred people were killed. But living standards, as opposed to sheer ethnic origin, seemed to be the driving force behind the violence in Novy Uzen. The workers of Caucasian origin were employed by the oil-producing enterprise and therefore received a better pay than the local residents.

Dadabayeva and Sharipova read the clashes as social discontent, rather than ethnic violence: “The local population was deprived of many social benefits which were available to shift workers sent by Moscow from the Caucasus and other Russian cities to Western Kazakhstan” (2016: 226). The authors interpreted the conflict as a reaction to economic

dissatisfaction: “The conflict in Novy Uzen can be situated within this insurgent nationalism which arose due to unfulfilled economic expectations” (2016: 229).

To transform a fight in a dance hall into a region-wide conflict involving around 30,000 people, however, multiple variables had to come into play. First, a demographic divide shaped social relations in the region. After the end of the Second World War, around 500,000 people from the Caucasus – Chechens, Ingush, Dagestani, and Meshketians – were deported to Kazakhstan as a punishment for their lack of loyalty during the war effort. Still, unlike many other regions in the Kazakh SSR, ethnic Kazakhs made up three-fourths of the 425,000-strong population in the Guryev region, which included the Mangyshlak peninsula. The demographic imbalance between the cities and the rural areas, however, was staggering: 97% of all Kazakhs were employed in agriculture and could not access to jobs in the cities due to strict internal migration rules (Dadabayeva and Sharipova 2016: 233-234).

Second, the region’s focus on hydrocarbon extraction lacked tangible effects on the local distribution of energy resources. Crude oil was sent to processing plants outside the region, or the Republic, natural gas was also pumped elsewhere, while coal and firewood remained the main source for heating and cooking in the area. The centrally-planned energy distribution scheme was unsatisfactory to local residents. Furthermore, the majority of workers in the oil industry were shift workers from the Caucasus, reaching 70% of the workforce in the Guryev region. The Ministry of Oil and Gas in Moscow could thus avoid the lengthy process of training local workers to the hydrocarbon extraction tasks and have experienced workers travel there on periodic shifts. Importantly, shift work was paid better than regular local work.

Third, massive unemployment and underemployment had created a clear rift between the two demographic classes: shift workers shipped in from the Caucasus were sent in an out,³⁹ received a good salary, and enjoyed the industry’s benefits, while local Kazakhs could not find jobs, lacked access to education, showed worse linguistic (Russian) and work skills, and lived in precarious conditions.

³⁹ “Every three months airplanes brought a new shift of 12,000 people to Mangyshlak” (Khazanov 1995: 161).

“The paradox of the situation that eventually led to the conflict in Novy Uzen was that the oil and gas rich region was in reality very poor in comparison to other regions of Kazakhstan,” Dadabayeva and Sharipova concluded (2016: 237). The conflict spread across six villages for around two weeks, involved thousands of people, and caused a massive resettlement of the targeted migrant workers.⁴⁰

On 22 June 1989 Kolbin was recalled to Moscow and replaced by Nazarbayev. While special forces were flown out to Mangyshlak to quell the riots, on 26 June 1989 the Presidium of the Kazakhstan Supreme Soviet created, under the initiative of Nazarbayev, a special commission to study and bring clarity to the events of December 1986. Nazarbayev could justify the effort because other members of the All-Union Congress of People’s Deputies, chiefly Mukhtar Shakhnov, had publicly argued for an investigation, and because it was in line with Moscow’s drive for transparency (a policy known as *glasnost*). Within one week, Nazarbayev could claim to be the pacifier of the Kazakh SSR. He was the promising leader that had been groomed by Kunayev, the figure behind which Kazakhs could rally in order to protect local jobs and obtain clarity about the Soviet repressions of the December 1986 demonstrations.

After independence: The promise of privatisation and multivectorism

For a few days in 1991, the Kazakh SSR was the only remaining Soviet Republic. The Union had been dissolved in early December, but Kazakhstan only formally declared independence on 16 December. Ethnic Russians and Kazakhs were the two largest demographic groups, almost equal in numbers. The economy was inextricably tied to Russia’s, and the two countries shared the longest continuous land border in the world. At the time of political independence, Kazakhstan could not yet be independent, neither linguistically – as Russian was the predominant language in urban centres and the capital

⁴⁰ Esther B. Fein, Rioting Youths Reportedly Attack The Police in Soviet Kazakhstan, The New York Times, 26 June 1989, page 10.

<https://www.nytimes.com/1989/06/26/world/rioting-youths-reportedly-attack-the-police-in-soviet-kazakhstan.html> [Last accessed: 11 April 2019].

Alma-Ata – nor economically: The country relied on the Russian rouble, its oil and grain trade vectors were oriented towards Moscow, and its population rapidly shrank as ethnic Russians fled to their motherland.

It would be misleading to characterise Kazakhstan as a hydrocarbon-export dependent country since its inception. Between 1990 and 1999, Kazakhstan lost 37% of its GDP, affected as it was by the end of the Soviet planned economy and the Asian and Russian financial crises of the mid-1990s (Sorbello 2018: 113). In 1993, Moscow changed its monetary regime forcing Kazakhstan to create its own currency, the tenge. Between 1994 and 1995, First President Nursultan Nazarbayev garnered political control and changed the Constitution in an effort to centralise power. Yet, the regime was still far from the “soft authoritarian” characteristics as described in Schatz (2009: 208), which it would consolidate after the 2005 presidential elections.

Within a context of unstable independence and with growing potential in the oil and gas sector, the elite of post-Soviet Kazakhstan invited foreign investors for a blitz privatisation that essentially offered cheap concessions for the development of the industry. A joint venture with US-based Chevron was established in 1993 to develop the Tengiz field, where Chevron had already assisted Soviet engineers in the 1980s (Olcott 2007: 11). The pompous signing of the agreement between Nazarbayev and Chevron CEO Kenneth Derr enhanced the original plan inked in 1990 by George H.W. Bush and Mikhail Gorbachev.⁴¹ At the time, a US-Soviet trade agreement served as a background for an initial proposal for a joint venture to develop the Tengiz field, which catapulted Chevron into the international oil and gas arena.⁴²

The emphasis on FDI in the oil and gas sector gave rise to a “corporate hegemony” by which private TNCs were able to obtain lucrative contracts and licences with significantly opaque concessions and little regulatory oversight (Sorbello 2014; 2018). Two significant Production Sharing Agreements (PSAs), signed in the mid-1990s, created powerful

⁴¹ Maura Reynolds, U.S., Soviet Oil Firms May Tap Big Asia Field, Los Angeles Times, 3 June 1990. <https://www.latimes.com/archives/la-xpm-1990-06-03-mn-764-story.html> [Last accessed: 11 April 2019].

⁴² Tengiz represented and still represents a significant proportion of Chevron’s global oil production. In 2018, oil extracted by TengizChevrOil made up 20% of Chevron’s total.

consortia: Karachaganak Petroleum Operating and Agip/KCO, in charge of the gas and condensate field in Karachaganak and the offshore oil field of Kashagan respectively. The PSA regime was a favourable arrangement for TNCs, which could rely on a guaranteed recovery of their initial investment. Long-term concessions, the PSAs in fact allocate the initial profits to ‘cost oil,’ i.e. the capital investment that companies had to shoulder upfront. Once costs are recovered, the ‘sharing’ portion of the agreement enters into force, generally with a rough 80:20 proportion in favour of the government (Bindemann 1999: 15).

The influx of FDI was dependent on TNC-friendly legislation, which was adopted in waves. In 1996, during an interview with the *Financial Times*, Nazarbayev asked himself: “Why have so many [new contracts] come now and not earlier?” – highlighting the multi-billion USD deals the government had signed in the second quarter of the year. Unsurprisingly, the president had an answer ready:

“Last year, we adopted 130 market-oriented laws. Foreign investors especially responded well to the foreign investment law, the law on mineral resources, the law on oil, the law on mortgages, and the tax code that was adopted by Kazakhstan. It has no equal in the CIS⁴³ and gives clear guarantees to foreign investments on repatriation of the profits.”⁴⁴

Tellingly, Nazarbayev recognised that early investments were focused on capital-intensive projects and that the population had thus far reaped few benefits from the inflow of foreign capital.

At the same time, neighbouring China underwent a significant internal transformation in terms of energy consumption. In 1993, it became a net importer of oil for the first time. For

⁴³ The Commonwealth of Independent States (CIS) is a regional intergovernmental organisation that encompasses several post-Soviet countries. Its creation was the outcome of the Belavezha accords of 8 December 1991 between Russia, Belarus, and Ukraine. Its membership was extended to Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, and Uzbekistan on 21 December 1991 after the signing of the Alma-Ata Protocol between the heads of the newly-independent states.

⁴⁴ Sander Thoenes, Kazakhstan: Nazarbayev on Economic Targets, *Financial Times*, 11 July 1996, p. 3.

a period in the 1990s, Kazakhstan imported Chinese oil via rail (Andrews-Speed and Dannreuther 2011), as its most populous and energy-consuming cities were all located in the east of the country, near the border with the Xinjiang Uyghur Autonomous Region, which boasted significant oil production. Given the new material conditions of the domestic energy mix, the Chinese government reached out to Kazakhstan with investments in the neighbour's oil sector. In 1997, state-owned China National Petroleum Corporation (CNPC) acquired a 60% stake in AktobeMunaiGas for 325 million USD (Paik 2012: 280). Selling off the third-largest oil producing enterprise in the country marked the end of the fast-paced privatisation envisioned by former Prime Minister Akezhan Kazhegeldin. By late 1997, Prime Minister Nurlan Balgimbayev⁴⁵ announced the suspension of the unrestrained privatisation process (Ostrowski 2010: 48-52).

Balgimbayev had contributed to the consolidation of Kazakhstan's state-owned enterprises into KazakhOil, which saw the rise of Timur Kulibayev, an oil entrepreneur and Nazarbayev's son-in-law (Chervinskii 2017: 91). With the creation of KazakhOil, the privatisation process was deemed complete. By 1998, a further reshuffle of the government and the national oil company marked the end of the internal earthquake that shook the industry. Kazakhstan's oil sector at this point, geographically and financially, looked similar to a quilt, in which TNCs had embroidered their logos. Canadian investors, via Hurricane Hydrocarbons and Nations Energy controlled fields in Kyzylorda and Mangistau, shady Indonesian investors owned 60% of Mangistaumunaigas (Peck 2004: 166-168), while Cayman-registered Partex Oil and Gas was the operator at the Dunga oil field.

In the 2000s, partially due to new legislation on subsoil use and the creation of Kazmunaigas, the industry shifted into a "statist hegemony" whereby, while most of the existing contracts were respected, the tendency was to privilege state-owned enterprises (SOEs) for future deals. Such a trend became clear when CNPC paid above market price⁴⁶

⁴⁵ Balgimbayev, who died in 2015, was the heir of a family of oilmen from Guryev/Atyrau. One of the streets of Atyrau is dedicated to Saltanat Balgimbayev, Soviet oil and gas engineer and uncle of Nurlan. Nurlan's son Tolegen founded ISKER, one of the major construction service companies in the Atyrau region.

⁴⁶ The figure CNPC paid was almost twice as large as the capitalisation.

(4.18 billion USD) for the Hurricane Hydrocarbons assets in Kyzylorda and a share of the Shymkent refinery in the south of the country (Peyrouse 2007: 53-54). Once Hurricane was bought out, CNPC complied with new regulatory legislation and sold back a 33% stake in the venture – which had been previously renamed PetroKazakhstan – to KMG EP, the upstream branch of NC Kazmunaigas, a SOE that shaped up to regain control of the domestic market.

Chinese SOEs continued to buy stakes into Kazakhstan's oil sector. In 2007, China International Trust and Investment Corporation (CITIC) purchased for 1.9 billion USD Nations Energy, a Canada-registered firm operating in the Karazhanbas oil and gas field in Mangistau, later selling 50% back to Kazmunaigas for 930 million USD (Syroeshkin 2014: 333). In 2009, CNPC and Kazmunaigas took over Indonesia's Central Asia Petroleum, which controlled Mangistaumunaigas, for 2.6 billion USD. In 2009, the shockwaves of the Global Financial Crisis started being felt in Kazakhstan, as the Central Bank devalued the tenge against the US dollar and oil prices fell significantly. As the Kazakhstani economy became thirsty for hard currency, Chinese capital came to the rescue: In 2009 the Chinese sovereign wealth fund CIC paid almost 1 billion USD to acquire 11% of the stakes that KMG EP had listed in the London Stock Exchange.⁴⁷

Yet, until 2009 when they were abolished by law, PSAs remained the preferential type of contract for private foreign investors. With the new tax code, the state regained the upper hand in the administration and amendment of the licences, something that would soon be noticed at Karachaganak, where the KPO consortium was hit by government pressure between 2010 and 2012, when it finally agreed to sell a 10% stake to Kazmunaigas. In 2012, when ConocoPhillips decided to quit the Kashagan project, and India's ONGC Videsh made an offer for 5 billion USD, Kazmunaigas used the novel regulation that gave it pre-emptive rights on any changes to existing PSAs or any new licence. With a complex web of transactions, Kazmunaigas matched the offer and re-sold the share to CNPC in 2013 for the same amount, plus a pledge for future investment.

⁴⁷ "China pays \$939 mln for Kazakh energy stake", Reuters, 30 September 2009.

<https://uk.reuters.com/article/cic-kazakh-energy-idUKPEK6934120090930> and "Kazakhstan: China Invests Another \$1 Billion in Kazakhstan's Oil Production", Wikileaks Cable, 09ASTANA1775_a, 6 October 2009. https://wikileaks.org/plusd/cables/09ASTANA1775_a.html [Websites last accessed: 14 July 2019]

With the construction of new export pipelines, Kazakhstan was no longer dependent on the Atyrau-Samara connection and could bring its oil to the world markets. With varying degrees of success, Kazakhstan's oil was exported via the Caspian Pipeline Consortium (CPC) to the Black Sea, via tanker to Baku and then on the BTC pipeline through Georgia to the Turkish port of Ceyhan, or via the Kazakhstan-China Pipeline (KCP). While export routes followed the corporate-statist divide – with the privately-owned CPC being more market-oriented than the state-managed KCP – Kazakhstan's government was able to exert more stringent control over the industry by the early 2010s (Sorbello 2014: 187-195). Geopolitics had a key role in the success of the KCP, since “China's attitudes toward the crude pipeline from Kazakhstan and the overall investment toward the Central Asian country [improved] since 2004, after China suffered a series of setbacks in its attempt to invest and secure an oil supply from Russia” (Wu 2006).

Changes in ownership and managerial style had strong repercussions on the labour force. Oil workers organised several strikes connected to privatisation campaigns and company restructuring (Peck 2004: 3, 166). The emphasis on income over costs marked a significant switch between the Soviet and the post-Soviet experience at the oil fields. TNCs have part of their shares listed in stock exchanges worldwide and even a SOE such as Kazmunaigas had a subsidiary that listed its global depositary receipts in London. As shown in the next Chapter and in Chapter 6 (The Working Phase), the government dedicated its energy to disrupting labour actions and outlawing platforms of independent worker dialogue.

Conclusion

This chapter gave a broad overview of three key aspects that are intertwined with the main theme of the dissertation. First, the chapter described the discovery of the first oil basins in the territory now known as Kazakhstan. It is important to note that the initial discoveries in Mangyshlak, in the Guryev region, did not tilt the balance of overall Soviet oil production. Until the discovery of Tengiz and Karachaganak fields, Kazakhstan would remain marginal for the Soviet energy balance. History, however, would deprive the Soviet Union of the bulk of Kazakh resources because of the unexpected collapse of the system in 1991.

The second part of the chapter relayed the history of the Kazakh SSR from the death of Stalin until independence, highlighting the growing importance of the oil sector and the consequences it had on the stability of the Republic. In fact, most of Kazakh oil production was ‘exported’ to other republics for processing, and the refined petrol was ultimately used outside the Kazakh SSR. The imbalance of resource production and use caused socioeconomic discontent among Kazakhs in the oil-rich Western region of the Republic. The tension ultimately culminated in riots targeting ethnic minorities hailing from the Caucasus, mostly shift workers in the oil sector.

The 1989 riots helped the local Communist Party elite push away Kolbin, the local First Secretary of the Party, sent by Gorbachev in 1986 to substitute his rival Kunayev. The non-Kazakh origin of Kolbin and dissatisfaction with the central administration of the Kazakh SSR had prompted student demonstrations in Alma-Ata in December 1986 (*Zheltoksan*), which were violently repressed. The ousting of Kolbin made room for Nazarbayev, a rampant Soviet politician who had played a major role in suppressing the *Zheltoksan* uprising.

The third part of the chapter tackled the developments in the post-Soviet oil industry of independent Kazakhstan. Nazarbayev’s rise to prominence coincided with the negotiations between Chevron and Tengizneftgaz concerning the giant Tengiz field in the Guryev region. The new leader found himself in the unique position of main negotiator for a contract that promised to bring billions of dollars of investments. Still, the new power configuration failed to address the fate of the region around the oil field. The socioeconomic issues uncovered at the time of the Novy Uzen riots seemed to be left unresolved.

4. Labour in Kazakhstan: History and Literature

Introduction

This chapter considers the debates around a range of legislative frameworks that were ultimately inherited by Kazakhstan at independence and offers an analysis of the changes introduced since 1991. Both legal amendments and source interviews are used to corroborate the argument that, especially in the oil sector, labour legislation has progressively favoured the employers, to the disadvantage of the workers and of their organisational units, trade unions.

First, this chapter addresses the political and ideological framework through which labour legislation was crafted during Soviet times. The debates on the role of trade unions are especially prominent, since labour organisations formed the backbone of both the management of work and political discipline. The section on the Soviet experience also highlights how the legislation changed after the death of Stalin and how the Central Asian Soviet Republics were affected by these dynamics, taking into account their economic makeup.

Second, a long section dissects a range of legislative frameworks that were inherited by Kazakhstan at independence and offers an examination of the changes since 1991. Both legal amendments and source interviews were used to corroborate the argument that, especially in the oil sector, labour legislation progressively favoured the employers, to the disadvantage of the workers and of their organisational units, trade unions. Because of the variety of legal acts that concern workers, Labour Codes are not the only pieces of legislation examined in this chapter. The chapter also focuses on the issue of safety, which has been employed as a means of control both by the state over the companies and by the companies over the workers.

The chapter ends with a discussion on the labour struggles that became infamously known as “the events of Zhanaozen,” the police shootings of striking oil workers in the Mangistau oil town. The Zhanaozen section highlights some of the known facts and the official explanations of the events, placing them in a continuum of labour struggles in Kazakhstan’s oil sector.

In essence, this chapter shows that labour legislation steadily marched away from the inherited Soviet frameworks and principles towards a more neo-liberal, WTO-backed setting, which weakened significantly the possibilities and opportunities for workers to voice their complaints.

Labour in the Soviet Union and the Kazakh SSR

Trade unions, the backbone of labour movements across the globe, were among the forces that ideologically helped create the Soviet Union. While their corporatist, sometimes reformist, sometimes anarchic attitude gained them the anger of the Bolshevik leadership, the October Revolution could not have granted power to the Soviets without the trade unions’ support. For about a decade after 1917, trade union exerted an important influence in the everyday conduct of the central government.

After the revolution, the Bolsheviks moved to eliminate the class struggle, by giving power to the workers and peasants. In 1917, the relationship between the revolutionary leadership and the trade unions was unclear. The Mensheviks argued that the trade unions should stay outside Party boundaries in an effort to gain consent among the ranks of factory workers, the group closest to the Bolsheviks. The Bolshevik agenda, delayed by the end of the Great War and the Civil War that ensued domestically, started to materialise in 1921 as the Soviet leadership was preparing the New Economic Policy. The new power configuration, prompted Trotsky to call off the trade unions’ role in the class struggle, proposing that they took on the task of “organising production” instead. This line created a clear shift with Lenin, who said:

*“The trade unions no longer have to face the ‘class economic struggle’ [quoting Trotsky] but the ‘non-class economic struggle’, which means combating bureaucratic distortions of the Soviet apparatus, safeguarding the working people’s material and spiritual interests in ways and means inaccessible to this apparatus, etc. This is a struggle they will unfortunately have to face for many more years to come.”*⁴⁸

Deutscher accurately describes the political rift between Lenin and Trotsky.

“Lenin now dismissed as a false syllogism the view that the trade unions had nothing to defend against the workers’ state. The Soviet state of the day, he said, was not a workers’ state. It was a state of workers and peasants; and in addition it had been ‘bureaucratically deformed’”
(Deutscher 1950).

Lenin, at the same time, viewed trade unions as intermediaries, organisations that could have a role in translating the party line to the masses. Given that, in 1920, party membership was overshadowed by the numbers of organised workers, Lenin argued that their role should be “to connect the Central Committee simultaneously with the united will of the 600,000 Party members and the 3,000,000 trade union members. We cannot govern without such a transmission belt.”⁴⁹ Thus was born the concept of trade unions as intermediary bodies between the Party and the people. In the literature, the moniker “transmission belt” became synonymous with Lenin’s conception of trade unions.

⁴⁸ Vladimir Lenin, Once Again On The Trade Unions, The Current Situation and the Mistakes of Trotsky and Buhkarin, 25 January 1921, in: Collected Works, 1st English Edition, Moscow: Progress Publishers, 1965, Volume 32, (pp. 70-107). Source: <https://www.marxists.org/archive/lenin/works/1921/jan/25.htm> [Last accessed: 11 February 2019].

⁴⁹ Vladimir Lenin, Speech on Economic Development, 29 March 1920, in: Collected Works, 4th English Edition, Moscow: Progress Publishers, 1965, Volume 30, (pp. 439-490) Source: <https://www.marxists.org/archive/lenin/works/1920/mar/29.htm> [Last accessed: 11 February 2019].

At the Tenth Congress of the Russian Communist Party in 1921, Lenin pushed his political line, which would give trade unions the role of “schools of communism.”⁵⁰ School in this sense should be interpreted in two ways. On the one hand, the trade union school would translate and teach the Bolshevik principles to the workers. On the other hand, it would guide and follow their day-to-day activities, hence exerting a specific control on the labour movement.

Both the principles of ‘control’ and ‘unity of command’ (единоначалье in Russian) were subjects of ideological disputes within the labour movement (Deutscher 1950: 85-95). Контроль, the Russian word for ‘control,’ has a double meaning: on the one hand it stands for ‘supervision,’ aimed to keep the working masses on check; on the other hand, it underlines the presence of the ‘power,’ which directs them. Under the principle of ‘unity of command,’ the unions became subordinated to the factory management, which became the real driver behind the workers’ participation into the democratic life of the USSR (Nove 1961: 94, 125). With the death of Lenin in 1924 and the move towards industrialisation, the labour movement found itself subordinated to the Party’s production goals. Indoctrination and overproduction became the two main tasks for trade union leaders (A. G. Park 1957: 143).

In 1928, only weeks after the start of the first five-year plan, the Eighth Congress of the unions sanctioned the dramatic transition of their political and corporative role into instruments of control, a surrogate of the party on the factory shopfloor (Ruble 1981). At a time of mandatory rapid growth, there was no room for trade unions to defect from the party line. At this point, the Soviet Union had become Stalin’s reign. His aggressive stance on the “Socialism in One Country” doctrine and his fierce battle against any opposition weakened the trade union leadership.

Under article 126 of the 1936 Soviet Constitution, workers were free to join trade unions, yet the infrastructure of the state was built in such a way that unions had to respond to the party, therefore nullifying their freedom. Unions, furthermore, were tied to the industrial

⁵⁰ On the Role and Tasks of Trade Unions, Text adopted at the 10th Congress of the Communist Party, 16 March 1921. Source: <https://www.marxists.org/history/ussr/government/party-congress/10th/16d-abstract.htm> [Last accessed: 11 February 2019].

enterprise, the factory. Workers were also officially categorised by their skills and could not easily switch jobs across industries. This created a sticky environment, in which mobility, freedom, and solidarity were nothing more than empty slogans.

After Stalin: The appearance of the Commissions

In 1961, at the 22nd Congress of the Communist Party, First Secretary Nikita Khrushchev enshrined the link between unions and the party, proposing that unions took over tasks and responsibilities commonly fulfilled by government agencies. The reduction of trade unions to channels of communication between the central power and the shop-floor periphery would become a common trait of Soviet and post-Soviet industrial relations.⁵¹

At the beginning of the 1970s, several Soviet Republics adopted local labour codes. The Kazakh SSR adopted the Legal Code on Labour on 21 July 1972.⁵² The new legislative act established the creation of labour dispute commissions which, alongside trade union committees and provincial courts, were the principal bodies to resolve labour disputes (art. 196-200). This new institutional body diluted the power of the unions. The Commission, composed in equal parts of workers, enterprise and administrative representatives, became the principal organ for the resolution of disputes.

In 1978, the Soviet Constitution enshrined the principle of right-to-work (art. 40), which gave everyone an opportunity to make a living through a “socially useful” job. This, however, did not prevent internal distinctions among workers. Industrial work was both considered and paid better than agriculture or office work. Fulfilling, and even exceeding, the manager’s production targets had been a common feature, and a reason for pride among workers since the Stakhanov movement in the 1930s. Importantly, however, such tendency

⁵¹ “Principal current Soviet labour legislation: a compilation of documents”, U.S. Dept. of Labor, Bureau of Labor Statistics, 1962.

Source: <https://babel.hathitrust.org/cgi/pt?id=uiug.30112101926696;view=1up;seq=1> [Last accessed: 16 September 2019].

⁵² Full text available here: https://online.zakon.kz/document/?doc_id=1004278 or <http://adilet.zan.kz/rus/docs/K720003000> [Last accessed: 11 February 2019].

of workers towards “making out,” i.e. considering the plan as a game to play and beat, was common across systems, as highlighted by Burawoy (1979: 63).

By the *perestroika* era, trade unions were considered by workers as mere social welfare departments within the enterprise. Distributing tokens of various work benefits became their daily, as well as quarterly routine (Ashwin and Clarke 2002). The major shift that came with *perestroika* was the effort on the part of the leadership in Moscow to decentralise the trade unions’ structure. Before, the trade unions were structured hierarchically, through a massive centralised bureaucracy. The centrally-appointed apparatus was a dominating force vis-à-vis the elected union workers (Gritsenko, Kadeikina and Makukhina, 1999).

The 1987 law “On Labour Collectives” had a minimal impact but led to new “informal worker organisations” and sporadic strikes, especially in the mining regions of Russia. These industrial actions showed that the cracks that the new General Secretary Mikhail Gorbachev had uncovered were deeper than expected. The strikes continued throughout 1989, when they became systematic across the coal regions. The 1988 law “On State Enterprise” had paved the way for managers to structure pay and establish hiring policies. This automatically led to a decentralisation of the trade union structure, as “primary groups,” factory-based collectives, were entrusted with the power to negotiate terms with the managers (Ashwin and Clarke 2002). After the wave of miner strikes in July 1989, the Plenum of All-Union Central Council of Trade Unions held in September established that “primary groups” would retain more authority and responsibilities.

In October 1990, the Central Council was reorganised after 77 years into the General Confederation of Trade Unions, an entity separated from the Party structure, as sanctioned in the law “On Trade Unions” of December 1990. In parallel, the Federation of Independent Trade Unions of Russia was also founded by September 1990, when it counted around 54 million members, 72% of the labour force in Russia. For the first time, the Federation rejected “democratic centralism,” one of the founding principles of the USSR, in favour of voluntarism.

Parallels in the Central Asia experience

Central Asia started out its Soviet experience as an agricultural periphery. One of the main tasks for the Communist Party was to industrialise the region and indoctrinate its workers towards their conception of Marxism. In 1921, at the Fifth Congress of the Turkestan Communist Party approved the creation of Koshchi, “a mixture of rural trade union and cooperative with a predominantly political character” (A. G. Park 1957: 146). Koshchi grew to around 200,000 members (local workers represented a minority) and its structures were split after the creation of borders within the Central Asian Soviet Socialist Republics. At the onset of collectivisation in 1930, however, Koshchi was dissolved.

Since 1917, the mass of industrial workers in Central Asia grew slowly, mostly due to the importance of small agricultural plots. In 1920, there were around 65,000 workers employed in 13,700 enterprises, the majority of which were *кустарь* (a Russian word representing a category of small artisans and farmers, employing two or three people). The majority of the workers, 34,700, were employed in 955 of the larger state-operated factories, but the number was still minuscule compared to Russia or Ukraine. The reshuffle with the New Economic Policy increased labour productivity at the expense of a large portion of this constellation of small enterprises. Park adds that local workforce was the easiest to dispose of, due to their lack of vocational education: “Native workers likewise were concentrated at the very bottom of the industrial ladder. The majority were illiterate and unaccustomed to factory conditions, and few of the remainder possessed sufficient industrial skill to permit an improvement of their status” (A. G. Park 1957: 279).

Before the Revolution, in the Emba-Kaspïi industrial complex, most workers were local, recruited mostly from semi-nomadic villages. Kazakhs were mostly hired for “seasonal hard work” and returned to their families during the off-season. Importantly, Soviet literature noted that locals faced a “national discrimination” and were paid significantly less (around 30%), compared to Russians employed for the same job (Nusupbekov 1966: 42). The lack of qualified workers further contributed to the creation of a labour aristocracy along ethnic lines.

The Communist Party’s massive drive to inflate its membership spilled over in the trade union structures. In the 1920s, trade union membership skyrocketed. The effort to sign up

new members often entailed the resignation and re-affiliation of entire groups. “During one of the periodic drives for membership, the trade unionists of Fergana resigned en masse and were then re-entered on the rolls as new members” (A. G. Park 1957: 281). In this light, it is important to note that small entrepreneurs and handicraftsmen were at times included or excluded from the union ranks due to their non-proletarian, non-peasant nature.

The first congress of trade unions in Kazakhstan in 1925 called the administration of the Autonomous Republic to push for “the development of the extractive, textile, leather-processing and fishing industries” (Nusupbekov 1966: 124). With the start of the first five-year plan, the number of workers in the three main industrial complexes of Kazakhstan – the oil complex in Emba, the Karsakpayskii copper mine, and the lead and zinc extractive enterprise at Ridder – grew more than two-fold to around 8,000 (Nusupbekov 1966: 135). By the end of the plan in 1933, the number of industrial enterprise workers across Kazakhstan had grown six-fold to 56,500 and the proportion of ethnic Kazakhs among them had almost doubled to 42% (Nusupbekov 1966: 179). Importantly, between 1925 and 1935, trade union membership in Kazakhstan quadrupled to 437,666, with a significant increase of ethnic Kazakhs (Nusupbekov 1966: 216).

Gradually, the need to fulfil ever-ambitious industrial plans and the extreme war effort in 1941-45 led to the creation of new production poles in Central Asia. The bare landscape of the Kazakh SSR was ideal for the creation of industrial centres along the railway system. The new cities, designed around factories, hosted a microcosm of Soviet workers. Managers from the Slavic SSRs were sent in to lead new generations of local blue-collar workers. By the 1960s and 1970s, Kazakhstan’s labour force had formed around factories, rather than in the oil fields. By 1973, Kazakhstan produced only around 5% of the total Soviet oil output (Campbell 1975: 31). As noted above, a similar division of labour between skilled workers from the Caucasus or Volga regions and unskilled local workers crystallised around the oil fields. The ethnic separation, together with the new winds of change blowing from Moscow’s *Perestroika* reforms, became a trigger for protests, such as the one discussed above in Novy Uzen.

Trade Unions in the Kazakh SSR

The history of trade unions in today's Kazakhstan goes back to 1905, after the First Russian Revolution brought a mild relaxation of labour relations. In December 1905 (Abdiraiym 2018: 335), in fact, the workers at the Uspensky copper mine in the Akmolinsk region united into a strike after Kazakh workers were hit by a wave of smallpox in the previous months. The so-called "Russo-Kirgiz Union" represented the first multi-ethnic, enterprise-based labour organisation in the region. A few more unions appeared in Uralsk, in the north-west, and in Kazalinsk, near today's Kyzylorda. In the meantime, strikes spread across mining and industrial complexes, with the objective to decrease working hours, increase salaries, and ameliorate working conditions. In 1907, the Spasski plant in the Karaganda region, which was charged with processing ore from Uspensky (Murray Matley 1994: 315), became the stage of a strike against the London-based ownership. In 1904, in fact, the Spassky plant had been incorporated in the United Kingdom by brothers Nelson and Arthur Fell, with plans to improve the machinery in an effort to increase copper production.⁵³ The plant was listed in the London Stock Exchange in July 1907, after it acquired the Uspensky mine. Foreign investment in Kazakhstan's mineral resources had continued with American investments in Zhezkazgan, Yekibastuz, and Ridder. On 10 April 1912, shares of the enterprise developing oilfields in the Emba region, near today's Atyrau, were listed in the London Stock Exchange, boosting production and confidence. After the Revolution, however, "Russian and foreign capitalists" abandoned operations at the Emba fields: "of the 147 drilling rigs, only 8 (5.5%) remained operational after [1921]" (Baiseitov and Andreev 1984: 35).

According to historical accounts, the first years of trade union activity were characterised by strikes that eventually culminated in labour victories, such as the 8-hour workday (Abdiraiym 2018: 336). By the late 1910s, trade union membership was mostly centred around the agricultural sector. The push for unionisation during the early and late 1920s increased membership across the Union exponentially (Deutscher 1950). Labour had suffered one defeat after another in Soviet times. The trade unions, among the key actors in the Bolshevik's attempt to seize power, were regarded as a bone of contention in the

⁵³ Spassky Copper, *The Tatler*, n. 247, 21 March 1906, p. 424.

debates of the early 1920s. Trotsky argued for their subjugation to the party, while Lenin still considered them a part of the industrial growth of the Soviet state. Under Stalin, trade unions were weakened and used as instruments of propaganda, something that Khrushchev did not substantially change upon taking power. In fact, official accounts of trade union activity in the Kazakh SSR correlate trade union membership and control to increased industrial production (Abdrakhmanov and Chatybekova 1987: 116).

In the 1970s, new labour legislation further weakened trade unions, subordinating them to Labour Dispute Commissions in case of discord between workers and managers.

In the 1980s, miners became increasingly active across the Soviet Union, demanding better working conditions and organising strikes (Burawoy et al. 1993). The Kazakh SSR followed suit. In January 1987, just after Kunayev's ousting, Yermek Zhakselenov was appointed to the post of chairman of the Kazsovprof, the Republican trade union umbrella organisation. His promotion coincided with the ousting of the former chairman, accused of abuse of power. Zhakselekov was considered a close ally of Kolbin (Pribylovski 1994: 59) and, when Kolbin left, his position weakened. In autumn 1989, he had to give in to the local union leaders' request to manage their own budget. This, however, ensured that the Kazsovprof would retain a fixed share of the local unions' dues. This trade union budget reform was later copied in other Republics. His idea of trade union activity was two-pronged: on the one hand, unions had to be engaged in law-making activity; on the other hand, unions had to help prevent the increase of social tension and the lowering of living standards. In 1990, Zhakselekov was forced to transform the Kazsovprof into the Federation,⁵⁴ abandoning any say in local unions' budget management. Local unions also gained the right to leave the Federation. Threats of strikes became commonplace in the relationship between the Federation and the government, but only as a weapon during the negotiations.

In May 1989, Bulat Chulanov, the chairman of the Republican Committee of the Trade Union of Metallurgical Industry Workers, participated in a plenary meeting of the

⁵⁴ Федерация, Russian for 'federation,' was the common abbreviation for the full name of the trade union organisation: Федерация профессиональных союзов Казахской ССР, which later became Федерация профсоюзов Республики Казахстан, abbreviated with the acronym ФПРК, herein transliterated as FPRK.

Kazsovprof, the Trade Union Council of Kazakhstan. Chulanov said that unions were entitled to use strikes in order to protect the workers' interests. The statement was condemned by the Central Committee, headed by Kolbin (Pribylovski 1994: 9). Later in 1989, trade union leader Tatyana Karavayeva lamented that the miners' strike, although positive in stirring a debate, had created a rift with the other industries, given that miners' salaries are higher than average. "We have lost the sense of solidarity," she said in an interview, adding that "[the government bodies] lack professionalism; instead of listening to our own industrial workers' opinion they invite foreigners who don't know our reality" (Pribylovski 1994: 23).

In 1990, at the Communist Party Congress in the Kazakh SSR, Yuri Borovitsky, Chairman of the Labour Committee in Alma-Ata, proposed the creation of a "true workers' union" (Pribylovski 1994: 6) at the republican level. The Russian miners' experience had spilled over into the Karaganda coal region, where an independent Labour Confederation was established.

In late 1989, trade union veteran Leonid Solomin had founded Birlesu ('unity' in Kazakh), a trade union that quickly became closer with the newly-formed entrepreneurial class and the nascent Nazarbayev leadership. In 1991, Birlesu supported Nazarbayev's candidacy to the presidency (Pribylovski 1994: 51). As internal rifts grew deeper in the trade union world, Chulanov criticised Birlesu as an entrepreneur-friendly organization (Pribylovski 1994: 9).

At independence, the three key aspects that characterised Kazakhstan could be described as follows: Extremely weak trade unions, subdued under Moscow's All-Union Central Council of Trade Unions umbrella; an underdeveloped oil industry, thirsty for foreign investment to exploit technically difficult basins; and a young leadership with little legitimacy over a socially unstable and demographically split population. The collapse of the USSR left in Kazakhstan a constellation of historically weak and quickly divided trade unions, which further weakened their role, as shown in the next sections.

From Soviet to neo-liberal labour legislation

When Kazakhstan became independent in 1991, worker relations in the country were still regulated by the Soviet-era Labour Legal Code, adopted in July 1972. The system of laws underwent a few amendments during the 1990s, before being replaced by a new Labour Code in December 1999.

“Since the victory of socialism, the exploitation of men by men was completely and forever liquidated in the Soviet Union,” the introduction of the 1972 Code declared. Importantly, the legal scaffolding was based on the principle of the “right to work,” because everyone had the right to find employment in the Soviet Union. But work was also a mandatory part of Soviet life: “Work is a duty and a moral obligation for everyone able to work.”

The 1936 Constitution included the socialist mantra: “From each according to their ability, to each according to their work,”⁵⁵ which was a slight rework of the phrase popularised by Karl Marx in the 1875 *Critique of the Gotha Programme*: “From each according to his ability, to each according to his needs” (Marx 2008: 27).

While the labour code remained obsolete, the Kazakh SSR adopted amendments to its Constitution on 24 April 1990. The Republic promoted the creation of ‘public associations’: “Citizens of the Kazakh Soviet Socialist Republic have the right to unite into political and public organizations that promote the development of political and independent activity, as well as satisfaction of their diverse interests. The conditions for successful performance of their statutory goals are guaranteed to them.”⁵⁶ Article 6 said: “The Communist party of Kazakhstan, trade union, youth and mass movements in the Kazakh SSR participate in elaboration of the policy of the Republic, in administration of state and public affairs, through their representatives elected to the Soviet of people’s deputies, as well as in other forms.” It was also specified that these ‘public associations’ should not aim to forcibly change the constitutional order of the Republic (Salikov 2015: 180).

⁵⁵ In Russian: “От каждого по его способностям, каждому — по его труду.”

⁵⁶ Cited in Sayabayev (2016: 95).

Besides political parties, already mushrooming both within the Republic and the Union, the provision allowed for the regularisation of rampant, independent trade unions. After independence, new legislation allowed trade union leaders to be elected as deputies in institutional bodies. Elected trade union deputies represented the Federation of Trade Unions at the Supreme Council in 1994. After the premature dismissal of the Supreme Council and the creation of another Parliament, the Mazhilis, the Federation obtained 5 seats (compared to the 12 it previously held). The Federation of Trade Unions joined forces with the government and the Union of Entrepreneurs and Industrialists in July 1993 and pledged efforts in tempering social tensions, as well as in regulating labour relations.⁵⁷ By 1994, the increased collaboration between unions, government, and entrepreneurs birthed the idea of creating a “social partnership” infrastructure to settle collective labour conflicts.⁵⁸ At the time, ongoing strikes at mining enterprises and factories, especially in the central region of Karaganda, were hindering production.

At independence, the Kazakh SSR law “On Public Associations” adopted on 27 June 1991 was in force. It would only be changed on 31 May 1996 with another law of the same title. After independence, the 1993 Constitution dedicated a specific section, Chapter 10, to public associations. In 1995, the new Constitution established strict boundaries for public associations. The Constitution prohibited activities of religious nature and foreign financing for political parties of trade unions (Art. 5). From 2002 onwards, the law “On Political Parties” detached the legislation for parties from the one for other ‘public associations,’ such as trade unions.

For a decade, between 1993 and 2002, the laws on public associations and on trade unions overlapped. The first post-Soviet law on trade unions was adopted in 1993 and remained in force until the end of 2014, when a new, more restrictive law, was adopted. The first law “On Professional Unions of the Republic of Kazakhstan,” from 9 April 1993, stipulated that trade unions were voluntary associations of workers akin to public associations that formed either around a workplace or within an industrial sector. In 1993, Kazakhstan also

⁵⁷ Government, Unions Issue Joint Declaration on Cooperation, KazTAG, 16 July 1993. Translated text via the archives of The Foreign Broadcast Information Service.

⁵⁸ Gennadiy Kulagin, Edict on Social Partnership Adopted, ITAR-TASS, 19 December 1994.

became a member of the International Labour Organisation, but only sluggishly adopted some of its conventions.

The Kazakhstani Constitution of 1995 also recognised the right to collective bargaining and the right to strike. These principles were enshrined in the country's Basic Law even before being spelled out in a legislative code. It is important to note that, while the 1972 labour legislation was still in force for the first eight years of Kazakhstan's independent history, the country had already laid out the basic principles of industrial relations in line with international standards.

As a new labour code was not a priority for independent Kazakhstan, the scaffoldings of Soviet-era legislation remained in place, supplemented by piecemeal laws that regulated the activity of trade unions and specific employer-employee relations. In 1999, a new Labour Code (LC99) was adopted, in an effort to systematise the legislation. It entered into force on 1 January 2000. It was a modest attempt to consolidate labour laws. At 109 articles, the Code was rather short and offered little guidance for the resolution of labour conflicts, which were taken up by the Supreme Court in 2003.⁵⁹ The 1999 Code also lacked a framework for strikes.

Only after the adoption of the 1999 Code, Kazakhstan ratified some of the fundamental Conventions of the International Labour Organisation (ILO). Importantly, it ratified the 1948 Convention on Freedom of Association and Protection of the Right to Organise (ILO87) in May 2001 and the 1949 Convention on the Right to Organise and Collective Bargaining (ILO98) in December 2000.⁶⁰

⁵⁹ Нормативное постановление Верховного Суда РК от 19 декабря 2003 г. № 9 «О некоторых вопросах применения судами законодательства при разрешении трудовых споров» (Regulatory Resolution of the Supreme Court of the Republic of Kazakhstan dated 19 December 2003, No. 9 “On some issues of the application of legislation by courts in resolving labour disputes.”).

⁶⁰ See Kazakhstan's page summary on the ILO website:

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:103542

[Last accessed: 14 July 2020].

From a legal standpoint, as of 2001, Kazakhstan's freedom of association and right to organise (conventions ILO87 and ILO98) became the higher grounds for legal disputes, above the 1995 Constitution and the 1999 Labour Code. All subsequent variations to the country's legislation have, in one way or another, curtailed workers' rights as specified by the ILO Conventions, sparking criticism by trade union organisations and human right defenders.

Crucially, the first labour code since independence severely undermined trade union activity and labour rights. The new Code "shifted employment relations to an essentially individual basis by making only individual contracts mandatory; collective agreements at all levels were from this point voluntary" (Croucher 2015: 949). Individual bargaining caused increased inequality and precarity in the workplace, especially at transnational oil companies, which started implementing such cost-cutting strategy.

An internal report from the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) from 2000 argued that the state-linked union federation (FPRK) considered the new measures in the labour code as aimed against independent unions, their competitors. Therefore, despite increasingly stringent legislation, the FPRK avoided raising its voice against the new code. The internal battle between 'official' trade unions and independent labour organisations was also fought in the legislative sphere, with the FPRK becoming increasingly closer to the power elites.

During an address to the nation in 2006,⁶¹ while Kazakhstan was in the midst of a long-lasting membership negotiation process with the World Trade Organisation (WTO), Nazarbayev stressed the importance of developing labour resources. Nazarbayev continued by prioritising the adoption of a new Labour Code in order to adapt to ILO and WTO standards. When it was adopted in 2007, the new Labour Code (LC07) included provisions for the "state control" of the legal conduct of labour relations (Art. 328) and detailed the

⁶¹ Nursultan Nazarbayev, *Address of the President of the Republic of Kazakhstan, Nursultan Nazarbayev, to the People of Kazakhstan*, Astana: Akorda, 1 March 2006.

http://www.akorda.kz/en/addresses/addresses_of_president/address-of-the-president-of-the-republic-of-kazakhstan-nursultan-nazarbayev-to-the-people-of-kazakhstan-march-1-2006 [Last accessed: 6 May 2020].

responsibilities of the Labour Inspection Department under the Ministry of Labour and Social Protection (LC07, Art. 329).

Chapter 31 of the 2007 Labour Code outlined the rules for collective bargaining, which were heavily modified in February 2012. Importantly, the mediation process continued to be strictly between workers and employers, which became an expedient for excluding trade unions from the negotiations for both disputes and collective agreements. Trade unions willing to initiate a dispute with the employer would have to ask the workers: but according to Art. 289.1, at least half of the workers should be present at the time of the decision. This scenario is unrealistic in extractive industries, which employ workers on rotation. For each worker there is always at least one shadow colleague, so-called ‘back-to-back,’ in order to ensure the uninterrupted flow of work. Certain jobs that require constant human presence employ six workers who rotate around eight-hour shifts: A, B, and C work in consecutive shifts every day for two-to-four weeks, while worker D, E, and F rest, waiting for their shift. It would then be physically impossible to summon half of these workers into an assembly.

In February 2012, amendments to the Labour Code included the possibility to gather worker votes via signature as well, apparently making it easier for unions to gather worker opinions. However, the signature solution remained a residual measure, thus leaving the employer with the final say on the legitimacy of signature collection vis-à-vis a worker assembly. Should the legitimacy of the request be confirmed by the company, the dispute would go on to the Conciliation Committee, which is formed in equal proportions by workers and employer representatives. It is important to note that trade unions and worker representatives are not legally distinct and the Committees do not provide trade unions with a separate seat at the negotiations. Also, the role of the Committee is mandatory, only in case of the Committee’s inability to reach an agreement between employee and employer, the worker can go further and sue the employer in court (LC07, Art. 159.1). This provision weakened the worker, who, according to the 1999 Labour Code, could ask for the dispute to be considered either within the company or by a court (LC99, Art. 97).

Should the Conciliation Committee fail to reach a mutually accepted agreement, the dispute would move to be considered by an ad hoc Labour Arbitration Committee, which can include representatives from the government, the state apparatus, and other non-

government bodies. The 2007 Code does not include provisions for an eventual inability of the Labour Arbitration Committee to reach a solution.

Regarding the “right to strike,” Kazakhstan’s 1995 Constitution affirmed that workers should be free to address disputes through legal means, including strikes (art. 24.3). This was an amendment to the wording of the first Constitution adopted after independence. Art. 20 of the 1993 Constitution stated unequivocally: “Citizens of the republic have the right to strike.” The right to strike is a fundamental principle of the ILO. However, the 2007 Labour Code relegates strikes to a sort of ‘last resort’ after all of the above conciliatory measures are exhausted (LC07, Artt. 298-302). In the event of a strike, the 2007 Code established that local administrative organs will have the responsibility to ensure that the labour action would not impair the minimum services necessary for the survival of the population (LC07, Art. 18.4).

Under Kazakh law workers can call a strike “if mediation procedures have failed to resolve the collective labor dispute, or in cases when the employer declines to participate in the mediation procedures or does not fulfill the agreement achieved in the course of resolution of the collective labor dispute.”⁶²

Again, a majority vote among at least half of the workers is a minimum requirement for the strike to be recognised as legal. In the original 2007 Labour Code, a strike would have to be announced at least 15 days prior and workers would have to inform the company on the place, duration, and number of participants. In February 2012, amendments to Art. 299 eased these burdensome regulations: workers would have to notify the company at least five days in advance of a strike (LC07, Art. 299).

Should a strike be deemed illegal by a court, the employer could trigger sanctions against its employees that took part in the strike (LC07, Art. 303). This aspect of the Labour Code was amended in February 2012, spelling out that a contract can be terminated by the employer, should the employee, being notified of the illegal nature of a strike, continue to take part in said industrial action (LC07, Art. 51.1.19 as amended). In the months prior to

⁶² Human Rights Watch, *Striking Oil, Striking Workers Violations of Labor Rights in Kazakhstan’s Oil Sector*, September 2012, p. 39.

the amendments, during a long-lasting strike in the oil town of Zhanaozen, in the western region of Mangistau, the state-owned enterprise Ozenmunaigas “fired 991 people [...] in accordance with article 54 of Kazakhstan’s Labor Code.”⁶³

Respondents during the fieldwork agreed with a confidential ICEM document quoted by Croucher (2015: 951), which essentially noted that after independence trade union leaders had increasingly fewer incentives to increase membership. As unions failed to change their spirit after 1991, they were still considered as the ‘benefit pot’ within the enterprise. Union members therefore only addressed the unions and their leaders when it was time to request material help. The most common instances of contact between the members and their unions were holidays and life events, such as weddings and childbirth, during which the members would ask for presents or monetary support. The ICEM document, in fact, noted that: “Local organisations do not have real motives to recruit more members, as they will have slightly more money, but progressively more headache...”. A veteran trade union leader said trade unions also lack independence, because “the people in the Union [negotiating the deals] work for that same company, have responsibilities towards those same bosses, who pay them a salary. That’s why there is no de facto independence.”⁶⁴

Lack of independence was also reflected on the stringent crackdown on trade union and workers’ activities. After the violent repression of oil worker strikes in the town of Zhanaozen in December 2011, trade unions and informal groups of workers feared any sort of activity that could be considered as unlawful and be met with the strong arm of the government. “Nobody wants to be shot for a salary increase,” Aleksei Nigai, who headed the Odak trade union, said in an interview.⁶⁵ Just two months after the interview, in June 2014, the government adopted the new law “On Trade Unions,” which essentially forced the trade unions outside the umbrella of the Astana-linked FPRK to re-register as nationwide bodies. From 2015 onwards, the law in fact required that all trade union federations

⁶³ Human Rights Watch, *Striking Oil, Striking Workers Violations of Labor Rights in Kazakhstan’s Oil Sector*, September 2012, p. 91.

⁶⁴ Interview with a veteran trade union leader, previously a member of the independent Confederation of Trade Unions, in Almaty, MCHA, April 2014.

⁶⁵ Paolo Sorbello, ‘Unions too afraid of police to launch long strikes’, *The Conway Bulletin*, n. 179, 9 April 2014.

had offices in every administrative region of the country. Budget and political reasons made it impossible for other more-or-less independent trade union organisations to re-register, which led to their official dissolution within a couple of years.⁶⁶

Zhanaozen

The intertwined history of labour and oil in Kazakhstan is also a history of increasing contestation between workers and residents of the oil regions and the central state apparatus, governed by elites who decided the fate of oil, both in terms of trade and in terms of management of the windfalls. Perhaps the most infamous moment in the three decades since Kazakhstan's independence can be summarised by the name Zhanaozen, at once an oil town, an example of labour struggle, and a reminder of the iron fist with which the authoritarian government responded. In 2011, violent clashes in Zhanaozen, a town with 200,000 residents in the Mangistau region, resulted in at least 16 deaths among striking oil workers. Since then, the mere uttering of the word Zhanaozen, in any circumstance, sparks a memory of that dark moment in Kazakhstan's history.

In order to better understand that moment of struggle, it is necessary to dive deeper into the facts that caused the events, which can help shed light on the consequences that followed for Kazakhstan's labour rights, as expounded in the next chapters.

Around 200 kilometres north of Aktau, workers at Karazhanbasmunai (KBM), then jointly owned by China's CITIC and KMG EP, started a hunger strike on 8 May 2011 and then decided to strike en masse on 17 May after negotiations regarding salary increases were stalled. Companies and authorities, together with unknown thugs acting as strikebreakers, exerted an unbearable pressure on trade union activity. In the following months, the company and its service affiliates would fire around 1,000 workers who continued the strike at the production camp.

⁶⁶ For a longer discussion, See Chapter Seven.

On 11 May, 700 workers at Ersai, a joint venture between a group of local oligarchs⁶⁷ and Italy's Saipem,⁶⁸ called a strike at the Kuryk industrial base, 90 kilometres south of Aktau, where they build infrastructure and assembled machinery for several oil consortia around Kazakhstan's Caspian basin. In August, tensions built up after trade union activist Zhaksylyk Turbayev was killed by thugs and the daughter of Kudaibergen Karabalyev, the union leader of Ozenmunaigas⁶⁹ (OMG), was found murdered.⁷⁰ Tension between workers and companies across Mangistau increased until they culminated into clashes between the strikers and the authorities.

In Zhanaozen, OMG was the city-forming enterprise, dating back to the Soviet era and centred around the development of the Uzen field. Just years before, KMG EP, the upstream division of the Kazmunaigas national company, had sold stakes in the London Stock Exchange, a move that coincided with attempts to cut costs at the production sites. Strikes with hundreds of blue-collar employees lasted for months, dotted by hunger strikes, tension with local authorities, and official requests for a meeting with the government. Months of attempts by independent trade unions to negotiate with the company management had failed, amid stark pressure against both workers and labour leaders.

As the pressure grew progressively unsustainable, the strikes continued across the Mangistau region, separately but in solidarity. Once thousands of striking oil workers were

⁶⁷ Young and rampant businessmen Nurlan Kapparov, Yerbolat Dossayev, Berik Kaniyev, and Yuri Pak founded the Lancaster Group in 2003, when Ersai was also founded. Kapparov and Dossayev also occupied government positions during their career.

⁶⁸ At the time, Saipem International BV was part-owned by Eni, the Italian national oil and gas company, which controlled stakes in the consortia operating the Kashagan and Karachaganak fields.

⁶⁹ In charge of pumping oil out of the fields near Zhanaozen, Ozenmunaigas was a subsidiary company of KMG EP, the upstream division of NC Kazmunaigas, which was partly privatised in 2006, when it listed 40% of its shares as global depositary receipts (GDRs) in the London Stock Exchange. For a longer discussion, see Chapter 6 (The Working Phase).

⁷⁰ Although the murder of Zhansaule Karabalyeva was later demonstrated to be disconnected from the strike, at the time it contributed to the climate of tension around the striking oil workers. For more on the case, see Они стали врагами после того, как изнасиловали и убили девушку (They became enemies after they raped and killed a girl), MK-Kazakhstan, 12 December 2018. <https://mk-kz.kz/social/2018/12/12/oni-stali-vragami-posle-togo-kak-iznasilovali-i-ubili-devushku.html> [Last accessed: 14 July 2020].

dismissed, it became difficult to sustain the livelihood of their families and other Mangistau residents joined in to feed the strikers and support them.

On a cold December morning, striking oil workers returned to their protest site on Zhanaozen's central square after having spent the night at home. The local authorities had seized the time of their absence to set up celebration yurts and a stage for performances, as 16 December is Kazakhstan's national Independence Day. The workers were told to relax their protest to allow for the unhindered honouring of the festivities, which angered them further. Younger 'unknown' people, who were not wearing the traditional burgundy-and-blue work clothes that had characterised the landscape of the strikes for months, confronted the police and disrupted the fixtures of the festivities. The police retreated at first but came back to the square with anti-riot gear and special security forces at their side. At this point, the young rioters had set a police van on fire, while the city administration building and the OMG headquarters had also been the target of Molotov cocktails and were filling up with smoke.

The situation snapped out of control when the police started shooting at the rioters, their bullets hitting oil workers and passers-by indiscriminately. Several citizens were beaten up with batons and carried away in police vans. Video evidence of the shootings circulated online in the aftermath of the events, showing people scrambling to flee the scene as they were being gunned down.⁷¹ By night-time, there were hundreds of wounded at the hospitals of Zhanaozen and Aktau, while the morgue of Zhanaozen was crowded with corpses. Reports said that at least 64 dead bodies were counted on the following morning, one surgeon testifying that he was unable to save 23 of those who were fatally wounded.⁷²

Women crowded police stations and hospitals, trying to verify whether their husbands, sons, and relatives were still alive. The prosecutor's office only confirmed 11 deaths in the

⁷¹ Several of video testimonies from ordinary citizens were collected in the Documentary Zhanaozen Diary, produced by the 1612 YouTube channel, 14 December 2013, published at: https://www.youtube.com/watch?v=Uj65Dn8I_jA [Last accessed: 4 April 2020].

⁷² Yelena Kostyuchenko, Жанаозен – нефтяная река (Zhanaozen: a river of oil), *Novaya Gazeta*, 23 December 2011.

immediate aftermath.⁷³ On 17 December, dozens of women assembled near the police station to check if their relatives were on the list of the detained. Funereal yurts for the deceased were erected across the courtyards, “it was a harrowing scene to see so many yurts, especially because we now know that several other families chose not to set up a yurt for fear of retaliation from the authorities.”⁷⁴ Thousands gathered on the square again the following day, chanting for peace and asking to meet the administration. A government delegation flew in during the day, but the demonstrators were not involved in the talks. They were instead dispersed by the riot police at the time of curfew.

Hundreds were arrested during the events, while two dozen were put to trial for organising the strikes and “inciting social discord.” Several of the men arrested during the clashes were held incommunicado for days. “The city died a few days ago” journalist Darya Aslamova wrote the following week.⁷⁵

The head of Zhanaozen’s department of internal affairs said the decision to leave the square and return in riot gear with special forces was made at the regional level because of the aggressive attitude of the oil workers, who were blamed by the authorities as the original catalysts of the violence. Orak Saporboyev, mayor of Zhanaozen, said that “the striking oil workers are to blame for this. The whole situation of 16 December is their fault.”⁷⁶ Yet, the origin of the order to ruthlessly beat civilians and shoot the demonstrators is still undetermined.⁷⁷ In the following days, the blame was gradually shifted to the rioters and ‘foreign agents’ who funded the violent thugs who attacked the police.

During the first hearings of the trial, the prosecutor placed some of the blame onto local heads of government and company managers: “The escalation of social tension and the

⁷³ The figure was later adjusted to 16 by the officials.

⁷⁴ Interview with local TV correspondent, eyewitness to the events, SHZZ, Astana, April 2018.

⁷⁵ Darya Aslamova, Участник митинга в поддержку казахстанских нефтяников, разгромивших город Жанаозен: “Ленин бы нами гордился!” (Participant of a rally in support of Kazakhstani oil workers who damaged the city of Zhanaozen: “Lenin would be proud of us!”), Komsomolskaya Pravda, 21 December 2011, p. 5.

⁷⁶ Yelena Kostyuchenko, Жанаозен – нефтяная река (Zhanaozen: a river of oil), Novaya Gazeta, 23 December 2011.

⁷⁷ Interview with local TV correspondent, eyewitness to the events, SHZZ, Astana, April 2018.

length of the strike of oil workers, which eventually turned into mass disorders, were facilitated by the illegal actions of several officials.”⁷⁸ Several officials would be sentenced and high-profile managers lost their jobs as a consequence of the events. Nazarbayev’s son-in-law and one of Kazakhstan’s richest, Timur Kulibayev was fired from his post as head of the Samruk-Kazyna fund; his loyalist Bolat Akchulakov was sacked from Kazmunaigas; and Krymbek Kusherbayev was removed from *akim* (governor) of Mangistau.⁷⁹ The mayor of Zhanaozen and his predecessor were both tried for embezzlement and abuse of power. Yet, the prosecutor took most the blame off of the shoulders of the special police forces that fired on the strikers, because “the police officers acted lawfully in conditions of a real threat to the life and health of both the civilian population and the police themselves,” while conceding that “in some cases the use of weapons and special means by the police was disproportionate.”⁸⁰

The political angle of the Zhanaozen massacre, so often flagged by Nazarbayev, remains unconvincing, at best mysterious. Nazarbayev asserted that it was clearly “a planned provocation, which was confirmed by its specific organisation and timing” and that the plan was executed by criminal groups financed from abroad with the objective to subvert power.⁸¹ Unregistered movements and parties were targeted in the aftermath: fugitive banker-turned-opposition figurehead Mukhtar Ablyazov was accused of funding the riots; Vladimir Kozlov, civic activist defending oil workers via his “Alga!” party, was sentenced to a lengthy prison term; the organised crime group headed by former *akim* of the Atyrau region Bergei Ryskaliyev was also alleged to have provoked the riot,⁸² in an effort to delegitimise rival Kulibayev, who was able to re-centre the oil industry in the state structures in Astana.

⁷⁸ Жанаозен: виновные названы Responsible for Zhanaozen named, Ekho – Baku, 28 January 2012, p. 6.

⁷⁹ В Казахстане арестованы участники бунта в Жанаозене (Arrested the participants in the riots in Kazakhstan), RIA Novosti, 24 December 2011.

⁸⁰ Жанаозен: виновные названы (Responsible for Zhanaozen named), Ekho – Baku, 28 January 2012, p. 6.

⁸¹ А. Shakur, Жанаозен: кто виноват? (Zhanaozen: who is guilty?), Ekho – Baku, 28 December 2011, p. 6.

⁸² Gennady Benditsky, Игра в темную: Бергей Рыскалиев и жанаозенский расстрел (Playing in the dark: Bergey Ryskaliyev and the Zhanaozen shooting), Ratel, 13 December 2013.

https://ratel.kz/investigations/igra_v_temnyu_bergey_ryiskaliyev_i_janaozenskiy_rasstrel [Last accessed: 1 July 2020].

After Zhanaozen

The aftermath of the violence in Zhanaozen brought more, not less tension and smaller, not wider spaces for dialogue between the government and the workers. In a typically authoritarian response, Kazakhstan's government used legal strategies to limit the organisation of labour and quashed the brewing political opposition. Labour actions, however, continued, together with civil actions against the Central Bank's decision to devalue the local currency in February 2014⁸³ or the government's proposal to amend the Land Code in April 2016.⁸⁴ As shown below with a few additional examples, the labour struggle at oil companies in Mangistau continued unabated.

In Mangistau, an oil service company hired by NCOC, the consortium developing the Kashagan offshore project, reached the end of its contract in May 2016 and 335 of their workers were facing layoffs. Caspian Oil Services Management Incorporation Kazakhstan (COSMI), the company, had in fact lost a tender published by NCOC. Local company NefteStroiService Ltd (NSS) won the tender and announced that they would hire 282 workers. Sailau Bastayev, head of the local trade union Tupkargan, said that NSS also pledged to reduce salaries compared to COSMI.

The majority of the workers were local or had moved to Fort Shevchenko to work at the Bautino marine base in the early 2000s. Regardless of the company winning the NCOC tenders, these workers had worked constantly in this construction project for three decades. Every five years, the workers said, a new company would win the tender, but the workers would just change the logo in their overalls and continue their work.

⁸³ Sergey Park, Kazakhstan: Devaluation, Demonstrations, and Lacy Underwear, Global Voices Online, 4 March 2014. <https://globalvoices.org/2014/03/04/kazakhstan-devaluation-demonstrations-and-lacy-underwear/> [Last accessed: 1 July 2020].

⁸⁴ Abdujalil Abdurasulov, Kazakhstan's land reform protests explained, BBC, 28 April 2016. <https://www.bbc.com/news/world-asia-36163103> [Last accessed: 1 July 2020].

In May 2016, however, facing potential job and pay cuts, workers protested. The economic situation was difficult: oil prices had fallen significantly, the Kashagan project had not yet resumed production, and the massive Future Growth Project expansion plan of the Tengiz oilfield had to be slowed down. In 2015, NSS, together with KPJV, a major contractor at Tengiz, had to cut 300 jobs.⁸⁵

Beket Ospanov, the director of the Mangistau branch of NSS justified the decision according to the tender requirements. “NCOC require us to pay only 284 [sic] workers,” Ospanov said in an interview.⁸⁶ The months following the coming into force of the new tendered contract saw tensions between workers and the company. The two sides sued each other. NSS argued that it had no obligation to retain another company’s workers and contracts after it won the tender. On 2 September, the Tupkargan trade union appealed to the regional labour department. After ten days, NSS responded by filing a lawsuit against Tupkargan to the specialised inter-district economic court of the Mangistau region.⁸⁷ The dispute ended a few months later when all workers were hired by NSS, despite losing out on the conditions of the previous collective agreement, which was not upheld by NSS.⁸⁸

Conclusion

This chapter, articulated along legislative threads that have increasingly restricted the rules of the game regarding labour disputes and industrial relations, addressed the dramatic changes in the workers’ rights environment in Kazakhstan. The first section is dedicated to

⁸⁵ Laura Suleimenova, ПБР снижает темпы, (FGP slows down), *Ak Zhaiyk*, 6 March 2015, <https://azh.kz/ru/news/view/27124> [Last accessed: 1 August 2018].

⁸⁶ Saniya Toiken, В подрядной компании Кашагана ждут сокращения кадров (A contracting company of Kashagan is expected to cut staff), RFE/RL, 27 May 2016, <https://rus.azattyq.org/a/bautino-kashagan-sokraschenie-kadrov/27760269.html> [Last accessed: 4 September 2019].

⁸⁷ Saniya Toiken, Требование о коллективном договоре привело в суд (The request for a collective agreement is sent to court, RFE/RL, 12 September 2016, <https://rus.azattyq.org/a/kashagan-bautino-kollektivnyi-dogovor/27981714.html> [Last accessed: 4 September 2019].

⁸⁸ Interview with LAWA, a labour lawyer in Almaty, March 2019.

the political and ideological principles that guided Soviet labour practices. Debates on the role of trade unions and post-Stalinist trends are outlined in an effort to show the complex debates that accompanied these changes.

At independence, Soviet-era legislation was still in place, including key socialist principles that would steadily be dismissed after 1991. Although it adopted ILO conventions and WTO labour standards, Kazakhstan increasingly curtailed workers' rights and inconsistently applied protections to its "local content", i.e. locally-sourced workers and commodities. The second part of this chapter addresses the *terra nullius* of post-independent Kazakhstan, which failed to adopt a Labour Code until the end of 1999. A Soviet-era Code remained in force until then, casting doubts on both the rule of law and on the principles guiding industrial relations in the country. It was only after the country had come out of its political, demographic, and financial crises, highlighted in the previous chapter, that legislation started taking a shape. After the turn of the century, Kazakhstan also ratified a few key Conventions on freedom of associations of the ILO.

This chapter also considered the changes adopted in the mid-2000 as a response to the country's economic stabilisation and the initial gains from its oil wealth. In 2007, a new Labour Code severely curtailed worker rights, both in terms of freedom of association and regarding the right to strike, which was also enshrined in the Constitution. For the first time, however, the institute of the Conciliation Committee became the cornerstone of dispute resolution at the workplace. Within this context, fresh legislation concerning "hazardous production" workplaces introduced parallel restrictions on basic worker rights, citing safety risks as the technical reasons for limiting freedom of associations and industrial actions. This legislation particularly hit oil production and service workers.

In addition, this chapter provided preliminary considerations regarding the changes to the law on trade unions, which, in 2014, essentially excluded any organisation besides the Federation of Trade Unions (FPRK) from nation-wide activities. Following the historical, fast-paced legislative changes of those years, the following chapters analyse the adoption of new legislation: The law "On Trade Unions" in 2014 and the Labour Code in 2015.

Throughout the analysis of the changes to the laws, this chapter, in line with the argument of the dissertation, that labour disputes and lobbying by trans-national companies were key triggers for amendments to the legislation, rather than international standards or civil society pressure or trade union appeals. The increasingly conservative and restrictive legal framework that emerged from almost three decades of amendments allowed the government to contain and quash labour disputes. This became especially true in the oil sector, which came to be classified as hazardous, depriving its workers from a platform to fight for their rights. The universal principle of “right to strike,” along with the one on freedom of assembly, was repeatedly violated, both before and after the violent repression of the strike in Zhanaozen in 2011. The next chapters follow, ideally, the career of oil workers and how changes in industrial relations have affected them over time. From the hiring, to the working, to the outstaffing phase, the life of oil workers in Kazakhstan has become increasingly precarious due to a two-pronged pressure from profit-seeking TNCs and rent-seeking government elites.

5. The Hiring Phase

Introduction

Sharply dressed, with a marked British accent an expatriate manager at one of several manpower agencies headquartered in Atyrau said their job is essentially to satisfy the needs of oil companies. “We sell bodies, they come to us body shopping,” he affirmed,⁸⁹ highlighting the crucial role of manpower agencies in hiring specialists on behalf of oil companies. Among the thousands employed by a manpower agency, expatriate and local workers alike are spread around different companies and projects in the oil sector. Differently from their colleagues, hired directly by the oil companies, they are “disposable” and can be fired without the same repercussions, as they are not part of the collective agreements or benefit packages that companies provide to their employees.⁹⁰ Whether hired by a manpower agency or by a service company, the oil worker’s career is more precarious compared to the cadres of a Soviet-style enterprise or a giant oil company. Yet, after the turn of the century, the oil business in Kazakhstan became progressively less vertically integrated and several of its most costly segments, including recruiting, were outsourced to a myriad of contractors.

The hiring phase represents the first analytical portion of this work. Here, the analysis focuses on the strategies that trans-national corporations (TNCs) implemented in an effort to “increase flexibility” and “optimise” the payroll. In particular, the chapter highlights formal and informal practices of employment, with service companies and manpower agencies increasingly contributing to the precarisation of the industry. On the one hand, this chapter addresses how manpower agencies, especially in the Atyrau context, have sidelined Human Resources (HR) departments at the principal oil companies and labour organisations. On the other, the chapter underscores the role of service companies in rendering the oil business increasingly modular and flexible, to the detriment of labour conditions and pay. Another angle that this chapter offers is the variance between

⁸⁹ Interview with senior hiring specialist at a manpower agency in Atyrau, BOGE, September 2018.

⁹⁰ Interview with senior hiring specialist at a manpower agency in Atyrau, BOGE, September 2018.

employment conditions between the different nationalities, chiefly between locals and expats.

This chapter argues that the flexible, precarious nature of the oil industry facilitated the emergence of intermediary bodies, which work in close, umbilical connection with TNCs and the constellation of (trans-national) service companies that surround them. In particular, this chapter highlights how these agencies fill several roles. First, TNCs offload responsibilities (time spent on HR management for direct employees; responsibility on Health & Safety) onto manpower agencies. Second, as profit-seekers, employers favour hiring personnel at lower salaries and worse contract conditions, especially if on paper these do not appear as directly hired by the main employer, but by a sub-contractor. Third, manpower agencies serve as surrogate labour management bodies, given the forced absence of independent trade unions.

In the Soviet period, at a time when jobs were virtually guaranteed to the entire population, low-skilled workers were the most mobile sector of the workforce, while specialists usually worked for years at the same factory (Metalina 1996: 120). The effect of globalisation after the collapse of the Soviet Union was that skilled workers could now be hired abroad or ‘imported’ as TNCs entered the market. The ready supply of skilled workers disincentivised a focus on local development: “Skilled and specialized labour is widely available and mobile [...] reducing the need to train locals to fill skilled jobs” (Östensson 2018: 507).

Given the increased relevance of Local Content rules for the substitution of ‘imported’ labour with local specialists, this chapter addresses the hiring practices that companies employ to both observe and circumvent the regulations. The chapter argues that companies see Local Content rules as constraints to their bottom line and strive to maintain their privileges and control over the oil fields through opaque, routine subterfuges.

This chapter also addresses the structural reasons behind the chronic lack of highly-qualified local specialists, which, in addition to the inherent global dynamics of the oil industry, maintains the need for foreign skilled labour a top priority for TNCs. To do so, the role of educational programmes and universities is analysed in comparison with the

real-life constraints to the “nationalisation” of the workforce and the de facto observance of Local Content rules.

Hiring policies in the oil industry and in Kazakhstan

Globally, oil price remained low during the 1990s and mature capitalist companies, especially transnational ones, utilised subcontracting in an effort to cut costs. Here, a broad understanding of cost-cutting is employed: Companies not only considered direct costs, such as a worker’s salary, but also indirect costs, such as labour and environmental responsibilities, as well as human resources management. These practices were already functioning in other industries, especially those liable to seasonal fluctuations.⁹¹

In the 1970s and 1980s, practices of outsourcing, offshoring, and outstaffing⁹² became common among vertically-integrated companies, which favoured a more flexible approach to services, finances, and labour. “Subcontracting operations had the advantage of rapidly clearing the balance sheets,” Hanké (2004: 317) wrote with respect to France’s automotive giants. Outsourcing was uncontestably an attempt by companies to strengthen their position vis-à-vis both the state and the workers: “Increased outsourcing was certain to raise union resistance, because it implied huge job losses. [...] a reorganization of work could succeed only if management proved able to neutralize both the state and the labor unions” (Hancké 2004: 318).

At the crossroads of independence, Kazakhstan was part of the Soviet system of employment, which guaranteed a wage according to central planning. Unemployment was a concept foreign to the socialist system (Kalyuzhnova 1998: 40). After 1991, however, the transition from planned to market economy caused an inevitable crisis, which stemmed from the macroeconomic imbalances that moved from the large-scale Moscow administration to the small-scale dimension of Alma-Ata. While unemployment remained low in the first years of independence, real wages collapsed, especially due to price

⁹¹ The seasonal fluctuation of jobs in the oil sector is in fact one of the main reasons for which these large companies justify their use of manpower agencies.

⁹² For a longer discussion on “outstaffing,” see Chapter 7 (The Outstaffing Phase).

liberalisation (Kalyuzhnova 1998: 41).⁹³ As GDP and wages collapsed, post-Soviet governments tried via “labour hoarding” to maintain employment levels artificially high and avoid unrest (Verme 2001: 18). Labour hoarding, devised as a cost-cutting social measure in spite of low productivity rates, was a direct inheritance of the Soviet system.⁹⁴

Between 1991 and 1996, economic output fell by 34.1% in Kazakhstan, while employment decreased only by 15.5% and registered unemployed floated between 1% and 4% of the workforce (Verme 2001: 18). Despite an increase in precarisation in terms of purchasing power and job stability, official statistics showed a rather sustainable picture in the country. A survey in 1996, however, showed that unemployment figures could be as high as 11%, rather than the reported 4.2% (Verme 2001: 19).

Along with the post-Soviet switch to market economy, the macroeconomic and financial crises that followed, and the widespread precarisation of the global industrial complex, Kazakhstan witnessed a dramatic shift in its international relations with Moscow and the West. One of the main triggers of this shift was the growing importance of oil production and export in the country’s economic recovery.

The need for fresh foreign investment, paired with the interest of TNCs in profiting off underdeveloped oil fields in Kazakhstan, created the perfect conditions for a privatisation process that welcomed the big names of the global oil industry into the country.⁹⁵ Along with Exxon, Chevron, Shell, Lukoil, and Eni, lesser-known service companies traditionally linked with them also entered the Kazakhstani market. These companies often created joint ventures with Kazakhstani partners in order to lower risk and maintain close relationships with the local business elites. The new joint Kazakhstani-foreign ventures, as well as the principal production companies, needed workers and equipment: Skilled workers and high-tech equipment were shipped in from abroad, whereas unskilled, cheaper labour and basic machinery were locally sourced.

⁹³ For a longer discussion, see Chapter 4 (Labour in Kazakhstan).

⁹⁴ Labour hoarding is a practice by which an ailing enterprise pays its workers in kind and with non-cash considerations in an effort to prevent workers from leaving for another job. See Garnsey (1982: 24), Verme (2001: 20), and Morris (2013: 88).

⁹⁵ For a longer discussion, see Chapter 3 (Oil in Kazakhstan).

Flooded with TNCs, Kazakhstan's oil sector became acquainted with several of their global industrial standards, ranging from technology to safety to employment conditions. The systematic precarisation of the workforce became a crucial cost-cutting practice among these imported standards, as TNCs that won tenders and signed production sharing contracts (PSA) with the government in order to exploit the rich oilfields scattered across the vast territory of Kazakhstan applied similar practices to their new ventures.

Besides other global economic trends, Kazakhstan's labour environment was also impacted by the country's transition to a market economy at independence, which created a generational rift between radically different employment models (Verme 2001). The integrated Soviet model allowed workers to find opportunities across sectors and geographic regions, with almost guaranteed employment and essentially equal benefit packages. The shift to market economy, in conjunction with the economic recession of the 1990s, insinuated precariousness into Kazakhstan's labour environment.

“The switch from Soviet to capitalist employment regime has opened up a division between securely employed, unionized, more skilled and better paid regular company workers and the poorly paid, less protected, unskilled, and non-organized contract laborers” (Trevisani 2018: 86).

Soviet-era collective agreements remained in force in some large oil-producing consortia, essentially levelling salaries and conditions for specific positions and giving workers a space, albeit confined, to make their voices heard through company-based trade unions. With the switch described above by Trevisani, atomised contract labourers started taking the place of full-time employees, a trend that increased the level of precarisation. In the first years after independence, contract workers were few and highly skilled, mostly recruited via manpower agencies.⁹⁶ Contrary to the market-economy tendency of hiring contract workers for their specific skills, the industrial demography of contract workers shifted, in later years, towards underpaid, low-skilled workers from Kazakhstan or East Asia.

⁹⁶ A similar experience is exemplified in the case of Russia, described in Clarke (1999: 148).

Precarious work and unclear chain of command are typical of contracted labour (Rudnycky 2018). After signing a contract with one employer, the agency, the contractor works at the premises of another company, the principal company, and obeys the orders of a manager, who could be hired by yet another subcontracting company or agency. Low-skilled workers trained locally are largely outsourced through manpower agencies, as some of these agencies work internationally and have specific ‘workforce basins’ from which they hire welders, painters, mechanics, and others. Besides mere profit-oriented speculation, experience and education play a significant role in the choice of the workers. Thai welders and Filipino painters are generally hired “in bulk,” as one health and safety manager said during a field visit⁹⁷. While Filipino workers speak English and can easily understand instructions from Western managers, Thai workers generally work under the direction of a foreman that speaks both Thai and English. These low-skilled workers are *растарбайтеры* (‘guest workers’ in Russian⁹⁸) migrant labourers that are alien from the society in which they live, as their jobs are seasonal and the language barrier does not allow for communication with other local workers.

Both international companies and manpower agencies played a crucial role in shaping the profile of workers that fulfil specific tasks, through specific skills, at specific times during the production cycle. These guest workers need not demand different conditions or be part of a trade union, as their work changes little throughout the geographies to which they are shipped during the year.⁹⁹ For local workers, on the other hand, anti-union practices begin at the interview process: Companies such as Tengizchevroil and NCOC openly discourage trade union membership during the hiring process. Direct contractors of these consortia generally follow similar standards, as one former HR manager said: “You couldn’t be in a trade union because Chevron had an agreement with the government. In order for them to

⁹⁷ Interview with Health and Safety Manager of a Western service company, CHEC, at their field base, in the Mangistau region, July 2017.

⁹⁸ The German word “Gastarbeiter” has been adopted in the Russian language (*растарбайтер*) to mean low-skilled migrant workers, qualitatively different than “expatriate” workers, who are generally skilled and appointed to managerial positions. See Feakins and Zemnukhova (2018).

⁹⁹ Interview with a Western project manager at a manpower agency, DLFW, Atyrau, September 2018.

develop the field, trade unions should not be involved.”¹⁰⁰ In 1998, five years after Chevron signed the contract for the Tengiz field with the government and after a series of industrial actions, the Soviet-era company trade union “was delegalized and its leaders denied access to company premises” (Yessenova 2012: 103).

The only international oil consortium that continues to work with trade unions is KPO, in charge of developing the Karachaganak field near Aksai, in the north of Kazakhstan. Field research clearly showed that enterprises formed in the Soviet period all maintained some kind of trade union structures, mostly at enterprise level rather than within national, independent umbrellas. Instead, new¹⁰¹ joint ventures and production sharing agreements formed with the initial participation of trans-national oil companies tended to stipulate the exclusion of trade unions as a base condition for their investment.

Besides geographic and physical hurdles, companies pit the trade union leadership against its base via pay scale stratagems. Labour leaders at company-based trade unions are generally employees that take a leave and are compensated with a union salary commensurate to the salary they earned working at the company, paid for by worker contributions to the trade union. Some of the instances of labour co-optation have involved companies increasing the individual salaries just before the appointment to the trade union leadership.¹⁰² The manoeuvre had a double effect: it bought off the loyalty of the union leader, who would receive a higher remuneration, and it would weaken the budget of the trade union, which would see an increased cost for their leader.¹⁰³ Typically, trade union members pay proportional dues in the measure of 1% of their salaries. As trade union membership gradually decreased in Kazakhstan, several labour organisations have struggled to break even.

¹⁰⁰ Interview with former HR manager at a Tengizchevroil contractor, RZHA, Astana, September 2018.

¹⁰¹ For a detailed discussion of sectoral trade unions at Karachaganak, see Chapter 7 (The Outstaffing Phase).

¹⁰² For a longer discussion, see Chapter 7 (The Outstaffing Phase).

¹⁰³ Interviews with human rights activist, GAFR, in Almaty, March 2018, and with trade union leader, KUPT, in Aksai, November 2018.

Working for oil in Kazakhstan is seen as a prestigious (Yessenova 2018: 373) and the higher-than-average wages it guarantees – in certain but not all instances, as this work demonstrates – renders the job market crowded with applicants. Stacks of CVs pile up at the reception desks of the main and field offices of oil producing and service companies, a practice much rarer in other business sectors.¹⁰⁴ The existence of ‘oil families’ and dynasties of *neftyaniki* (нефтяник, ‘oil man’ in Russian) meant that careers in oil became almost hereditary: It is easy to recognise the last names of the first geologists and explorers among today’s managers, who are in fact their sons, nephews, and cousins. But besides family and kin connection, a job in oil can be obtained through corruption. An administrative or engineering job at one of the largest consortia could cost thousands of dollars to the job seeker looking for a well-paid, secure position. Those who have gone through this process consider it as an investment.¹⁰⁵

Manpower agencies have played a decisive role in making employment and labour more precarious in the oil sector. In particular, the following section highlights how their role fills several gaps. First, TNCs offload responsibilities. Second, as profit-seekers, employers favour hiring personnel at lower salaries and worse contract conditions, especially if on paper these do not appear as directly hired by the main employer, but by a sub-contractor. Third, manpower agencies serve as surrogate labour management bodies, given the forced absence of independent trade unions.

Hiring bodies: HR or manpower agency?

TNCs started using for manpower agencies over a century ago, whether for moving large reserves of labourers or to find specialists. In the oil sector, manpower agencies gained trust as an intermediary body for the headhunting of specific skillsets: The hires were global oil

¹⁰⁴ Mistaken for a job seeker, several times I was pointed to either the tray or the mailbox for submitting my CV by the receptionists, before I could explain that I had a meeting for an *academic* interview. For a longer discussion, see Chapter 1 (Methodology).

¹⁰⁵ This observation is deliberately maintained devoid of further details, as it narrates about illegal labour practices and corruption, but it is founded on anecdotal evidence collected over several interviews in Atyrau, Aktau, Uralsk, and Kyzylorda between July 2018 and March 2019.

workers who moved from project to project, usually for a specific task to be delivered in a determinate period. The companies' rationale for the use of manpower agencies lied in their inability – and unwillingness – to burden their HR departments with the task of recruiting temporary workers, draft contracts and benefit packages, and hire-and-fire these workers according to the project needs. Instead, all the company needed to do was to outsource the specific profile of skilled worker they needed to the manpower agency and the daily rate at which they would hire them.

Working for a manpower agency in an oil field operated by a different oil company implies job insecurity: dissatisfied, injured, or underperforming workers could be fired with little or no notice. In his history of industrial relations in the Colombian oil sector, Tijerina outlined the peculiar activities of Tropical Oil, a Canadian subsidiary of US giant Standard Oil at the beginning of the last century. Already in the 1920s, Tropical Oil made extensive use of manpower agencies for the hiring of unskilled and semi-skilled workers, a strategy that exonerated Tropical from any responsibility or accountability towards the workers (Tijerina 2018: 53). In 1924, in Colombia, a clandestine trade union, Unión Sindical Obrera (USO) emerged to protect these workers, who assembled for their first mass strike in 1924.

In the previous chapter, I discussed the fundamental role of trade unions as “transmission belts” for the hegemonic project of the Soviet Communist Party. Paraphrasing Cox, I argue that, by sidelining independent trade unions and crafting corporate-friendly labour legislation, the Kazakhstani state became a “transmission belt” for the profit-maximising logic of neoliberalism of trans-national oil companies from the global to the local (Cox 1992: 31).¹⁰⁶ Within this framework, manpower agencies assume the role of “transmission belts” of the practices of the global oil industry into Kazakhstan's labour environment.

The English-language tagline of Fircroft, a foreign-owned manpower agency in Atyrau, “the right people for the right job,” immediately outlines the characteristics that both the agency and their clients look for in their prospective hires: With an emphasis on the peculiarity of the job, which becomes increasingly specialised, the worker should be

¹⁰⁶ Cox admittedly amended his theoretical stance on the state as a “transmission belt” in later writings (Cox 2002: 33).

selected on its individual merits and skills. The manpower agency, naturally, serves the interest of the client as well as its own: their aim is to negotiate an individual contract according to their client's own requisites, but also to allow for a margin for their hiring fees.

Manpower agencies earn a fee in the form of a mark-up on the daily rate, while the worker signs a contract with the agency, rather than with the principal company. Employment conditions were less favourable to the employee, who enjoyed fewer rights and benefits, but would sometimes earn a higher-than-usual daily pay. In Kazakhstan, at the beginning of the post-Soviet experience, this scheme mostly applied to foreign workers, in particular Western specialists.¹⁰⁷ In recent years, it has spread to encompass a wide variety of oil workers.

The salary of an expatriate service worker hired, directly or through a recruiting agency, by the principal production companies hovers around 1,000 USD/day. During an interview, a manager at a foreign service company explained that the agreement on the "loan" of the worker¹⁰⁸ is signed between the service company (or manpower agency) and the principal company, at a rate of around 25,000 USD/month plus VAT.¹⁰⁹ The service company would then "hire the specialist for 7,000 USD/month, pay taxes, and send back around 15,000 USD to the mother company abroad".¹¹⁰ While the latter example is specific to direct hires between service companies and production companies, manpower agencies can become the middleman as well and reproduce similar recruitment patterns. The difference, however, is that 'loaned' workers of service companies return to their job once their tasks with the principal company is completed, while manpower agency hires are

¹⁰⁷ Interview with former accountant at a production company then co-owned by Western capital, IRPO, in Aktau, March 2019.

¹⁰⁸ A 'loaned' worker is, essentially, a seconded worker, who is employed by a company abroad and gets sent to the country to work on a specific project.

¹⁰⁹ The same example is mentioned in Sorbello (2019).

¹¹⁰ Interview with the director of the Kazakhstani branch of a Western service company in Aktau, SANL, July 2017.

characteristically “expendables”,¹¹¹ as they would be back in the job market after the completion of their project.

The scenario described above shifted at the turn of the century, as manpower agencies effectively substituted HR departments across the three largest oil consortia in Kazakhstan. The consortia retained manpower planning, a joint effort between the HR and IR departments, by outlining a five-year plan according to production and sale targets. Yet, they outsource the hiring responsibilities to manpower agencies. Given the volatility in oil prices, regulatory frameworks, and investment options, the company has an incentive to use “easy-to-terminate” contracts for the employees it hires directly and make extensive use of manpower agencies. An HR adviser for manpower and planning in Atyrau, said that employment would be better catered through engineering societies, to which most workers sign up. Yet, the HR departments do not have access to these societies and rely on known profiles for experienced workers: “There is no HR community here. We prefer relying on agencies, smaller outfits for specific roles or bigger manpower companies for local low-skilled workers. Not hiring directly allows for better flexibility.”¹¹²

The role of manpower recruiting and service companies becomes prominent at times of restructuring or expansion projects. KPJV, a joint venture and a main service supplier to the Tengiz project, wrote a feasibility study regarding the principal’s expansion project, which was finally implemented in 2015. In its study, KPJV stated that the expansion “must have inherent flexibility, such that it can handle large increases, or decreases, in manpower volumes.” It forecast a two-year growth in manpower by around 8,000 workers, which would be then decreased gradually to a few hundred over the span of three years.¹¹³

¹¹¹ Interview with a senior engineer at a Western service oil company in Uralsk, WOCN, November 2018. Notably, the word “expendable” is a synonym to “disposable,” used by the manpower agency manager quoted at the beginning of the chapter.

¹¹² Interview with an HR adviser at a major oil-producing consortium in Atyrau, KNUR, September 2018. For a longer discussion on manpower agencies in Atyrau, see the next section.

¹¹³ Kimo Karini, TCO-Future Growth Project (FGP)/Wellhead Pressure Management PROJECT (WPMP), Strategy Paper, 2013, pp. 18 and 33. Available online at: <https://www.slideshare.net/KimoKarini/final-report-tco-kpju-fgp-traffic-study-2013-kazakhstan> [Last accessed: 19 February 2020].

Local workers, in fact, are hired on a temporary basis by the agencies, with contracts of six months to one year. Only a prolongation of the project or an exceptional performance would give the worker hope for a permanent position at the principal company. With only a few exceptions, notably among expatriate workers, the salaries of workers paid by manpower agencies are lower than those of workers with similar responsibilities and experience hired directly by the principal company.¹¹⁴ Recruiting agencies are prevalent in Atyrau, known as “the oil capital of Kazakhstan,” where the operators of Kazakhstan’s largest fields, Tengizchevroil and NCOC, have their headquarters.

Manpower agencies in Atyrau

The use of manpower agencies, i.e. the outsourcing of human resources management (HRM) and the atomisation of the workforce, characterises the Atyrau region more than others in Kazakhstan. The presence of manpower agencies and the absence of strong and independent trade unions is directly linked to practices by TNCs. Manpower agencies have a decisive role in making employment and labour more precarious in the oil sector.

Manpower agencies are more prominent in Atyrau and, to a lesser extent, in the West Kazakhstan region, the two administrative homes of the three largest oil producers in the country: Tengizchevroil, NCOC, and KPO. Most recruits through these agencies, which span country-wide between 10,000 and 20,000 according to the contingent demand, work at these three production sites. In Mangistau, Kyzylorda, and Aktobe regions, where production companies are mostly local or co-owned with Chinese shareholders, manpower agencies have less traction. Although as recently as 2019 it emerged that even Kazmunaigas-linked companies have used manpower agencies to hire workers, such instance remains the exception to the rule of “direct hiring.” Instead, labour hoarding by means of lower salaries and fictitious contract work continue to overpopulate the ranks of Kazmunaigas affiliates.¹¹⁵

¹¹⁴ Interview with an oil worker from Uralsk, working for a large international company in Atyrau, UROW, in Uralsk, November 2018.

¹¹⁵ Interview with a HRM expert and consultant, YHRI, in Astana, March 2019.

In Atyrau, manpower agencies have played a political as well as an industrial role. Interviews with managers and workers of these agencies have highlighted the importance of the informal ties that brought them to prominence in the recruiting process: From links to elite members in Kazakhstan, to industrial ties to the TNCs in the country of origin, to alleged connections with criminal organisations in Italy. Due to these connections, manpower agencies can charge commissions that range from 2% to 15% on the contracts they sign with oil companies. The agency with the best political connection can charge a flat fee of 15%, while a 2% commission, according to people in the industry, means the manpower agency operates at a loss. “They practise dumping in order to beat the competition, but their expat management doesn’t care. For them, it becomes a way to affiliate the client. If the loans they take out from the banks one day fail to cover their losses, they just let the company go out of business and then create another one,” a mid-level manager at a manpower agency in Atyrau said.¹¹⁶

Several companies that are small enough to manage hiring processes in-house still pay for the services of manpower agencies. The industry and the people involved are such a small circle that members of a single household pass through the revolving doors of working alternatively for the manpower agency or for the oil company HR department. Rumours and gossip often trump market analysis in the reading of the Atyrau employment environment. In particular, the revolving doors dynamic sparks preferential treatment for certain connections, as certain companies tend to use specific manpower agencies more often than others, despite market considerations. Political pretexts, personal spats, family relations, and bribes have shuffled the world of manpower agencies.

Nepotism and preferential treatment are common in the job market in Atyrau, and manpower agencies are often used as the in-between. One engineer, hired by a consortium on a short-term contract, explained that companies have used the “reorganisation” phases in order to “clean up the house.” In 2017, several workers were fired from one consortium and, while a few were re-hired through recruiting agencies and reintegrated, “several

¹¹⁶ Interview with a mid-level manager at a manpower agency, DLFW, in Atyrau, March 2019.

questionable people were promoted and shifted from a precarious contract with recruitment agencies into a better contract with the same consortium.”¹¹⁷

In an effort to meet Local Content rules,¹¹⁸ manpower agencies also hire thousands of local workers. At Karachaganak, hundreds of workers are employed through agencies. “When the agency gets 400,000 KZT for a worker, the take-home pay for the worker is only 170,000 KZT, some of the rest goes to taxes, but most remains with the agency,” a journalist said.¹¹⁹ The data therefore revealed a discrepancy between what the agency says it charges and the final wage that the worker receives. The gap, however, could be explained through a different accounting system. While the agencies negotiate the price per worker with the companies based on their gross salary, upon which they apply their commission, they also advertise the positions highlighting the “salary on hand,” i.e., the sum the worker would receive in her bank account after taxes and deductions.¹²⁰

Local Content: A stumbling block for TNCs

Until the end of the 1990s, when the first Labour Code was adopted in Kazakhstan,¹²¹ the Soviet legislation on labour matters provided for significant protection for local workers. Presidential decrees throughout the first years of independence tweaked rights and conditions of work (Lambert 2000: 302), also setting quotas for foreign workers, a measure that would force foreign investors to keep employment rates high, especially in the oil industry. In the 1998 law “On the Employment of the Population,” article 16.3 clearly stated that: “Employers that invite foreign labour must create additional jobs and train citizens of the Republic of Kazakhstan to [eventually] substitute foreign workers in

¹¹⁷ Interview with a senior engineer, on contract for a project with a major consortium, GLDF, in Atyrau, September 2018.

¹¹⁸ For a longer discussion, see next section.

¹¹⁹ Interview with an investigative journalist, KUNL, in Uralsk, November 2018.

¹²⁰ The formula “на руки” (Russian phrase for ‘net pay’) is often shown in job announcement boards online, such as the “JobKZ” group on Yahoo.com, accessible at: <https://groups.yahoo.com/neo/groups/JobKZ/info> [Last accessed: 1 November 2020].

¹²¹ For a longer discussion, see Chapter 4 (Labour in Kazakhstan).

accordance with the instruction from the central committee.”¹²² In 2000, a government resolution fixed a quota of foreign specialists that could be hired in Kazakhstan. As such, companies could attract a maximum of 7,000 foreign workers (70% of which engineers) during the solar year (Ostrowski 2010b: 95-96), a figure that would more than double in 2004. Ostrowski describes the strategy as “a carrot-and-stick approach that allows Nazarbayev’s regime simultaneously to portray itself as the champion of the foreign investors and also uphold its image as a defender of local labour”.

Along with the eventual “nationalisation” of the workforce through specialist training, local job creation is one of the pillars of the idea of the so-called Local Content, which was codified in 2009.¹²³ While varied across cases, regions, and specific sector, foreign companies in general must hire a higher proportion of local workers in order to obtain a certain number of work permits for their expatriate specialists. Another component of the Local Content regulation is the proportion of goods that companies source locally instead of importing them from abroad.

TNCs see Local Content rules as an additional cost that hinders their business activities. “For what concerns materials, goods and services, it is only natural that we prefer our international suppliers, who abide by higher standards than here in Kazakhstan,” said a branch director of a Western company and honorary consul in Atyrau.¹²⁴ And while the professionalism and expertise of local specialists is improving, several expatriate managers agreed that the skills of an engineer educated in Kazakhstan simply could not be compared with an engineer trained in the West.¹²⁵ This is perhaps the reason that Local Content

¹²² Translated from the original text of Закон о занятости населения (Law on the employment of the population) N. 341-1 adopted on 30 December 1998. Available online: https://online.zakon.kz/Document/?doc_id=3011947 [Last accessed: 16 July 2019].

¹²³ For a longer discussion, see Chapter 4 (Labour in Kazakhstan). See also (Kalyuzhnova et al. 2016: 109-120) and Kazakhstan Investment Climate Statement, US Department of State, 2015, pp. 25-26.

¹²⁴ Interview with the director of a Western oil and gas service company, who also served as the local honorary consul for his country of origin, CRIB, in Atyrau, September 2018.

¹²⁵ Interviews with MIGB, Atyrau, March 2019; CRIB, Atyrau, September 2018; RHTE, Atyrau, September 2018; WOCN, Uralsk, November 2018.

rules were considered “burdens for employers” in business climate reports about Kazakhstan.¹²⁶

Local Content legislation caused bureaucratic complications and subsequent “burdens” on employers and their HR departments. The drive towards the inflation of Local Content in Kazakhstan's oil industry proved to be yet another reason that TNCs started using manpower agencies. Large consortia boast Local Content ratios of employment above 90%, while contextually outsourcing specialists through manpower agencies.

Smaller companies, resort to opaque practices in order to comply with the regulations. In Aktau, a local branch of Western service company said plainly that they collaborate with the local government to meet the requirements of the Local Content legislation. While Local Content rules are negotiated with each individual company, a representative of this particular company said that smaller companies cannot meet the 9:1 or 8:1 ratio that the government asks from service providers that hire thousands of workers. Instead, branches of foreign companies, established as a vehicle to pay (lower) taxes on profits, generally enjoy a 3:1 ratio, which is still deemed too high. According to a manager of the Western service company:

“Every month, we have to provide a list of the workers in our payroll to the local Labour Department. Half of the locals we employ are drivers, cleaners, and secretaries. To fill up the other half, we negotiate with the Labour Department, hiring disabled or unemployed people, or even somebody’s cousin. We pay them the minimum wage, around 25,000 KZT per month and they are not even required to show up at work. If you compare their 70 EUR-equivalent [per month] with the 1,000 EUR per day that we pay to expats, you realise that it’s not a big deal for us: The Labour Department is happy, we are happy.”¹²⁷

¹²⁶ Kazakhstan Investment Climate Statement, US Department of State, 2015, p. 25.

¹²⁷ Interview with the director of the Kazakhstani branch of a Western service company in Aktau, SANL, July 2017.

Similarly to other regulatory agencies, the regional Labour Departments have been the source of such under-the-table negotiations and several of their officers have been found guilty of taking bribes in order to condone certain labour practices or, in the case of Labour Inspectorates, to dismiss claims of violations. Three recent examples would suffice to illustrate the point. In 2016, the chief labour inspector of the Atyrau region was found guilty of taking bribes from two quality control companies working in the oil and gas sector.¹²⁸ In 2017, a labour inspector in the Karaganda region was charged with taking a bribe to issue a positive opinion on an audit on Kazakhmys, a large mining company.¹²⁹ In 2019, two officers of the migration department of the ministry of internal affairs in Atyrau were fined after a court found them guilty of systematically taking bribes in order to expedite the issuing of work permits to foreign workers.¹³⁰

Although it is clear that informal practices and corruption seep through everyday dealings between companies and government agencies, labour institutions insist that large oil companies are seldom involved in violations. A high-ranking official at a regional Labour Inspectorate found the biggest violators to be small and medium enterprises (SMEs): “Large oil companies don’t break the law. It’s SMEs that constantly violate labour rules, they often find it harder to comply because of the underlying costs,” he said. When asked about the practice of a labour inspection, however, the official unveiled the loopholes in the system that allow companies to pre-empt monitoring. “Our inspections are carried out according to a schedule that we agree upon with the company. If an urgent violation is signalled to us, we give the company a 24-hour notice, because of the hazardous nature of

¹²⁸ Осуужден главный инспектор труда по Атырауской области (Chief labour inspector in Atyrau region convicted), *Today.kz*, 26 April 2016. <http://today.kz/news/proisshestviya/2016-04-26/715689-osuzhden-glavnyij-inspektor-truda-po-tyirauskoj-oblasti/> [Last accessed: 7 September 2019].

¹²⁹ Zhanna Sagidullakzy, Трудовой инспектор задержан за получение взятки от работника Казахмыса в Караганде (Labour inspector detained for receiving a bribe from an employee of Kazakhmys in Karaganda), *Informburo*, 10 February 2017. <https://informburo.kz/novosti/trudovoy-inspektor-zaderzhan-za-poluchenie-vzyatki-ot-rabotnika-kazahmysa-v-karagande.html> [Last accessed: 7 September 2019].

¹³⁰ Farkhat Abilov, Полицейские осуждены за взятки от гастарбайтеров. Наказание – штраф (Policemen convicted and fined for [receiving] bribes from migrant workers), *Ak Zhai*, 24 January 2019. <https://azh.kz/ru/news/view/56896> [Last accessed: 7 September 2019].

the production zone. We have to give them time to prepare for our visit in terms of safety.”¹³¹

Government officials and company managers alike tend to rattle security and safety rules off whenever labour rights are mentioned. The oil sector, similarly to a handful of other industries, is subject to strict regulations regarding the health and safety of the workers and nearby residents. Often, however, these rules and regulations are used as a control mechanism either for outsiders (“you can’t access the site without safety clearance”¹³²) or for workers (“you must comply with the rules, otherwise I’ll fire you. You know I can”¹³³). The goal is to keep on the edge both inspectors and workers. The roles of controller and controlled are thus reversed, with the company in full control of the inspection process.

Labour institutions have diluted their clout on their control responsibilities both because of the corrupt practices described above and because they are also in charge of enforcing Local Content regulations, which are seen as distant from the profit-maximising mission of an oil company. A monitoring institution that takes bribes and only ‘scolds’ companies for not hiring enough local workforce, regardless of skills, is simply not credible. “They are a source of stress, but with time we learned how to deal with them,”¹³⁴ company managers say. Strict regulation, enforced in an often arbitrary fashion, caused the termination of several oil and gas contracts. In April 2010, months after the approval of the new Local Content Concept, the government terminated 34 contracts on local content violation grounds¹³⁵.

¹³¹ Interview with KITU, a deputy head of a regional Labour Inspectorate, Autumn 2018.

¹³² Interview with the HR manager of one of the largest service companies in the oil and gas sector, FUES, in Aktau, July 2017.

¹³³ A Health and Safety Manager of a Western service company, CHEC, said to a worker while I was visiting their field base, in the Mangistau region, July 2017. For a longer discussion on lay-offs related to safety regulations, see Chapter 7 (The Outstaffing Phase).

¹³⁴ Interview with the director of a Western oil and gas service company, CRIB, in Atyrau, September 2018.

¹³⁵ Emma Wilson and Judy Kuszewski, ‘Shared value, shared responsibility: a new approach to managing contracting chains in the oil and gas sector’, IIED, London, 2011, <https://pubs.iied.org/pdfs/16026IIED.pdf> and Saule Ospanova, ‘Local Content Policy: Kazakhstan review’, IIED, London 2010 <https://pubs.iied.org/pdfs/G02761.pdf>. [Websites last accessed: 14 October 2019].

If regulations represent a source of stress for TNCs, the sluggish process of development of local human resources continues to haunt government officials. Speaking at a sector-specific conference, Murat Zhurebekov, then-chairman of the governmental agency in charge of managing the production sharing agreements with the largest consortia, highlighted how expatriate workers still enjoyed disproportionate benefits compared to locals: “Local workers are exploited through contract dumping by the employers. It makes no sense that a driver working for a consortium now can earn the same as a taxi driver in the city. The disproportion between expats and locals continues to be impressive, especially when we look at the workers fulfilling similar tasks. Why are Pakistani, Indians, and other people from South East Asia earning more than our local workers?”¹³⁶

For such a global industry as oil, the concept of ‘local’ is subject to a wide range of interpretations. For the work in Tengiz, for example the TCO company employs a range of contractors and subcontractors that are hired according to different rules, depending on the jurisdiction of their work. TCO contractors build components in South Korea and Indonesia, hold trans-shipping bases in Bulgaria and Finland. There, both the service companies and the manpower agencies hire ‘local,’ indigenous workers.¹³⁷

The complex taxonomy of local and onshore, as opposed to global and offshore, is exemplified by two similar practices at engineering companies working for two of the largest consortia in Kazakhstan. The first is a joint venture between trans-national service companies and local enterprises. It operates out of Almaty, where its core engineering team designs projects. Despite being thousands of kilometres away from the oil field in western Kazakhstan, they represent the so-called “onshore team”. Such a definition is useful internally to differentiate workers in Kazakhstan from their colleagues working from offices in India, the so-called “offshore team.”¹³⁸ The formal headquarters of the company are based in an industrial town in the United Kingdom, next to the offices of its British

¹³⁶ Murat Zhurebekov, Speech during the Kazneftegazservice Conference, Atyrau, 15 March 2019, quoted in Paolo Sorbello, Astana’s Local Content Rules Still Key Bugbear for IOCs. *FSUOGM*, n. 12, 27 March 2019.

¹³⁷ Interview with senior hiring specialist at a manpower agency in Atyrau, BOGE, September 2018.

¹³⁸ Interview with a junior engineer at an oil service company, FELC, in Almaty, August 2017.

shareholder.¹³⁹ The operational borders between onshore and offshore are thus seemingly dissociated from geographic spaces. Instead, these differences come to reflect pay grades, work conditions, and responsibilities. Sometimes these differences spread across the global operations of a company, sometimes such microcosm is reproduced entirely in one country.

In another example, in fact, a North American project manager in Uralsk said that his company, in line with industry standards in Kazakhstan, considered three kinds of specialised employees according to their country of origin: 1) local specialist; 2) “Eastern” expat; 3) Western expat. Local specialists generally earn around half compared to Eastern specialists, who hail from countries in South-East Asia. Western expat specialists earn three-to-five times more than local specialists at a basic engineering level. In terms of service provision, however, the company gains more profit on the man-hours it sells for a local specialist, since the price it charges to the principal oil company is levelled on the Western expat pay grade. A fourth category, local specialists who have had international experience, is deemed “too expensive and hardly profitable” for a Western service company. “Given that Western expats control the hiring process, they would probably prefer Western expats at that cost,” the project manager concluded.¹⁴⁰ Contrary to what would be the best case outcome of the Local Content policy, the best local specialists end up leaving Kazakhstan because their skills place them outside the market.

These two ethnographic examples serve to illustrate the hierarchical inequality that is constantly reproduced in Kazakhstan’s oil sector, one that is purely corporate and has little to do with geographic limitations. The trans-national nature of the oil business created different pockets of workers, who have been increasingly pushed to bargain during their recruitment process via individual negotiations within a certain range of salary and conditions that industrial practices dictate. Several companies pride themselves in hiring Kazakhstani nationals and increasing the proportion of local content in their workforce. Yet, since the country’s independence, the oil sector has become a magnet for young

¹³⁹ The British shareholder controls recruitment for expatriate workers, whereas the joint venture outsources hiring in Kazakhstan to one of the largest manpower agencies. Interview with senior hiring specialist at a manpower agency in Atyrau, BOGE, September 2018.

¹⁴⁰ Interview with a senior engineer at a Western service oil company in Uralsk, WOCN, November 2018.

specialists, who have moved to Kazakhstan's oil centres. As one recruiter said: "In Atyrau, if you talk to locals, they most likely hail from other regions of Kazakhstan."¹⁴¹

Nationalisation, education, and the "future"

In a study of company strategies to face local content policies around the globe, Ngoasong found that TNCs adopt their strategies to the domestic context, emphasising the 'developmental' aspect of their operations and programmes, which aim to facilitate a gradual turnover of expatriate workers in favour of local workers (Ngoasong 2014). Such a practice is in line with Kazakhstan's "nationalisation" policy, which represents a crucial starting point for Local Content regulations.

Besides their regular private meetings with government representatives, TNCs have a clear path to influence legislation and lobby for favourable amendments to regulations. There are at least five major conferences per year in Kazakhstan that tackle several aspects of the oil industry: KAZENERGY in Astana and KIOGE in Almaty (which since 2017 alternate year by year); Kazakhstan Drilling Roundtable in Astana; Atyrau Oil and Gas Conference; Kazneftegazservice Conference in Atyrau.

At these conferences, government representatives, trans-national and local companies fill up panels, business lounges, and cocktail parties. At the 2019 Kazneftegazservice Conference in Atyrau, the government asked, in the face of the changing regulations on "Local Content", that TNCs gave an additional effort to support Kazakhstani workers and industries.¹⁴² In the same heartfelt speech quoted above, Zhurebekov, the head of the PSA Agency, said that oil companies have failed to develop local content beyond merely checking boxes.

"We must start speaking about increasing the well-being of the people of Kazakhstan. There are probably one million people who are involved in one way or the other in oil and

¹⁴¹ Interview with senior hiring specialist at a manpower agency in Atyrau, BOGE, September 2018.

¹⁴² For a longer discussion, see Chapter 6 (The Working Phase).

gas in Kazakhstan,” Zhurebekov said to a room full of oil and gas executives. He lamented that for decades companies had only cared about meeting the formal requirements for local content, without actually developing the Kazakhstani environment in terms of education for prospective employees and managers, and industrial production to support the oil sector. Graduates of local universities, in fact, are not welcomed in big consortia or TNCs.¹⁴³

Lobbying allowed, for example, the three main consortia to avoid following the stricter local content rules established in 2001 and updated regularly throughout the decade. TCO, KPO, and NCOC, the consortia founded in the 1990s to develop the Tengiz, Karachaganak, and Kashagan oil fields, argued that the new rules should not be retroactive. The size of their investments and fears that they would reconsider expansion plans led the government to bow before their requests for exemptions to the local content rules. As production sharing agreements (PSA), these companies have concluded ad hoc contracts with the government that are difficult to renegotiate. As Oleg Chervinskii, a veteran oil and gas journalist, said in an interview:

“The PSA regime doesn’t force the consortia to abide by local content rules. So, the only thing left to do for the government is to politely ask for concessions. And the usual answer from the consortia is: ‘Sorry, but that hurts our bottom line’.”¹⁴⁴

In the absence of a real strategy to develop local content, Corporate Social Responsibility (CSR) has become an unconditional handout for companies to appease local administrations, according to a project manager for CSR practices said in an interview.

¹⁴³ Chapter 7 (The Outstaffing Phase) delves into the obstacles to hiring, the academic questions, and the informal practices that companies use to dodge the regulatory oversight, cfr. OECD Investment Policy Reviews: Kazakhstan 2017.

¹⁴⁴ Paolo Sorbello, ‘Astana’s local content rules still key bugbear for IOCs’. *FSUOGM*, 27 March 2019.

“Companies just go to the local administration and ask: ‘What can we do for you?’. The akimat replies: ‘We need a kindergarten’. ‘How much for?’, the company asks. ‘One billion tenge,’ the akimat says. So, the company just pays out and nobody then tracks this billion and what it is spent on. There could be both compliance and corruption issues. Instead, companies should carry out projects independently.”¹⁴⁵

The OECD wrote in a 2014 paper that “contributions of enterprises are rarely voluntary and investors often perceive [CSR] to be a charity tax.”¹⁴⁶ The industry-wide provision that companies in the extractive sector should devote at least 1% of their income to social projects has failed to have a meaningful impact, precisely because it was a charity tax, rather than a needs-based contribution, according to the project manager quoted above.¹⁴⁷

“In Atyrau, several years ago they built a large medical centre, but there were no specialists ready to work there. In another instance, they built a kindergarten for 60 pupils when the village only had three or four. State programs are about quantity: 100 kindergartens, 100 hospitals... so these are the numbers with which companies are playing.”

Prior scholarly work praising the work of international consortia in Kazakhstan (Buldybayeva 2014) failed to take into account that civil society and the local population are completely excluded from the decision-making process regarding social projects. On the contrary, research found that “civil society has had a limited role in the management of the petroleum sector, and public discussion of oil and gas issues has been driven mainly by the government and international organizations,” (Overland and Vakulchuk 2018: 143). Similarly, the population is marginalised from projects of “nationalisation,” which aims to increase the proportion of local workers in the oil sector.

¹⁴⁵ Interview with TAZA, a project manager for CSR practices, in Almaty, June 2017.

¹⁴⁶ ‘Responsible Business Conduct in Kazakhstan,’ OECD, 2014, p. 17.

http://www.oecd.org/countries/kazakhstan/RBC_in_Kazakhstan-2014.pdf [Last accessed: 13 May 2018].

¹⁴⁷ Interview with TAZA, a project manager for CSR practices, in Almaty, June 2017.

Throughout the years, Kazakhstan has invested in specialised education for the oil and gas sector. Local pupils follow a range of different paths according to their ability to enter specific universities and programmes. While on-the-job training is seen as vital for the development of a specialist, the “nationalisation” process has to pass through a successful education, according to both government policies and corporate recruiters.

The best and luckiest students enter the “Bolashak” (“future” in Kazakh) programme, a public education path open for most disciplines, that would allow them to study expense-free at foreign universities. After graduation, they have an obligation to return to Kazakhstan and remain employed in a sector relevant to their degrees for five years. Failing this, the government would seek compensation: The families of the students are generally forced to file tangible assets – often a house – as a collateral. Back home after graduation, the goal is thus to find quick employment and become a taxpayer in one of the relevant sectors established by the Bolashak administration. Such a time constraint creates pressure: “I’m 26 months away from freedom,” an engineer in his late twenties said, adding that he “could count down to the exact days” he needed to work until the expiry of his five-year term at the low-paid job he had to swiftly accept in order to get the clock running. “I could not negotiate much, because employers know that we from the Bolashak programme are thirsty for employment.” He had earned a Masters in the UK and spoke fluent English.¹⁴⁸

English language proficiency is a major advantage in the hiring process and therefore highly sought after in university degrees abroad. Very few achieve the feat of successfully applying to Western universities outside the Bolashak framework. For the rest, the first years are a struggle both in terms of salaries and recognition: “I can safely say that I know aspects of chemistry related to my work better than my American colleagues with similar work experience. Yet, they make five or ten times more than I do, and with a much better contract,” a chemical engineer in her early thirties said with disappointment.¹⁴⁹ She was part of a network of student who had first graduated from the newly established Nazarbayev University, before specialising abroad.

¹⁴⁸ Interview with a junior engineer at an oil service company, FELC, in Almaty, August 2017.

¹⁴⁹ Interview with a junior chemical engineer at one of the largest oil fields, FBTC, in Astana, May 2018.

Created in 2009¹⁵⁰ with the purpose of fostering a Western-style education in Kazakhstan's capital, the New University of Astana was renamed after its first academic year into Nazarbayev University (NU) and quickly became a strong competitor to the other most prestigious universities, among which privately-owned Kazakh-British Technical University (KBTU) and KIMEP University, and the oldest academic institution in the country, the Al-Farabi Kazakh National University, all located in Almaty. Unlike all other universities, NU was granted a special status and did not have to be subjected to the regulations of the ministry of education, which were known among the rectors as “Soviet-style bureaucratic hurdles”¹⁵¹ against the development of local universities into modern institutions. The owner of NU is the Nursultan Nazarbayev Education Foundation (NNEF), headed by his middle daughter, Dinara Kulibayeva.

Oil companies have strong bonds with these universities: between 2003 and 2018, KBTU was fully owned by NC Kazmunaigas;¹⁵² for years, Chevron was a sponsor of KIMEP and paid for at least one laboratory in NU. Job fairs at these universities are geared towards employment in the oil and gas sector, despite being based in Almaty and Astana, the furthest major cities from the oil fields in the west of the country – a trend similar to the Soviet-era Gubkin Institute of Oil and Gas, which prepared most of the specialists in exploration and production of hydrocarbons from its campus in Moscow. The fresh graduates of Kazakhstan's top universities, in fact, are being groomed to be the engineers, the managers at these companies. For lower-level jobs, local universities would provide new recruits.

¹⁵⁰ Новый университет Астаны, созданный по инициативе президента РК, начнет работу нынешней осенью - МОИ РК (The New University of Astana created on the initiative of the President of the Republic of Kazakhstan, will start up this autumn – [according to the] Ministry of Education and Science of the Republic of Kazakhstan), *Zakon*, 2 June 2009. <https://www.zakon.kz/139600-novyjj-universitet-astany-sozdannyjj-po.html> [Last accessed: 23 May 2018].

¹⁵¹ Interview with a rector of a state university in western Kazakhstan, RYKB, March 2019.

¹⁵² Within the framework of the privatisation of its non-core assets, NC Kazmunaigas sold KBTU to NNEF in November 2018. Zarina Zhakupova, КБТУ в Алматы купил Фонд образования Нурсултана Назарбаева (Education Fund of Nursultan Nazarbayev buys KBTU in Almaty) <https://informburo.kz/novosti/prodazha-kbtu-za-113-mlrd-tenge-pokupatelem-stal-fond-obrazovaniya-nursultana-nazarbaeva.html> [Last accessed: 7 January 2020].

The Oil and Gas University in Atyrau (AUNG) – known in the city as “the institute”¹⁵³ – offers a wide range of specialisations for students who want to seek a career in the industry. As a public sector institution, AUNG maintains a direct relationship with Atyrau-based Embamunaigas, a subsidiary of state-owned Kazmunaigas. Pupils participate in internships during which they receive a small salary and a full-time supervision. The internship is structured similarly to a rotation system with students working 15 consecutive days and then resting 15 consecutive days (commonly known as the 15/15 rotation scheme). According to a senior academic at AUNG, “this way, they touch the job.”¹⁵⁴ In 2017, six students, out of the 20 who went through the internship programme, were hired. Tengizchevroil and other service companies use university infrastructure to conduct interviews and tests for job candidates. Likewise, since 2018, Kazmunaigas employees have participated in seminars and lectures at AUNG.

Yet, as highlighted by a British manager in Atyrau, education represents “one of the main shortcomings for employers. State universities, such as the ones you can find here in Atyrau, have an old-fashioned curriculum which prepares low-skilled operators, rather than top level engineers. Instead, an institution like Nazarbayev University, which is not bound by the national curriculum, in just a few years has churned out real specialists.”¹⁵⁵ Despite being at the centre of Kazakhstan’s oil production, Atyrau remains an academic periphery. And with such status, it functions as a factory of low-skilled labourers.

Similarly, in Mangistau, students in the oil and gas faculty at Yessenov University (YU) in Aktau represent around 30% of the total as of 2019, a staggering number, given the hiring freeze that was established in the region in the aftermath of the 2011 events in Zhanaozen.¹⁵⁶ As a result, they will have to seek employment in other regions or other sectors after graduation. In December 2017, YU established a scientific department,

¹⁵³ The name “institute” accompanied this Atyrau college, since its founding in 1959. It was officially renamed into “university” in 2016. In February 2019, it was named after regional oil veteran Safi Utebayev. <http://atrmgu.kz/about/history> [Last accessed: 16 February 2020].

¹⁵⁴ Interview with a senior faculty member of the Oil and Gas Department at AUNG, UNDK, in Atyrau, September 2018.

¹⁵⁵ Interview with a director of a Western oil service company, MIGB, in Atyrau, March 2019.

¹⁵⁶ For a longer discussion on the hiring freeze, see Chapter 7 (The Outstaffing Phase). For a longer discussion on the Zhanaozen events, see Chapter 6 (The Working Phase).

specifically designed to study issues in the oil and gas, and nuclear sectors. The research infrastructure at the university, however, is lagging behind according to senior faculty: “After 18 months we have not yet started with laboratory activity because we still lack proper infrastructure. Chinese companies send their samples to China, other companies use labs in Atyrau.”¹⁵⁷ Similarly, the university is unable to prepare specialists with sufficient skills to work in the oil sector: “I heard that Ersai¹⁵⁸ hires their welders all the way from Karaganda Technological University!,”¹⁵⁹ a university administrator said, while a vice-president of human resources at a local oil production company echoed: “I would never hire anyone from Yessenov University, I know how underprepared they are.”¹⁶⁰

Inequality in terms of education opportunities within Kazakhstan contribute to the further stratification of graduates into tiers that will then determine their career paths. Students who are able to enrol at NU and walk the palm tree-lined corridors of its futuristic buildings are more likely to be selected by better companies with better contracts than students whose shoes become dusty in their walks across the unpaved roads inside the AUNG campus, a white-painted Soviet-era bloc lined with above-ground gas pipes.

Fresh, local graduates, however, are supposed to be part of the country’s policy of “nationalisation” within the oil industry. Most of the international consortia aim to keep foreign specialists in their payroll for a few years, with the prospect of training young local specialists to substitute them. Such is the process commonly known as “nationalisation,” which gives a competitive advantage to local workers in the hiring process. The limited number of work permits for foreign workers that a company can request from the authorities also incentivises “nationalisation”. Still, the prospect of being able to employ a local specialist for a fraction of the salary of a foreign one is the driving force behind the

¹⁵⁷ Interview with a senior faculty member of the Scientific Department at YU, SYUK, in Aktau, March 2019.

¹⁵⁸ Ersai Caspian Contractor is a company working in construction specifically in the oil and gas sector. It was established as a joint venture in 2003 between Italy’s Saipem (through its Netherlands-registered Saipem International BV) and ERC Holdings, registered in Kazakhstan.

¹⁵⁹ Interview with a senior administrator at the Strategic Department at YU, ADYU, in Aktau, March 2019.

¹⁶⁰ Interview with the vice-president and head of human resources at a local oil company, DURK, in Aktau, March 2019.

TNCs' appetite for "nationalisation". By reducing foreign hires, in fact, companies significantly cut costs.

Usually, locals are hired as "back-to-back" to foreign specialists, in a process that allows locals to take over night shifts and low maintenance tasks while the foreigner takes them under her wing. Such ideal scenario, however, fails the test of reality, as both government officials and company managers complain. At the 2019 conference, Zhurebekov said that foreign companies are reluctant to cut their expat staff. "At some point, companies such as Halliburton and Schlumberger will have to give up this army of expats that fills their ranks. If it is true that they are sent here to work on a specific project because they have specific skills, why is it that there are Western expats living here for more than two decades?" Zhurebekov asked to a panel of foreign CEOs of the three largest oil producing consortia in the country.¹⁶¹ In a conversation in Atyrau months earlier, a foreign senior engineer admitted that "despite their attempt to nationalise the workforce, companies have been unable to bring locals up to international standards: They still need to be accompanied in their tasks."¹⁶²

The apparently dysfunctional system of limited academic opportunities and slow training processes can be also assessed as a convenient scenario for TNCs in Kazakhstan, in terms of control of the business sector. Because matching the skillset of foreign employees remains a rare feat in Kazakhstan, foreign companies can continue to justify the hiring of expatriate workers: Western expats see their secondment or their relocation as a prize in monetary terms, while "Eastern expats" are disenfranchised and generally peaceful¹⁶³ labourers. Holding a grip on skills, expatriate workers also control the workshift organisation, as they continue to supervise their local "back-to-back". Handsomely paid specialists, despite being seldom engaged in corporate loyalty, will defend the company's

¹⁶¹ Paolo Sorbello, Astana's local content rules still key bugbear for IOCs, *FSUOGM*, Week 12, 27 March 2019.

¹⁶² Interview with a senior engineer, on contract for a project with a major consortium, GLDF, in Atyrau, September 2018.

¹⁶³ For a longer discussion on the scattered protests around foreign workers, see Chapter 6 (The Working Phase).

interest before worrying about the fate of local workers, with whom they share little more than email exchanges.

The tug-of-war between government officials such as Zhurebekov and trans-national companies can be described as typical in the global oil industry. Vitalis described a similar dissonance between “the romance- and nostalgia-tinged portraits of the pioneering days” during which the US-Saudi initial alliance in developing the oil sector in the Arabian Peninsula would have allowed an eventual “Saudization” of the industry (Vitalis 2007: 113). Instead, in Saudi Arabia, across other Gulf countries (Seccombe and Lawless 1986), and indeed in Kazakhstan, the process of nationalisation of the workforce has failed expectations.

Conclusion

Below the surface of the high-yield oil industry, employment policies show that the sector is rife with practices that favour and consolidate precarious labour. Whether it is underpaid local workers or temporary Western expats, the oil industry models the hiring process around its cycles. Flow stoppages for a refurbishment of a processing plant would incur in a sharp increase of construction workers and layoffs among piping and chemical engineers. Conversely, a drop in oil prices would hinder drilling operations and trigger “optimisation” practices, i.e. layoffs, across companies.

The moody fluctuation of the oil industry has led oil producing companies, globally and in the case of Kazakhstan in particular, to use extensively manpower agencies in lieu of their own HR department to manage the hiring processes. “During periods of lower oil prices, TNCs prefer to use manpower agencies to hire their workers, making their contracts temporary and easier to terminate. This is a standard practice that companies apply globally and Kazakhstan is no exception” (Sorbelli 2019: 215).

Local regulations that favour the employment of local staff over expatriate specialists has emphasised the role of these agencies as a means of circumventing the regulation by diluting the amount of foreign direct hires at large consortia. When hired through a

manpower agency, a foreign specialist would not count against the Local Content proportions or the work visa permit quota of the oil company in charge of production. Thus, the activity of manpower agencies stimulates a race to the bottom also between workers, who have no other option but to accept precarious, unsafe, and underpaid jobs. The drive towards the inflation of 'local content' in Kazakhstan's oil industry proved to be yet another reason that TNCs use to employ manpower agencies.

Against this backdrop, the manpower business has become a nested industry within the oil sector in Kazakhstan and a powerful tool in cutting costs for TNCs. In addition, manpower agencies serve the purpose of maintaining wage inequality between local and foreign workers, given that the agency contracts are signed with the understanding – tacit or explicit – that the worker would not join a trade union. As shown in the following chapters, the role of manpower agencies is also crucial in the outstaffing phase, while other cost-cutting measures and anti-union practices depict the day-to-day working life at both TNCs and local enterprises.

6. The Working Phase

Introduction

Different enterprises exert different pressures on workers from an industrial relations standpoint. Resource-rich countries often form their own government-controlled companies, alongside the private sector. Both private and state-owned companies tend to cooperate with trans-national companies (TNCs) that lend capital, technology, and labour to specific projects upon invitation. Banks, both local and international, also play a crucial role by providing a constant flow of financial support for the sector.

As sketched, such constellation of business actors can be found in most-resource rich countries, among which Kazakhstan. While TNCs and state enterprises had begun cooperating already during the 1980s in Kazakhstan's oil sector, independence birthed several scattered oil and gas enterprises in Kazakhstan's western and central regions. Once the property of the Soviet Union, some of these entities were gradually privatised, to the advantage of certain elite groups, while others were kept in state hands, yet controlled by elites that ultimately created Kazmunaigas.¹⁶⁴ Thus, alongside the private sector, the state played the role of arbiter, since subsoil resources were ultimately national property and any company seeking to develop an oil field had to apply for a state licence. Such a configuration allowed TNCs to enter the market of Kazakhstan's upstream oil industry. The signing of the joint venture contract for the Tengiz field (1993), and the production sharing agreements (PSA) for Karachaganak (1995), and Kashagan (1997), as well as the sale of enterprises to Chinese state-owned companies (1997 and onwards) allowed both TNCs and state-owned enterprises (SOEs) to take part in and develop Kazakhstan's oil sector.

With little competition between them, the Western TNCs and the Chinese SOEs pulled in two different directions for the development of export routes, two strategies that led to the construction of the westward oil pipeline to Russia's Black Sea port of Novorossiysk (the

¹⁶⁴ For a longer discussion see Chapter 3 (Oil in Kazakhstan).

Caspian Pipeline Consortium) and the east-bound pipeline from Kazakhstan's "oil capital" Atyrau to China's western region of Xinjiang (the Kazakhstan-China Pipeline).

While SOEs ostensibly behave as companies, balancing accounts and seeking profits, they also display a level of social responsibility that is not intrinsic to private companies. The existence of KazakhOil, which became Kazmunaigas in 2002, under the supervision of the government implied that its employees were part of the state efforts to develop the oil industry in Kazakhstan. As state workers, their relationship with their employer changed little in comparison to Soviet times. Collective agreements mediated by enterprise-level trade unions, yearly bonuses and benefits, and other common work conditions were preserved. TNCs and Chinese SOEs, on the other hand, had to hire local workers and navigate the ever-changing legislation on "local content" to bring into Kazakhstan their workers as well as goods and services for their operations.

The core part of the dissertation is dedicated to an in-depth analysis of the peculiarities of "working for oil" and the "working phase" represents the second of three parts in this endeavour. The aim of this section is to expound the specifics of working on a rotation basis, formal and informal practices, methods of resolving industrial conflicts, and how unresolved issues have resulted in struggles. Given its historical significance, this chapter also focused on the violence against Zhanaozen striking oil workers in December 2011, which is framed within almost three decades of struggles and stringent repression in the country.

In its first sections, this chapter argues that the inequality in pay and conditions of work introduced by TNCs has had an effect on the division of labour across the industry. In addition, the chapter takes into consideration the impact of the financialisation of state assets, formerly part of Soviet enterprises. The effect of boardroom decisions and shareholder preferences on the life and work of oilmen in Kazakhstan have become decisive in creating and fomenting labour protests. One of the most remarkable consequences, of course, was the massacre of striking oil workers in Zhanaozen, which is discussed in detail among other significant industrial actions.

The workshift system and pay

In the 1960s and 1970s, the discovery of new oil fields in Kazakhstan prompted the central government to build small villages to house the workers and their families. The villages now known as Zhanaozen in Mangistau and Aksai in West Kazakhstan were established with the objective of bringing the workers and their families closer to the oil fields. The practice of “transplanting skilled and unskilled manpower” (Prociuk 1967: 192) was common in the planned economy of the Soviet Union, across which workers would voluntarily – or forcibly in case of deported “enemies of the people” (Scarborough 2016) – move across regions to take on assignments at new factories, mines, or oil drilling sites. Historically, today’s Mangistau region faced high labour turnover rates, because workers lamented harsh environmental conditions.¹⁶⁵

After independence, however, the new government preferred to attract foreign capital by privatising the oil fields and offloading onto the foreign ventures the burden of managing the logistics for the workers. Hence, TNCs introduced the model of rotation camps, which enabled them to shrink costs for both construction and social management. The camps, in fact, embodied a separation of life at work and life at home. It was no longer necessary to hire locally or to build up infrastructure to host workers. They could hail from different regions of the country and be housed in temporary containers, which are easily multiplied or decommissioned, according to the needs of the project.¹⁶⁶ Instead of becoming a new melting pot of workers from different cultural and professional backgrounds, the camps

¹⁶⁵ A reference to the trend of labour turnover in oil regions is presented in J.D. Park (1977: 114-115).

Official statistics quoted therein show that Mangyshlak’s labour turnover amounted to 93%. Park also refers to the work of North (1972), who pointed to wage and benefit differentials between workers involved directly in oil and gas extraction and service workers. The latter group seemed to drive most of the labour turnover across the oil regions in the Soviet Union.

¹⁶⁶ For the 37 billion USD expansion plan of the Tengiz project, the camps had to be readied to host around 10,000 additional workers. Such a dramatic increase in manpower had effects on the servicing of the camps, such as catering: “Say you have to feed each of these thousands of workers two eggs every day, what do you do? The management thought it would be more convenient to build a farm to produce eggs locally, rather than importing them from Atyrau or other places,” a foreign manager with knowledge of the field said in an interview (MASA, Aktau, July 2017).

served as an atomising tool for the companies. As shown in this chapter, hierarchies, barriers, and de facto segregation play an important role in maintaining the workers divided both within the company premises and on their time off.

At several points in this dissertation, the geographic distance of the oil fields from urban settlements becomes the prism through which some arguments are filtered. Be it to understand the centre-periphery dichotomy (Chapter 7 – The Outstaffing Phase), or the informality in the hiring process (Chapter 5 – The Hiring Phase), or the influence of the security-control mechanism against labour (this chapter), the spatial separation of the oil fields and the rotation camps from the rest of society is strikingly evident in Kazakhstan. Distance, measured in terms of space and time, renders the labour process in the oil sector peculiar compared to several other industries.

The modular nature of these camps directed the entirety of the oil worker life to the production phase. For 14 or 28 days in a row, the worker dedicated her entire time to the job at the field, before handing over similar tasks to her “back-to-back,” another worker with the same responsibilities who would work during her 14 or 28 days off-rotation. A majority of the workers involved in a rotation system have at least three colleagues that they virtually never see: One of them covers the night shift (or the day shift), the other two are split between night and day shift during the next rotation. If the tasks are split into 8-hour shifts, a minimum of six workers would rotate around the same job position to cover the 24/7 work cycle. Taking the example of Table 1, Worker A and Worker D are ‘back-to-back,’ because they fill the same shifts in consecutive rotations. The same is true for Worker W and Worker Y in the 12-hour shift model.

Table 1: Type of workshift and rotations

Workshift type	Shift 1 (Rotation 1)	Shift 2 (Rotation 1)	Shift 3 (Rotation 1)	Shift 1 (Rotation 2)	Shift 2 (Rotation 2)	Shift 3 (Rotation 2)
8-hour shift	Worker A (6-14)	Worker B (14-22)	Worker C (22-6)	Worker D (6-14)	Worker E (14-22)	Worker F (22-6)
12-hour shift	Worker W (6-18)	Worker X (18-6)	–	Worker Y (6-18)	Worker Z (18-6)	–

The schedule of the rotation becomes more important than the people that fill it, as evidenced during fieldwork interviews. At offshore rigs, for example, “sometimes weather conditions wouldn’t allow travel via helicopter and the workers would be forced to stay on the rig. In this case, they would be paid overtime. But that would imply that their vacation period would be shrunk, because their back-to-back schedule was already fixed.”¹⁶⁷ In the example of Table 1, should Rotation 1 be extended from, say, 14 to 20 days, the following Rotation 2 would be shrunk from 14 to 8 days, so as to maintain the tempo of the subsequent rotations unchanged. Although not a written rule, several of the workers interviewed said that companies force them to take vacation periods that coincide with rotation days, so as to maintain the schedule intact.¹⁶⁸ Such a regime has led to several workers missing important family events in order to keep the rotation intact. Conversely, the company would have to hire a ‘reserve team’ of employees to be on call when such instances may occur, which would be expensive and inefficient for them.

Such a strict work schedule allows for little wiggle room and is thus geared to occupying the entirety of the on-rotation time with work. In her off-rotation time, the worker can rest and recuperate for the next shift. Crucially, the worker ‘goes home’ during her off-rotation time. This practice facilitates the recruitment of workers across several regions of the country and abroad, without the need for a full relocation of the worker and her family. The temporary containers that make up the rotation camp can be multiplied, moved, or dismantled according to the needs of the project.

The experience that this work describes for Kazakhstan echoes other examples in the global oil industry. Appel (2012: 693) wrote that modularity, in terms of “mobile, compliant, and self-contained infrastructures, labor setups, forms of expertise, and legal guidelines” allows the industry to reproduce its standards of disentanglement globally. In terms of physical and professional separation, the oil industry created several of these spaces across Kazakhstan, be it at the offshore rigs at Kashagan or at the camps near Tengiz.

Within such a regimented work schedule, those involved in the oil sector are paid on the basis of days worked in most cases. Some TNCs pro-rate the salary and spread it across

¹⁶⁷ Interview with former HR manager at a Tengizchevroil contractor, RZHA, Astana, September 2018.

¹⁶⁸ Interview with chemical engineer at a service company processing H₂S, CHIA, Almaty, April 2018.

work and rest days, so as to create a sort of bi-weekly or monthly payslip. Local companies, instead, prefer to pay workers on their last day of rotation. Interviews have shown that to the question “how much do you make?” workers respond differently according to the nature of the enterprise they work with or according to the manpower agency that employs them. Kazakhstani workers at TNCs generally say they receive a more-or-less flat salary every month, which is topped with bonuses and overtime every quarter. The same worker, hired by a manpower agency, would generally receive a smaller pay cheque and seldom enjoy similar bonuses. At a local private company, however, a Kazakhstani worker would likely receive compensation only for their time on rotation.¹⁶⁹

Enterprise nature and work

The arrival of foreign workers, from managers to engineers, from inspectors to skilled operators, gradually created a rift between the government-controlled salaries of local workers and the sensibly higher compensations given to seconded workers from abroad. While seconded work is generally paid better than a normal salary, a ‘normal’ salary in the United States and Europe, where most TNCs were headquartered, is already much higher than the median salary in Kazakhstan. While both the government and the companies tried to avoid the spread of information regarding salary inequality among workers on the same project, rumours and information inevitably spread, leading to protests and strikes by local workers, as documented in Koch (2013).

The Kazakhstani government was undoubtedly unable to act on foreign worker salaries, but it was also unwilling to adjust local salaries to the international standard, because such an action would have created a substantial rift within the population, potentially spiralling into increased inequality and regional inflationary pressures within the country. Apparently oblivious of the reality that his governments and TNCs crafted, Nazarbayev said in 2013 that trade unions should have pushed to close the salary gap between foreign and local

¹⁶⁹ Interview with former HR manager at a Tengizchevroil contractor, RZHA, Astana, September 2018.

workers.¹⁷⁰ The same year, labour inspections found wild disparities in salaries at TNCs¹⁷¹ and lawmakers were preparing a new bill that would have quashed the independence and limited the role of trade unions.¹⁷² Interviews highlighted that a strategy was in place to maintain a glass ceiling for local salaries in an effort to avoid imbalances among workers. As a local worker at a joint venture said: “Local salaries here are capped, you know you can’t make that much more money. Other Central Asians and Chinese here make less than us, but everyone else makes more.”¹⁷³

The government aimed to spread the windfall of oil revenues across a large portion of the population by hiring thousands of workers in excess of its needs in government-owned enterprises and by forcing TNCs and foreign SOEs to hire and train a large number of local workers for each foreign specialist they brought in the country. Local content rules, described in Chapters 4 and 5, essentially required that for each work permit issued to hire a foreign worker, a TNC would have to hire from three to nine local workers in the same position. Such a measure has led to companies’ payrolls becoming flooded with workers that were not strictly necessary to the production process.

Another notable difference in working conditions was the mushrooming of service companies, which were detached from the main operating enterprise or consortium after the privatisation. In most cases, these service companies were privately owned by members of the elite, and thus close to the management of the operating enterprise. Through rather opaque tenders, in which both TNCs and SOEs took part, these companies won lucrative contracts but hired workers at much worse conditions, compared to those hired by government-owned enterprises or international consortia regulated by strong collective

¹⁷⁰ Назарбаев потребовал уравнивать зарплаты казахстанских и иностранных рабочих (Nazarbayev demanded to equalise wages of Kazakhstani and foreign workers), Lada, 29 January 2013.

https://www.lada.kz/another_news/7661-nazarbaev-potreboval-uravnyat-zarplaty-kazahstanskih-i-inostrannyh-rabochih.html [Last accessed: 13 November 2018]

¹⁷¹ Laura Suleimenova, Прокуратура подтверждает: Разница в зарплатах огромная (The Prosecutor’s Office Confirms: The Salary Difference Is Huge), Ak Zhaik, 17 March 2013.

<https://azh.kz/ru/news/view/14152> [Last accessed: 13 November 2018].

¹⁷² For a longer discussion, see Chapters 4 (Labour in Kazakhstan) and Chapter 7 (The Outstaffing Phase).

¹⁷³ Interview with a local project manager at a joint venture service company, ANHA, September 2018, Atyrau.

agreements. Foreign service companies also emerged, in great part due to their pre-existing relationships with major TNCs developing the fields, and they also had to hire Kazakhstani workers in order to comply with “local content” rules. These workers received higher salaries compared to local workers at local service companies, but their pay cheque paled in comparison with their colleagues coming from the United States, the United Kingdom, or Italy.

Working for a government company: The transition to a new wage system

The *neftyaniki* who worked in the oil sector during the Soviet era passed on their trade to their children, creating ‘oil dynasties’ as mentioned in Chapter 3 (Oil in Kazakhstan). These dynasties are part of the social structure of the Mangistau and Atyrau regions especially. Their role as protagonists of the foundation of the oil industry of Kazakhstan turned them into the managers, the oil elite that went on to control SOEs and act as a bridge for TNCs in their relationship with both the government and the local enterprises. It is crucial to note that Kazakhs who migrated into Kazakhstan from neighbouring countries, the *oralmandar*,¹⁷⁴ were mostly employed at entry-level positions in the oil regions. Several Kazakhs from Turkmenistan settled in Mangistau upon their return, because of their shared Adai ethnic background with locals from that region.

As a state-owned company, it was difficult to justify uneven salary levels at Kazmunaigas. State employees already received salaries indexed to the ESOT system since 1997.¹⁷⁵ Discrepancies in salaries were the source of labour conflicts throughout the 1990s and 2000s. When the collective agreement set in stone the salary level, state-owned companies and their affiliates would cut corners, and costs, on benefits, equipment, and bonuses. A

¹⁷⁴ *Oralmandar* is the plural form of “oralman” (from Kazakh, оралман, “repatriate”), a category of people of Kazakh ethnicity who were welcomed back into Kazakhstan after independence through various state programmes.

¹⁷⁵ О единой системе оплаты труда работников органов Республики Казахстан, содержащихся за счет государственного бюджета (On a single salary system for workers of state structures of the Republic of Kazakhstan), Presidential Decree n. 3436, 1 April 1997.

longer discussion on these labour conflicts is provided below, with a particular attention to the massacre of striking oil workers in Zhanaozen in 2011.

In the aftermath of the Zhanaozen events, President Nazarbayev announced a large-scale project, the Universal Labour Society, and in his annual speech, he recommended to find “new ways of [calculating] wages and reducing disproportions.”¹⁷⁶ Disproportions were at the root of the government’s attempt to control the wage gap in the oil regions, where oilmen were earning much more than the median salary.¹⁷⁷ Kazmunaigas introduced its own single salary system (ESOT¹⁷⁸) for its exploration and production branch, KMG EP, in July 2014, under the leadership of Sauat Mynbayev. The company established around 300 professions and levels of salaries in a matrix that would streamline and make more transparent the pay scheme, “distribute each profession and position depending on labour complexity and significance in the production process.”¹⁷⁹

The rationale behind ESOT was to introduce “the fair principle of equal pay for equal work and, at the same time, maintain social stability in labour collectives.”¹⁸⁰ According to KMG EP’s preliminary calculations in 2014, around 98% of the employees benefited from a marginal salary increase due to ESOT. Notably, the tenge had been devalued against the US dollar by 20% in February 2014. The implementation of ESOT was considered unsatisfactory by labour leaders, both at Kazmunaigas companies and at their contractors. On the one hand, companies such as Department of Technological Transport and Well

¹⁷⁶ Послание Президента Республики Казахстан - Лидера нации Нурсултана Назарбаева народу Казахстана «Стратегия «Казахстан-2050»: новый политический курс состоявшегося государства» (Presidential address “Strategy Kazakhstan-2050”: New political course of the established state), 14 December 2012.

¹⁷⁷ After the Zhanaozen events, mayor Orak Saporbayev said: “Oilmen are not the whole city. There are also [other workers] and the salary difference [between them] is growing. At some point, it could grow to levels that would spark discontent.” Quoted in Yelena Kostyuchenko, Жанаозен – нефтяная река (Zhanaozen: A river of oil), Novaya Gazeta, 23 December 2011. <https://novayagazeta.ru/articles/2011/12/23/47520-zhanaozen-151-neftyanaya-reka> [Last accessed: 13 July 2017].

¹⁷⁸ In Russian, Единая система оплаты труда (ECOT).

¹⁷⁹ NC Kazmunaigas, Annual Report 2014, p. 132.

¹⁸⁰ *Ibidem*.

Maintenance (UTT) and Department of Drilling and Well Service (UBR)¹⁸¹ – “essentially created to bear the losses of the unprofitable segments of KMG EP”¹⁸² – saw their labour costs increase further. On the other hand, KMG EP contractors witnessed a growing disparity between their salaries and the now-inflated payslips guaranteed by the state company.

The disproportion in salaries in Zhanaozen was one of the sparks for a new wave of protests in 2016, when workers at the Burgylau drilling company went on strike. Labour leaders requested that their salaries be also adjusted upwards according to ESOT. After a six-day strike, Alik Aidarbayev, then-governor of the Mangistau region, agreed to the worker requests with a plan funded with public capitals: the company would be commissioned to drill additional 34 wells for 6 billion KZT (around 18 million USD at the time) and would develop a salary indexing system similar to ESOT.¹⁸³ The national company then extended the ESOT to other departments and subsidiaries. According to the company’s 2015 annual report, this, together with a in improved system to monitor “social tensions,” reduced the number of worker complaints from 52 in 2014 to just 29 the following year.¹⁸⁴

Working for an international company

International companies, both private TNCs and foreign SOEs, entered Kazakhstan’s market around the time of independence. The lack of specialists in Kazakhstan rendered it necessary to hire foreign engineers, geologists, and managers to exploit the oil assets that the government so eagerly privatised. Before Local Content rules were adopted, international consortia developing Kazakhstan’s largest fields employed thousands of foreigners. Once corporate structures and production infrastructure were in place, the companies could lay off their foreign specialists and hire local workers at lower costs or completely offload work contracts onto subcontracting companies. In terms of industrial trends, the precarisation of labour had to do with the dynamic of subcontracting. According

¹⁸¹ See next chapter for the rationale behind their formation in January 2012.

¹⁸² Interview with MMKA, worker representative, July 2018, Aktau.

¹⁸³ Работодатель пошел навстречу бастующим в Жанаозене (Employer meets striking workers in Zhanaozen), *Forbes Kazakhstan*, 6 October 2016.

¹⁸⁴ NC Kazmunaigas, Annual Report, 2015.

to a 2005 World Bank study on Kazakhstan, “the best option for local companies is usually to become a supplier to a supplier, not directly to an oil company.”¹⁸⁵

TNCs generally try to avoid signing collective agreements with their workers, because such an arrangement could create resistance from labour and offer an opportunity for organising the workforce into trade union structures. In Kazakhstan, the companies responsible for the Tengiz and Kashagan fields tacitly discourage trade union organisations and negotiate contracts individually with each worker. Manpower agencies find fertile ground in such conditions, and also hire workers on the basis of individual negotiations, which generally result in more precarious contracts. Such practices, represent a clear break from the Soviet legacy, because during that time worker contracts were stable and collectively negotiated. The largest field where a collective agreement is still valid is Karachaganak, where KPO – the consortium of TNCs – and the main local service companies all abide by collective agreements negotiated at firm level every two years. In several cases, however, the negotiating party for the workers is the company trade union, which is usually a co-opted institution that aims to avoid work stoppages and often sides with the employer. The absence of independent trade unions against this background leads to increasingly weaker collective agreements and meaningless worker membership in trade unions.

The HR manager at one of the main local service companies in Aksai, the closest industrial village to the Karachaganak gas and condensate field, confirmed that most, if not all, workers were members of a single company trade union, “and all of them are also proud members of the Nur Otan party,” she added, unsolicited, during a brief interview.¹⁸⁶ The ruling Nur Otan party is the modern equivalent of the Soviet Communist Party, in that its hegemony over the political realm in the country render it synonymous with the First President, the government, and the country. The revelation that being a member of the company trade union is akin to membership in the all-powerful ruling party signifies that

¹⁸⁵ The World Bank, Kazakhstan: Country Economic Memorandum, Getting Competitive, Staying Competitive, The Challenge of Managing Kazakhstan's Oil Boom, Country Economic Memorandum, 2005, p. 50.

¹⁸⁶ Interview with an HR manager at a service company for the Karachaganak project, AGKG, Aksai, November 2018.

these structures are merely formal and that they are not labour platforms or loci of contestation.

At the KPO consortium, labour relations are said to be regulated by “the best collective agreement in the country.”¹⁸⁷ By mid 2018, the lowest salary under the collective agreement was 170,000 KZT (equivalent to 510 USD) per month. By comparison, an operator at the service companies said their salaries had increased from 60,000 KZT to 90,000 KZT¹⁸⁸ over the summer after a new collective agreement was signed: An operator for KPO would thus earn more than twice than her colleagues at the service companies working the same job. The Karachaganak example, besides highlighting that Soviet-era hydrocarbon fields continued to be regulated through the traditional instruments of trade unions and collective agreements, shows that collective agreements do not necessarily coincide with better conditions of work and higher salaries.

When they employ workers for special projects aimed to develop their fields, TNCs often hire temporary subcontractors on longer rotations. It is not uncommon to meet service workers in logistics, engineering, construction, and other professionals that would spend two consecutive months or more at the rotation camps. Two interviewees that worked at the Tengiz oilfield for different service companies said they spent 75 days on rotation. The more senior of the two, an expatriate, would then enjoy a two-week break before returning to a 14/14 rotation schedule.¹⁸⁹ The younger worker had to endure a 75-day night shift, “because the daytime shifts are reserved to more experienced workers who have to make decisions.”¹⁹⁰ Night shifts and rotations longer than one month generally activate “fatigue days” at Tengizchevroil. During a 75-day shift, therefore, a worker would receive at least 2.5 days off to rest at the camp.

¹⁸⁷ Interview with a leader of one of the trade unions under the KPO consortium, KPUU, Aksai, November 2018.

¹⁸⁸ Interview with a local drilling operator at a service company for the Karachaganak project, AGAO, location undisclosed, November 2018.

¹⁸⁹ Interview with a foreign engineer at a service company for the Tengizchevroil project, ALBO, Atyrau, September 2018.

¹⁹⁰ Interview with a planner at a Tengizchevroil contractor, KURL, Almaty, September 2018.

Working at the oil field during night shifts or at the processing plants wearing 7-kilogram respiratory devices as part of the safety outfit could have an adverse effect on workplace mental and physical health of the workers, especially those who work for several consecutive weeks. In terms of gender, these strains have been highlighted during interviews about the male-to-female ratio at the fields: One of the underlying reasons that fewer women work in oil compared to men is that such work is both physically and mentally demanding.¹⁹¹ One female interviewee said that service work at the rotation camp was volatile and inconstant, as it was commissioned by the client (in this case Tengizchevroil). Job insecurity, paired with harsh working conditions made her reconsider the career path on the oil field: “Now I start thinking about my health and I will probably soon leave this work.”¹⁹²

Division of labour, ethnicity and conflicts

In the early 1990s, the long waves of the miners’ protests in Russia and the shockwave of the fall of the Soviet Union triggered several labour protests across Kazakhstan, mostly in industrial monotowns, cities where one industry employs a large portion of the population, where wage arrears severely affected the livelihood of the residents. In 1996 and 1997, hundreds of workers and family members at the metal factory in Kentau, in the south of the country, rallied together claiming 10 months of unpaid wages (Ostrowski 2010b). The protests spilled over in the Southern Kazakhstan region, with workers staging a protest at a railway station, broken up by the police (von Gumpfenberg 2002: 183).

The labour action at the Achisay Polymetal Factory in Kentau was followed by workers in other plants, from the northern city of Kostanai to the southern town of Zhanatas.¹⁹³ Strike leaders were arrested, while Madel Ismailov, the head of a labour organisation, was tried

¹⁹¹ Interview with chemical engineer at a service company processing H₂S, CHIA, Almaty, April 2018.

¹⁹² Interview with a planner at a Tengizchevroil contractor, KURL, Almaty, September 2018.

¹⁹³ Gyulnara Nurpeisova, За жанатасцами приехал автобус, (A bus came for Zhanatas residents), Kazakhstanskaya Pravda, 14 November 1997.

for insulting the honour and the dignity of the president¹⁹⁴ and was later convicted to one year in prison.¹⁹⁵

In the meantime, mines and oilfields were being privatised, thousands of jobs were cut and labour conditions worsened. In the oil sector, foreign companies were accused of laying off local staff in favour of expatriate workforce, thought to be more suited for working in the revamped explorations processes (Ostrowski 2010: 84). China's CNPC acquired a majority stake in AktobeMunaiGaz (AMG) in 1997, yet it failed to increase wages and pay the incentives it had promised the government. In 1999, when the Chinese management fired around 2,000 workers, protests erupted. In the neighbouring Kyzylorda region, the Canadian management of Hurricane Hydrocarbons, the company that bought the license to the Kumkol field, slashed its workforce by 60% in four years, triggering more protests. (Ostrowski 2010: 85-86). In 2004, 370 local workers in the Atyrau region went on strike, claiming that their Indian employer paid them less than the foreign workforce.

Similar to the labour situation in Russia (Crowley 2015: 137), where the uptick in oil prices led to a reduction of strikes, worker actions in Kazakhstan subdued in the mid-2000s, as workers received higher wages on more predictable schedule. In addition, this period coincided with the consolidation of political power in the hands of the Nazarbayev circle. The apparent truce was counterintuitively broken by an upwards trend in oil prices – which goes against the rationale linking lower oil prices to worker protests. As shown in Figure 5, since 2009 oil prices soared for two years, yet 2009-2011 were the most tense years in the history of Kazakhstan's labour relations. As shown in Yessenova (2018), it was instead the financialisation of the processes of oil production and trade that have had a significant influence on labour relations.

¹⁹⁴ Merhat Sharipzhan, 'Kazakhstan: Labor Unrest Has Roots In Failed Privatization', RFE/RL, 9 March 1998. <https://www.rferl.org/a/1088150.html> [Last accessed: 25 April 2019].

¹⁹⁵ Human Rights Watch, World Report 1999 – Kazakhstan, 1999.

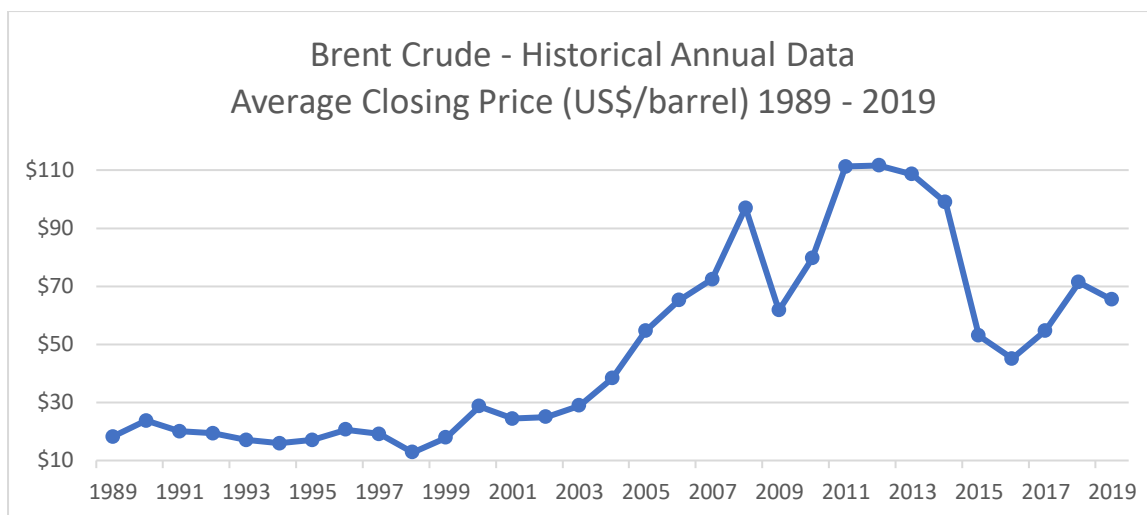


Figure 5: Average closing price of Brent Crude

A pivotal moment: The unbundling of Kazmunaigas

As oil prices increased in the early 2000s, Kazakhstan's government consolidated control over its oil industry, which had been privatised and weakened by the sale of licenses throughout the 1990s. As seen in Chapter 3 (Oil in Kazakhstan), the reorganisation of the government enterprises responsible for the oil sector gave birth to Kazakhoil, which was managed by younger, rampant, and ambitious men that would form a new oil elite in the country. Such tectonic shift allowed the elite to negotiate a few more major contracts with foreign companies, both western TNCs and Chinese SOEs. Once most of the oilfields were allotted, the young management completed the consolidation of the oil and gas business by creating NC Kazmunaigas. So intertwined with the Ministry, the government, and the president, the newly formed state company seemed to be just a more dynamic version of a Soviet enterprise.

A major shift, however, changed the direction in which the company and the country's oil industry would travel: After months of negotiations, in October 2006, NC Kazmunaigas separated its upstream business into KMG EP¹⁹⁶ and listed 40% of its shares in

¹⁹⁶ The acronym KMG EP, which stood for Kazmunaigas Exploration and Production, was the official name of the company. In Russian, it was commonly known as just "РД" (which stood for разведка и добыча, i.e. exploration and production).

Kazakhstan's Stock Exchange and as global depositary receipts (GDRs) in the London Stock Exchange (Olcott 2007: 9).

The unbundling of Kazmunaigas and the listing of KMG EP shares has had a decisive effect on labour relations at the production sites. Investors in Kazakhstan who owned shares of KMG EP and the holders of GDRs across the globe now demanded profitability at the oilfields. The financialisation of an oil complex triggers a number of consequences on labour (Labban 2014).¹⁹⁷ The overstaffed, vertically integrated enterprises operating in Mangistau, Atyrau, Kyzylorda, and Aktobe regions became the targets of reorganisation projects, sometimes in line with the other shareholders of the upstream projects (PetroKazakhstan in the Kyzylorda region, for example) and sometimes just as a measure to improve the bottom line at KMG EP companies who were sole operators of a number of oilfields, especially in the Mangistau region.

The large influx of new residents since the 1960s and the post-independence “oralman programme” through which thousands of ethnically Kazakh families were welcomed back into Kazakhstan had turned the Mangistau region into a buzzing new hotspot of construction projects, infrastructure investment, and urban developments across the arid lands where the Caspian Depression meets the Kazakh steppe. Newly arrived *oralmandar* and long-time residents of the region were employed in the oil sector, although ethnic origin and family trees still had an influence on the type of job that a Kazakh was most likely to land in Mangistau. Alongside them, the 1990s brought foreign specialists and managers. Within this apparent demographic melting pot, inequalities between ethnicities and nationalities and between salary levels and working conditions brewed conflict between the workers and the bosses.

The maximisation of shareholder value had prompted several cost-cutting decisions across several oilfields, which resulted in labour actions against the management of various TNCs who had obtained upstream licenses. Despite worse working conditions, locals could earn higher-than-average salaries at the national companies during the early 2000s, a legacy of Soviet enterprise pay schemes. The balance at SOEs changed once KMG EP was created:

¹⁹⁷ See also (Totaro and Sorbello, *forthcoming*).

Jobs were cut and salaries were progressively reduced. If TNCs implemented cost-cutting strategies through manpower agencies, SOEs such as KMG EP did so by promoting turnover, laying off workers for minor violations, and weakening trade union activity. Labban (2014: 478) detected and analysed similar trends of “disciplining labour” alongside the financialisation of the oil industry globally. Labban posited that “restructuring in all its forms has invariably led to layoffs, which have constituted the principal method of disciplining and regularizing the workforce,” which invariably happened with the restructuring of KMG EP and the enterprises under its aegis.

“KMG EP is a giant whose legs stand on old fields.... KMG EP constantly accrues debt and the government cannot justify heavy intervention because the company is not exclusively state-owned and investors in London would not appreciate it.”¹⁹⁸ – “The move stripped the local elites of their grip on the local companies, restructured under the umbrella set up by Astana.”¹⁹⁹

The sparse, yet common labour actions of the 1990s across the crisis-ridden enterprises of Kazakhstan slowly faded at the turn of the century, when the economic situation improved, also due to increased investments and the renewed security interest that the United States and its allies were placing on Central Asia, considered an important platform for their so-called “War on Terror”. In order to continue attracting investments, companies in Kazakhstan sought international recognition and did so by issuing debt, listing shares, and creating international boards of directors. The corporatisation of the main extractive industries, with their intricate offshore-onshore network of subsidiaries and branches, contributed to the creation of the country’s elite of the wealthy, which gradually came to coincide with the inner circle of Nazarbayev. It is not uncommon to encounter, both in media and in academic literature, allusion to the existence of super-rich frontmen ‘holding the purse’ of the Father of the Nation.

¹⁹⁸ Interview with local journalist, MGTR, Almaty, April 2018.

¹⁹⁹ Interview with a former government consultant, YHRI, Astana, March 2019.

Two examples in the mining sector of Kazakhstan are illustrative of the financialisation trend that encompassed several extractive industries and led to corporate restructuring, accompanied by layoffs and other cost-cutting measures, during the early 2000s. The Kazakhmys corporation listed its shares in the London Stock Exchange in 2005, becoming the first company from Kazakhstan to ‘go public’ in the global stage. The Eurasian Resource Group (ERG), which belonged to the ‘Eurasian Trio’ – Alexander Mashkevich, Patokh Chodiyev, and Alijan Ibragim – and was part-owned by Kazakhmys followed suit in 2007. Following opaque corporate governance practices, ERG was pushed to de-list in 2013, while Kazakhmys restructured its business and was renamed KAZ Minerals in 2014. Kazakhstan’s richest man, according to Forbes’ 2019 list, Vladimir Kim owns KAZ Minerals.²⁰⁰

Before it could start the financialisation process, Kazmunaigas was tasked with consolidating Kazakhstan’s oil and gas assets, an attempt to implement a hegemonic project in the country’s hydrocarbon industry.²⁰¹ When it came time to attract foreign investment, however, the state-owned company picked its strategy from the TNC rulebook, which in turn followed the paradigms laid out by institutions of the so-called ‘Washington Consensus,’ such as the World Bank, the International Monetary Fund, and the European Bank for Reconstruction and Development. The listing of KMG EP, in fact, coincided with a cost-cutting programme that saw working conditions worsen progressively, leading up to the 2010-2011 season of labour actions in the Mangistau region that ended up rocking the political and social stability of the country.

²⁰⁰ 50 богатеиших бизнесменов Казахстана – 2019 (50 Richest Businessmen of Kazakhstan – 2019), Forbes, 12 May 2019. https://forbes.kz/ranking/50_bogateyshih_biznesmenov_kazahstana_-_2019 [Last accessed: 26 December 2019].

²⁰¹ For a longer discussion, see Chapter 3 (Oil in Kazakhstan) and Sorbello (2018).

Striking oil workers shot in Zhanaozen

As the first decade of the new millennium ended, the social texture of oil-rich Mangistau was drowned in FDI,²⁰² yet mired in poverty.²⁰³ The shockwaves of the Global Financial Crisis of 2007-2008 were reaching Kazakhstan's banking system, which lacked liquidity and had issued thousands of unsecured loans indexed to the US dollar, as local residents were looking to buy homes and cars.²⁰⁴ In an effort to weather the crisis, in February 2009 Kazakhstan's Central Bank decided to devalue the Kazakh tenge by 25% against the US dollar, thus slashing people's purchasing power and rewarding export-oriented business owners, especially in the oil sector.

On 1 March 2010, hundreds of workers at Ozenmunaigas (OMG), the KMG EP-owned largest company in the town of Zhanaozen, went on strike demanding better conditions. Amendments to the Labour Code in 2009,²⁰⁵ in fact, had eliminated the "territorial coefficient" that adjusted upwards the salaries of oil workers in Mangistau, who are subject to extreme weather conditions and risks related to hazardous elements. In addition, the workers demonstrated against a possible sale of shares of the company to Chinese investors. This first strike had a powerful uniting effect on the workers, who could not trust the official Trade Union Federation (FPRK). The government and the government-friendly courts established increasingly stricter hurdles for the registration of independent trade unions during those years.

²⁰² Foreign Direct Investment in the oil sector represented three-fourths of the total incoming capital in the 2000s in Kazakhstan. However, a closer scrutiny of these investments would unveil that a large percentage of FDI was in fact round-tripping capital that belonged to Kazakhstan's elite (Cooley and Heathershaw 2017).

²⁰³ The poverty rate in Mangistau in 2010 reached 21%, the highest in Kazakhstan. Statistics cited in the Human Rights Watch report 'Striking Oil, Striking Workers', September 2012, p. 21.

²⁰⁴ The dollarisation of Kazakhstan's economy has been a long-standing problem, similar to other countries where a weak currency simply cannot be used for long-term investment decisions (Burke and Okulova 2009).

²⁰⁵ For a longer discussion, see Chapters 4 (Labour in Kazakhstan) and 7 (The Outstaffing Phase).

Members of the company union Zhondeu²⁰⁶ (from Kazakh, жөндеу, ‘to repair’), which was behind the strike, were found guilty on March 9 of organising an illegal labour action.²⁰⁷ Two workers died during the protests due to worsening health conditions.²⁰⁸ After KMG EP agreed to fire part of the management of Ozenmunaigas and adjust salaries, the workers returned to work, concluding a 19-day strike.²⁰⁹ The top brass of Kazakhstan’s oil and gas sector participated in the negotiations: The region’s governor Krymbek Kuserbayev, Kazmunaigas’ head Kairgeldy Kabyldin, the deputy minister of the newly-established ministry of oil and gas Lyazzat Kiinov, the deputy minister of labour Birzhan Nurymbetov, and the deputy minister of economic development Marat Kusainov, the managing director of the Samruk-Kazyna fund Bolat Akchulakov, and two members of the parliament. The demands of the workers were partially met and yet some of the organisers were tried for the “illegal labour action”²¹⁰ that involved around 6,000 OMG workers. Kenzhebek Ibrashev, head of KMG EP at the time, condemned the action saying that “OMG workers

²⁰⁶ The Zhondeu company was transferred under the trust management of Burgylau, a drilling company servicing Kazmunaigas fields in Zhanaozen, in 2007. According to the union leader Ykhlash Shangereyev, working conditions worsened after the reorganisation. For background, see Saniya Toiken, Рабочие Жанаозена ответили забастовкой на покушение на профсоюзного лидера (Zhanaozen workers retaliate against the assassination attempt on a union leader with a strike), RFE/RL, 26 August 2009. https://rus.azattyq.org/a/Shooting_in_Zhanaozen/1807153.html [Last accessed: 2 October 2018].

²⁰⁷ Azamat Maitanov, Забастовка в Жанаозене признана незаконной, но нефтяники продолжают протестовать (Zhanaozen strike declared illegal, but oil workers continue to protest), RFE/RL, 10 March 2010. https://rus.azattyq.org/a/zhanaozen_oil_workers_strike/1979442.html [Last accessed: 2 October 2018].

²⁰⁸ Azamat Maitanov, В Жанаозене похоронили второго умершего участника забастовки нефтяников (A second deceased participant of the oil workers' strike was buried in Zhanaozen), RFE/RL, 25 March 2010. https://rus.azattyq.org/a/zhanaozen_worker_death/1993183.html [Last accessed: 2 October 2018].

²⁰⁹ Azamat Maitanov, Забастовка нефтяников Жанаозена прекращена на девятнадцатый день (Zhanaozen oil workers' strike stopped on the nineteenth day), RFE/RL, 19 March 2010. https://rus.azattyq.org/a/Zabastovka_v_Zhanaozene_/1988119.html [Last accessed: 2 October 2018].

²¹⁰ Zarina Kozybayeva, В Казахстане завершилась двухнедельная забастовка нефтяников (Two-week oil workers' strike ends in Kazakhstan), Deutsche Welle, 21 March 2010. <https://p.dw.com/p/MYg5> [Last accessed: 2 October 2018].

have fallen under the influence of irresponsible people who are constantly heating up social tensions in Zhanaozen.”²¹¹

Weeks later, in the neighbouring Atyrau province, another labour action rocked the stability of the country’s oil sector. Workers of Embamunaigas (EMG), another subsidiary of KMG EP, went on strike demanding to have their salaries adjusted with the “territorial coefficient” and that the company would refrain from selling shares to Chinese investors. During a meeting at the Prorva field between workers, EMG management, and the Kazmunaigas union leadership, the workers were reassured that the shares of KMG EP would “not be sold to the Chinese.” Tlekkabyl Kabdulov,²¹² the company union leader, also rebuffed against the workers’ demand for a “territorial coefficient”: “None of the other companies, be it in Uralsk, Aktobe, or Kyzylorda, use the territorial coefficient, not even Tengizchevroil, which is located next to [our production site].”²¹³ Representatives from the Nur-Otan ruling party also told workers that their actions were “unseemly for a true Kazakh,”²¹⁴ because they lacked proper respect for the leadership. The workers, upset by these declarations, said they would exit the party en-masse after they claimed to have been forcibly enlisted.

The strike wave extended to the Aktobe region, where 400 workers downed their tools for one day at the Zhanazhol field, operated by the joint venture CNPC-Aktobemunaigas. Leaders of the local independent trade union Naryzylyk were subsequently put on trial for having organised an illegal strike.²¹⁵ In Atyrau, EMG workers rallied again in the

²¹¹ Забастовка без причины? Интервью с гендиректором АО «Разведка Добыча «КазМунайГаз» (Strike without a reason? Interview with the General Director of KMG EP), *Zakon*, 11 March 2010. <https://www.zakon.kz/165595-zabastovka-bez-prichiny-intervju-s.html> [Last accessed: 2 October 2018].

²¹² For a profile, see the next chapter.

²¹³ Azamat Maitanov, «Нур Отан» просит бунтующих нефтяников вести себя, «как подобает казахам» (Nur Otan asks the rebellious oil workers to “behave like Kazakhs”), *RFE/RL*, 19 March 2010. <https://rus.azattyq.org/a/Embamunaigaz/2025062.html> [Last accessed: 2 October 2018].

²¹⁴ *Ibidem*.

²¹⁵ Kundyzy Kasanova, Бастовавшие нефтяники вернулись на работу, но некоторых из них судят (Striking oil workers return to work, but some are on trial), *RFE/RL*, 19 June 2010. https://rus.azattyq.org/a/aktobemunaigaz_workers_strike/2075743.html [Last accessed: 2 October 2018].

summer,²¹⁶ which led to the arrest of several strike leaders, among whom Maks Bokayev.²¹⁷ Bokayev, a civic activist who defended oil worker rights and lamented the submission of the company trade unions to the corporate management, became the protagonist of a nationalist protest against amendments to the Land Code in 2016.²¹⁸

It became clear that the new trend of labour actions was linked to the effects of the financialization of KMG EP: Aggressive cost-cutting and worsening working conditions on the one hand, accompanied by the boogiemans of a progressive sale of state assets to Chinese investors on the other. While the latter might have been overplayed by both local media and the government, Kazakhstan's population has shown Sinophobic attitudes (Syroeshkin 2014). Over time, Chinese investors had gained control of upstream licenses accounting for around 25% of Kazakhstan's oil production, which seemed to counter the 'multivector oil policy' that accompanied the privatisation of hydrocarbon assets alongside the multivector foreign policy that characterised independent Kazakhstan (Hanks 2009; Sorbello 2014). Yet, in concrete terms, as shown in previous chapters, the Chinese only bought shares from assets that had been already privatised in the 1990s by local oligarchs via intricate offshore networks. The nationalist attitude of the workers, while seemingly misplaced, was a sign of dissatisfaction towards the management of the natural resources of the motherland, traditionally a foundational part of Kazakh culture,²¹⁹ especially in the west of the country. Distress brewed among residents of the oil regions as the profits of the

²¹⁶ Azamat Maitanov, Атырауские нефтяники отложили свою акцию протеста до 11 июня (Atyrau oil workers postponed their protest until June 11), RFE/RL, 3 June 2010.

https://rus.azattyq.org/a/Kenzhebek_Ibrashev_Embamunaigaz/2060777.html [Last accessed: 2 October 2018].

²¹⁷ Azamat Maitanov, Активисты забастовки атырауских нефтяников посажены под арест (Activists at the Atyrau oil worker strike arrested), RFE/RL, 8 July 2010.

https://rus.azattyq.org/a/Embamunaigaz_Ozenmunaigaz_Maks_Bokaev/2093614.html [Last accessed: 2 October 2018].

²¹⁸ Abdujalil Abdurasulov, Kazakhstan's land reform protests explained, BBC, 28 April 2016.

<https://www.bbc.com/news/world-asia-36163103> [Last accessed: 2 October 2018].

²¹⁹ The Adai tribe, one of the several groups making up the Kazakh people, originates from western Kazakhstan, and most now live in Mangistau. One of their most popular proverbs can be translated as: "God is in the sky, oil is below ground, and Adai are in the middle" (in Kazakh: Аспанда Құдай, жерде Мұнай, ортасында Адай).

most important economic sector in the country were either extracted abroad by TNCs or absorbed by Astana-centric government institutions.

In 2011, the financialisation of Kazmunaigas, together with a growing discontent towards the closed political system created by Nazarbayev, led oil workers in Kuryk, Shetpe, and Zhanaozen to call a series of strikes. The worsening work conditions and the crackdown on independent trade union activity had reached a point of no return in May 2011. As workers at Karazhanbasmunai (KBM), Ersai, and Ozenmunaigas (OMG) manifested their discontent, work did not stop entirely. Union leaders at KBM had guaranteed a rotation of workers at the field, guaranteeing a minimal flow of crude extraction. A labour leader working at KBM at the time said that “oil from Karazhanbas contains a high concentration of paraffin, it is heavy, and also hard to extract. Had strikers not kept two brigades to maintain operations, it would have been very difficult to resume extraction.”²²⁰ Workers wanted their requests to be heard by the company management and the local administration. Their pride in their job meant that their objective was not to hamper production.

Frustrated workers and laid off oilmen were helped by lawyers, labour rights organisations, and political activists in drafting resolutions and requests that were invariably ignored. Strikes were either left to brew in the squares or, in the instance of Ersai workers, forcibly halted. The grounds for breaking the strike at Ersai were that the Labour Code prohibited labour actions at sites identified as “hazardous production facilities.”

Since 2002, Kazakhstan had adopted a specific regulation on worker safety, outlining the types of industry in which industrial relations would have to follow a different code of conduct. The April 2002 law “On Industrial Safety of Hazardous Production” vaguely defined the *loci* of hazardous production, thus giving room to courts and judges to arbitrarily call strikes at and around oil fields and facilities illegal. This vague legal framework was repeatedly used by employers in the oil sector, who denounced strikes and sued workers.

²²⁰ Interviews with MMKA, worker representative, July 2018, Aktau and confirmed by a former accountant at an oil company in Mangistau, IRPO, in Aktau, March 2019.

In 2014, the 2002 law “On Industrial Safety of Hazardous Production” was substituted by a broader law “On Social Protection,” which lists with more precision the places considered hazardous. Art. 70.1 specifies that chemical processing and industrial facilities which produce gas by-products should be considered hazardous; Art. 70.3 specifies that mining, exploration, drilling, and other kinds of underground exploitation. These regulations essentially curtailed any possibility for oil workers (as well as miners) to conduct strikes, in violation of the ILO and constitutional principle of the “right to strike.”

The ILO’s Committee on Freedom of Association establishes that the oil sector is not essential, but important in terms of maintaining minimum services.

“Although it is recognized that a stoppage in services or undertakings such as transport companies, railways and the oil sector might disturb the normal life of the community, it can hardly be admitted that the stoppage of such services could cause a state of acute national emergency. The Committee has therefore considered that measures taken to mobilize workers at the time of disputes in services of this kind are such as to restrict the workers’ right to strike as a means of defending their occupational and economic interests.”²²¹

Importantly, Kazakhstan’s government generally justified these measures to curtail the right to strike as adopted strictly from the point of view of safety. This was a way of de-politicising the issue of worker rights. By designating essentially all subsoil production fields as hazardous, the law became partisan to the ability of the employer to sue workers organising strikes within their production facilities.

The International Labour Organisation (ILO) contested such a restrictive legislation for years, because it contradicted the basic right to strike that Kazakhstan, as a signatory party

²²¹ ILO, ‘Digest of decisions and principles of the Freedom of Association Committee of the Governing Body of the ILO’, 5th Revision, 2006, pp. 128-129.

https://www.ilo.org/dyn/normlex/en/f?p=1000:52:::NO:52:P52_DIGEST_YEAR:2006 [Last accessed: 4 December 2018]

to several ILO conventions, should guarantee. In clear disregard ILO Convention n. 98 that protects workers from discrimination related to labour actions, in 2012 Kazakhstan's government later amended the 2007 Labour Code, giving companies grounds for dismissal against their workers who "continue participating in a strike after the court ruling suspending the strike or finding it illegal was brought to [their] attention."²²² During the strike, Ersai closed off the industrial area and the dormitories, essentially depriving workers hailing from other villages and regions of Kazakhstan of a roof.²²³ A general neglect of basic human and worker rights prompted activists to say that "at Karazhanbasmunai and Ersai workers were paid less and were considered second class people."²²⁴

A Human Rights Watch report stated that "between May and November 2011, Ersai Caspian Contractor, KarazhanbasMunai and its affiliate companies, and OzenMunaiGas dismissed more than 2,000 workers."²²⁵ As the strikes continued, however, demands became increasingly radical: KBM and OMG workers demanded that Kazmunaigas and the entire oil sector of Kazakhstan be fully nationalised. In July, the company offered a safe passage for strikers to return to work without consequences, but most chose to continue the labour actions prompting the mass layoffs.

As the months passed,²²⁶ observers became suspicious and bought into the government's line that accused "outside sources of funding" that kept fuelling the strikers, especially those in Zhanaozen, in an effort to destabilise the country.²²⁷ While both anecdotal evidence and a substantial range of field interviews confirm the theory of external support for oil

²²² LC07, art. 54.1.19, cited in the Human Rights Watch report 'Striking Oil, Striking Workers', September 2012, p. 41.

²²³ Human Rights Watch, 'Striking Oil, Striking Workers', September 2012, p. 88-89.

²²⁴ Interview with human rights activist, GAFR, Almaty, March 2018.

²²⁵ Human Rights Watch, 'Striking Oil, Striking Workers', September 2012, p. 90.

²²⁶ A full account of the 2011 events would not be possible in a few thousand words or relevant to this chapter. Chapter 4 – Labour in Kazakhstan contains a rather comprehensive, yet still incomplete account of the facts of 2011. However, it was necessary to add several of the details to show both the crackdown on trade unions and the violence with which striking oil workers were met on 16 December. Other instances of pressure against workers, such as the jailing of lawyer Natalya Sokolova, the various acts of intimidation against workers and their families were left out, but would be crucial for a full understanding of the events.

²²⁷ Interview with local journalist, MGTR, Almaty, April 2018.

workers, “Zhanaozen became political and received support from political opponents to President Nazarbayev only in later months. For the first months, it was a show of local solidarity.”²²⁸ It is important to note that solidarity among workers of other regions or sectors was absent in the months before December 2011: “For example, nobody among miners protested for them. The rest of the country didn’t support Zhanaozen, because it was recognised as just an Adai protest.”²²⁹

In the days in which Kazakhstan was to celebrate its 20th anniversary since it became independent from the Soviet Union, striking oil workers in Zhanaozen refused to make space for the festivities, to be held in the same square where they had protested for months, without much consideration from the authorities. Tension and small skirmishes turned into clashes between the oil workers and the police, reaching a tipping point when out-of-town thugs and special police forces crossed the proverbial line.

“The town was burning”²³⁰ an eyewitness recalled. Live ammunition was shot indiscriminately towards the unarmed oil workers and passers-by. The 16 killed that the government ultimately acknowledged were only a fraction of the total death toll of that tragic day.

The government pointed the finger against the rioters, failing to recognise that strikers had been protesting for months, while a few dozen thugs had been mysteriously brought into Zhanaozen only the day before. In doing so, the authorities could place the blame on anyone who was not wearing a police uniform or riot gear on December 16. The narrative shifted: Police forces were acting in self-defence against strikers-rioters funded by alleged ‘foreign agents.’

In an awkward statement subscribing to the government’s line, miners and steelworkers from the Karaganda-Temirtau industrial complex appealed to the workers in Zhanaozen “not to succumb to provocations,” hinting that the “illegal actions” of December 16 were

²²⁸ Interview with NGO worker, PASM, Almaty, April 2018.

²²⁹ Interview with civil society and political activist, SEOL, Almaty, April 2018

²³⁰ Interview with local TV correspondent, eyewitness to the events, SHZZ, Astana, April 2018.

initiated by groups “who are interested in an unstable and weak Kazakhstan”²³¹ while disregarding the underlying demands that striking workers had put forward during the months-long strike.

Former British prime minister Tony Blair played a relevant role in the aftermath of the Zhanaozen violence, as he consulted the Kazakhstani government regarding its response from a public relations perspective. Blair and his associates, who had been hired already in early 2011 to improve the international image of Kazakhstan, helped craft the wording of the government’s public response to the killings of striking oil workers.²³² An army of consultants and bloggers were flown into Zhanaozen in the following weeks in an effort to enshrine the government’s narrative into the public discourse (Lewis 2016). Internationally, only a few countries and international organisations condemned the violence, placing the blame on the government’s management on the strike. The UK Foreign Office failed to mention the Zhanaozen events in its Human Rights and Democracy reports of 2011 and 2012.

In the following years, the Labour Code and the law “On Trade Unions” were overhauled, triggering once more protests among oil workers. Most notably, in late 2016 workers of Oil Construction Company (OCC), specialised in oil field services in Zhanaozen, declared a hunger strike against the new law on trade unions, which would have essentially wiped out every independent and local trade union that was not affiliated with the state-controlled Federation of Trade Unions. The leaders of the strike, Amin Yeleusinov and Nurbek Kushakbayev, were arrested in January 2017, sentenced for having organised an illegal strike, and released on parole in May 2018.²³³ Again, the government painted the action as

²³¹ Шахтеры призвали нефтяников в Жанаозене не поддаваться на провокации (Miners urged oil workers in Zhanaozen not to succumb to provocations), Ria Novosti, 18 December 2011.

<https://ria.ru/20111218/519851124.html> - full text version of the statement:

https://online.zakon.kz/Document/?doc_id=31095395 [Websites last accessed: 2 October 2018].

²³² Haroon Siddique, Tony Blair advises Kazakh president on publicity after killing of protesters, The Guardian, 24 August 2014. <https://www.theguardian.com/politics/2014/aug/24/tony-blair-advice-kazakh-president-protesters> [Last accessed: 2 October 2018].

²³³ Sanya Toiken, Амин Елеусинов вышел на свободу и едет домой (Amin Yeleusinov was freed and returned home), RFE/RL, 22 May 2018. <https://rus.azattyq.org/a/amin-yeleussinov-osvobozhdenie/29243330.html> and Sanya Toiken, Бывший профсоюзный активист Нурбек Кушакбаев

aimed to destabilise the country, rather than a worker dispute. The discourse permeated the public's understanding of the events: "Members of the independent trade unions, for example Yeleusinov's OCC union, started having political claims - at some point, they stopped working for the improvement of the social environment,"²³⁴ a former government consultant said, paying lip service to the narrative discrediting the work, and the *raison d'être*, of independent trade unions.

Job cuts and weakened trade unions have had a negative effect on industrial and social relations: Hunger strikes and walk-outs have continued, while monotowns such as Zhanaozen have experienced protests by groups of unemployed residents, who have been unable to find jobs amid the hiring freeze and the ailing oil sector in the Mangistau region. In 2019, clashes between local and foreign workers erupted at the Tengiz oil field, bringing back the memory of other brawls that Tengizchevroil's service companies experienced in 2005 (Yessenova 2008; 2012). Once again, the clashes were defined as "ethnic clashes," both the company and the government failed to acknowledge that the workers' dissatisfaction stemmed from wage inequality and worsening labour conditions, not from mere nationalist claims.²³⁵

Conclusion

"There is no shade in Zhanaozen, because trees don't grow here,"²³⁶ wrote journalist Yelena Kostyuchenko during a 2012 reporting trip to the site of the tragic events. Reports from Zhanaozen since 2011 repeatedly painted a picture of a dusty, deserted city with a

– на свободе (Former trade union activist Nurbek Kushakbayev freed), RFE/RL, 28 May 2018.

<https://rus.azattyq.org/a/nurbek-kushakbaev-osvobozhdenie-udo/29254746.html> [Websites last accessed: 7 June 2020].

²³⁴ Interview with a former government consultant, YHRI, Aktau, July 2018.

²³⁵ Paolo Sorbello, Mass Brawl at Kazakh Oil Field Unveils Labor Dissatisfaction, *The Diplomat*, 2 July 2019. <https://thediplomat.com/2019/07/mass-brawl-at-kazakh-oil-field-unveils-labor-dissatisfaction/> [Last accessed: 30 October 2020].

²³⁶ Yelena Kostyuchenko, What I didn't write about Zhanaozen, *openDemocracy-Russia*, 17 January 2018. <https://www.opendemocracy.net/en/odr/what-i-didnt-write-about-zhanaozen/> [Last accessed: 2 October 2018].

gloomy mood hovering over it. Zhanaozen, in fact, was first thought as a rotation camp. Only after it became inhabited by tens of thousands of residents, “people started feeling they were living in an artificial segregation, in a ghetto,”²³⁷ because the benefits of oil exports were themselves exported far away from the city. Working for oil, in the geographic and social periphery of Kazakhstan, has proved to be unrecognised toil in extreme environmental and living conditions.

Whether under the constraints of a Soviet plan or following the mantra of the maximisation of shareholder value typical of stock exchange-listed companies, workers in Kazakhstan have struggled to improve their working conditions, ensure job stability, and earn a living wage. A Moscow worker complaint published by Pravda in 1983 sounded eerily similar to the demands voiced by oil workers in Mangistau in 2011 during the strikes described above. The Moscow worker said that worker discipline could not suffice without order, which the enterprise should provide: Without “adequate tools and supplies to enable them to work efficiently while they were on the job,” (Teague 1986: 248) the workers would not be able to help the cause of fulfilling the plan. Similarly, oil workers in Zhanaozen in 2011 lamented that their employers stopped providing them with PPE (Personal Protective Equipment) and other basic work tools. The cost of ‘dressing up for work’ fell onto workers at a time when unions were under pressure and workers were being fired by the hundreds.

Working for a state-owned company, thus, displayed trends not dissimilar to the ones that were imported into Kazakhstan by foreign TNCs. Precarisation became the main strategy for cutting costs and ensuring increasing profits. While this chapter maintained the focus on the weakening of labour organisations and work conditions, the following chapter delves into the methods that companies employ to shrink their workforce to a bare minimum, while contracting out fundamental services to other companies, which generally employ workers at worse conditions or on a temporary basis.

This chapter also detailed the various work configuration that emerged in Kazakhstan’s oil sector according to the geographic location of the fields. Monotowns, a Soviet legacy, are shown as radically different settings than rotation camps, which were first introduced by

²³⁷ Interview with a former government consultant, YHRI, Aktau, July 2018.

TNCs. The socialisation of workers and their livelihoods develop in different ways according to the human geography of their workplace. As outlined in the following chapter, losing a job in oil in a monotown entails a distinct set of consequences as opposed to being fired by a company that organises its work into modules in a rotation camp.

7. The Outstaffing Phase

Introduction

This chapter concludes a trio of chapters analysing changes across the phases of work in Kazakhstan's oil sector. Having discussed the hiring phase and the working phase, this chapter turns to the outstaffing phase, i.e. the end of the working life at the oilfields. In its five sections, the chapter navigates through a variety of themes, all invariably linked to job cuts and their consequences. The chapter explores the various strategies with which both the state and the companies have experimented in their effort to facilitate the process of laying off workers and the makeshift solutions they have devised for ex-oil workers.

The chapter opens with two interlinked sections on the development of monotowns that would serve Kazakhstan's oil industry and the significance of oil as a city-forming resource. Inevitably, also given the geographic specificity of oil, found in deep basins underground, monotowns had to be built near the oilfields. This created demographic booms that were difficult to absorb after independence, at times of lower oil prices, privatisations, and corporatisation of the industry. These sections highlight the socio-economic differences between organising workers in rotation camps, rather than monotowns, as carried out by several trans-national companies (TNCs) in the regions of Atyrau and Kyzylorda.

After the shooting of striking oil workers in Zhanaozen in December 2011, the government implemented measures to re-hire most of the workers that had been fired by state-owned companies, while contemporarily announcing a hiring freeze for new workers. These measures translated into a clear-cut separation between the oil workers and the rest of the working class in Mangistau. Government policies to allay fears of widespread job cuts had

limited success, also because of the legislative chokehold on independent trade unions and labour rights.²³⁸

The section that follows, in fact, examines the progressive co-optation of trade unions within the government-friendly Federation of Trade Unions (FPRK), crowned by the creation of a hyper-loyal sectoral union, headed by a former Kazmunaigas manager in 2013. This became a controversial topic both between independent and ‘yellow’ trade unions and within FPRK-affiliated local unions. The example of the two trade unions within KPO, the consortium developing the Karachaganak field in Aksai, can be considered a paragon of bureaucratism within the state-affiliated structures, in which the local union is ultimately under central control.

Changes in the labour code, especially in terms of conflict mediation and layoffs, have progressively favoured the employer, according to the next section, which examines in detail the three labour codes that Kazakhstan has adopted since independence. The changes highlighted concern especially the oil sector, in which work displays specific characteristics of safety, modularity, and “shopfloor” spaces.²³⁹ The reactions to the anti-union and anti-strike legislation were harsh both from Kazakhstan’s scattered labour movement and from international trade union associations.

The final section focuses on one important consequence of the events in Zhanaozen in 2011, namely the shift to a corporate philosophy at the Samruk-Kazyna holding, the owner of NC Kazmunaigas and its affiliated companies. A team of mediators were hired in an effort to both pacify and re-orient the workers that were losing their jobs via various state and company incentives. The ULES centre introduced “less divisive” terms into corporate communication and strived to find solutions for the “social adaptation” of laid-off workers.

²³⁸ For a longer discussion, see Chapter 4 and below in this chapter.

²³⁹ The work environment, be it at a field or in a remote office of engineers, is radically different than the one described by Michael Burawoy in his seminal work *Manufacturing Consent*. Burawoy aptly says that “whenever technology changes its character, it has a transformative impact on the organization of work” (1979: 47).

The finite life of an oilfield, the finite life of an oilman

The influx of workers in the western regions of the Kazakh SSR in the 1960s and 1970s created a demographic boom for the regions around the Caspian Sea. In addition, the composition of the population became truly multinational, with dozens of ethnicities living and working side by side. To sustain the population increase, villages became towns, towns became cities, and infrastructure was improved to meet the needs of the new residents. Newly established football clubs took names such as *Munaishi* (Мұнайшы, ‘oil worker’ in Kazakh), *Trud* (Труд, ‘work’ in Russian), and *Stroitel'* (Строитель, ‘construction worker’ in Russian), besides the new *mikroraiony*²⁴⁰ where specialists and construction workers lived, the Soviet planners also drew spaces for the construction of stadiums, theatres, and parks. In this light, several cities across the Soviet Union mushroomed, near large industrial enterprises (Rogers 2015; Trevisani 2016). Under the shadow of the so-called ‘city-forming enterprise,’ these monotowns existed mainly to house industrial workers. According to the central plans, workers could be moved across the Union, should certain regions require more manpower. Such was the fate of Caucasian and Central Asian workers sent to western Kazakhstan.

Propaganda notwithstanding, coexistence between different nationalities had the potential to provoke conflicts, even in Soviet times. One notable example was a seemingly innocuous incident in Novy Uzen and Mangyshlak in 1989 that resulted in a violent pogrom against workers and residents hailing from the Caucasus.²⁴¹ The 1989 Mangyshlak-Uzen pogrom, together with miners protests in the 1980s and early 1990s in Russia and Kazakhstan, offered an important experience for channelling worker dissatisfaction into industrial action. Strikes and union negotiations repeated throughout the 1990s and 2000s.

²⁴⁰ In Russian, микрорайон is used to define a clustered section of a city. In some cases, cities could be formed by a collection of *mikroraiony*.

²⁴¹ For a longer discussion, see the work of Temirgaliyev (1982), extensively cited in Chapter Three, which also touches on the Novy Uzen incident.

In the years after independence, the privatisation of the oil industry unveiled the accounting discrepancies between the now-gone command economy and the slowly-forming market economy in the oil sector. As fields matured and infrastructure was built, work in construction waned. The post-Soviet economic crisis also had a negative effect on employers, who sought to cut expenses by slashing wages and laying off workers. While the oil sector stayed afloat during these tough times, sentiments of instability and precarity among traditionally proud oil workers began to surface. In the oil-rich regions of Kazakhstan, working as a *neftyanik* was and still is a matter of pride. Leaving the industry, for many of them, would also mean moving cities, as the oil monotowns could not offer realistic alternatives to the sacked workers.

The non-renewable nature of oil as a source of energy stems from the finite availability of crude reserves below the surface in certain geographic areas. The finite life of the oilfields, from which man extracts hydrocarbons until exhaustion or until economically feasible, is reflected in the profession of oil extraction. As oil volumes decrease and/or the cost of extraction increases, companies would sacrifice manpower for the sake of maintaining their profits or contain their losses. The end of life for an oil field can therefore coincide with the end of life of hundreds or thousands of oilmen, who would need to either change profession or move to another oil-rich monotown to survive with their families. The socio-economic linkages between the oil sector vertical, which also includes construction, catering, transport and other services, and the rest of the productive activities of the oil monotowns can multiply the effects of a slowdown in production and transfer a sense of precarity from the oilfield to the residents.

One of several examples is Zhanaozen, in Mangistau, which grew from a small settlement in the 1960s to a town of around 150,000 inhabitants in the early-2010s. In the late 1990s, the World Bank drafted a plan²⁴² to assist Ozenmunaigas, the company responsible for the

²⁴² World Bank report “Uzen Oil Field Rehabilitation Project - Amended and Restated Loan Agreement”, 1996. <http://documents.worldbank.org/curated/en/916791468048528215/Conformed-Copy-L4061-Uzen->

development of the oilfield, to slash its workforce by 54%, from around 13,000 to 6,000 workers. At the time, Zhanaozen counted 40,000 residents, and almost all households were involved in Ozenmunaigas's work. Once it was consolidated under state-ownership, Ozenmunaigas, directly employed around 10,000 workers, or around 6% of the population. Between them and the thousands employed in construction, repair, and other services to the oilfields, most of the residents were directly or indirectly tied to the oil business.

Such was the fate of several city-forming enterprises across Kazakhstan. The village of Aksai, near the Karachaganak field at the border with Russia, is similarly shaped alongside the so-called *promzona*, the industrial area where the consortium Karachaganak Petroleum Operating (KPO) along with most of the service companies have their headquarters. A few bridges over the railroad connect the village, built in modular Soviet blocs, to the *promzona*, which makes up about one-quarter of the settled area. Virtually all residents of the village of Aksai make a living, directly or indirectly, through the oil and gas industry. During the two-hour drive from the regional centre of Uralsk, it is clear that settlements like Aksai are exceptions in the vast swathes of steppe that characterises the geography of the area.

In contrast, other oilfields in Kazakhstan are exploited through rotation camps, where workers complete two- or four-week shifts before taking time off back home with their families. Such is the case for the Tengiz giant oil field in Atyrau, but also Karazhanbas in Mangistau and Kumkol' in Kyzylorda. The demographic composition of these camps is artificially manufactured to serve production and construction activities. At the camps, workers are on duty, astray from society.

In Kyzylorda, a HR manager at an oil company, worried about the end of oil. "We reached peak oil in this region long ago. Oil production is falling every year. Where are all of these colleagues of mine going to work once this company shuts down?," KYTU said indicating

[Oil-Field-Rehabilitation-Project-Amended-and-Restated-Loan-Agreement](#) [Last accessed: 21 April 2020].

See also Totaro and Sorbello (*forthcoming*).

other workers in the office.²⁴³ In 2018, the Kyzylorda region produced 6.1 million tonnes of oil, a 7% decrease compared to the previous year.²⁴⁴ Since 2013, oil production in the region dropped by 45%.

In the event of job cuts, the perspectives of an employee of Tengizchevroil living in Atyrau are radically different from those of an employee of KPO living in Aksai or of an employee of Ozenmunaigas living in Zhanaozen. Atyrau, the residence of the former, is a city that despite its nickname of ‘the oil capital of Kazakhstan’ is not close to any oil field. And even within the industry, Atyrau hosts several alternatives, such as the consortium developing the Kashagan oil field and Embamunaigas, a state-owned company producing onshore. Having lost a job in one company, a worker in Atyrau could apply to work in another company in the same sector in the same city. Conversely, in Aksai or Zhanaozen job cuts generally affect both the production companies and the constellation of service companies around them, meaning that a laid-off worker would not be able to find alternatives in the same city.

Out of work in an oil town

During the sustained strikes of 2011 that culminated in the clashes in the oil town of Zhanaozen,²⁴⁵ oilmen who refused to work were fired by their companies. During the period between May and August 2011, Ozenmunaigas and Karazhanbasmunai fired more

²⁴³ Interview with KYTU, a HR manager at an oil company in Kyzylorda, July 2018.

²⁴⁴ Mira Zhakibayeva, Добыча нефти в Кызылординской области сократилась из-за обводнённости некоторых нефтяных скважин (Oil production in the Kyzylorda region decreased due to the water cut at some oil wells), *Kursiv*, 4 February 2019. <https://kursiv.kz/news/otraslevye-temy/2019-02/dobycha-nefti-v-kyzylordinskoy-oblasti-sokratilas-iz-za-obvodnyonnosti> and Кушербаев: Объёмы добычи нефти в Кызылординской области падают на 10-12% ежегодно (Kusherbayev: The volume of oil production in the Kyzylorda region is falling by 10-12% annually), *Informburo*, 6 November 2018 <https://informburo.kz/novosti/kusherbaev-obyomy-dobychi-nefti-v-kyzylordinskoy-oblasti-padayut-na-10-12-ezhagodno.html> [Websites last accessed: 2 December 2019].

²⁴⁵ For a longer discussion on the events, see the previous chapter.

than 2,000 workers. KMG EP, a London-traded subsidiary of NC Kazmunaigas, owned 100% of Ozenmunaigas and 50% of Karazhanbasmunai.²⁴⁶ Talks between the companies, the trade unions, and the government during the strikes allowed for the reinstatement of some of the workers.

“Some workers from our company [Karazhanbasmunai] went on strike and rallied by the company’s headquarters in Aktau’s 15th *mikroraion*, demanding to talk to the managers. After the action, the regional *akimat* asked the company to negotiate the workers’ demands and reinstate those who were fired. The company then set a deadline for reinstatement without penalty. Some workers resumed work, some chose not to.”²⁴⁷

In Zhanaozen, the situation was worse, as Ozenmunaigas had fired several hundred workers and conducted actions against the activity of the independent trade union. Effectively, by the time of the clashes in December, most of the people on the square were laid off workers²⁴⁸ who had been left with no pay and were under the yoke of a lawsuit filed by KMG EP against them.

Shortly after the clashes in Zhanaozen, president Nazarbayev declared the state of emergency in the town and put in motion a policy machine for the restructuring of social and labour relations in the town. Groups of mediators, economists, and bloggers (Lewis 2016) were sent to Zhanaozen, immediately isolated and placed under curfew, to report on the problems and offer solutions to the government.

In January 2012, Alik Aidarbayev, the recently-appointed KMG EP head, announced the constitution of two service companies to hire the majority of the workers that were fired by KMG EP companies. The service company based in Aktau would be called Department of Technological Transport and Well Maintenance (UTT), while the company based in

²⁴⁶ China’s investment holding CITIC Resources owns the other 50% stake.

²⁴⁷ Interview with a former accountant at Karazhanbasmunai, IRPO, Aktau, July 2018.

²⁴⁸ Interview with a local journalist who witnessed the scene, SHZZ, Astana, May 2018.

Zhanaozen received the name Department of Drilling and Well Service (UBR).²⁴⁹ Aidarbayev justified the creation of these companies as safety nets ordered by Nazarbayev to re-hire most of the 2,137 workers that were fired by Ozenmunaigas and Karazhanbasmunai throughout 2011. KMG EP said it could not re-hire them because it had taken on new workers to make up for those who went on strike. The initial investment into the creation of these two companies amounted to 20.6 billion KZT (around 140 million USD at the time). The temporary patch with UTT and UBR, however, became a weight as the years passed.

Two weeks after the creation of UTT and UBR, KMG EP announced that it changed the status of Embamunaigas (in Atyrau) and Ozenmunaigas from production units into two separate joint stock companies. In a message to the investors, KMG EP said the changes “will give the companies necessary autonomy in the conduct of their business operations and will ensure their management’s responsibility, as well as transparency and compliance with modern standards of corporate governance.”²⁵⁰ This decision had an effect on the company’s reporting methods, as it began splitting both operations and financial results for each daughter company.

A strategy of separating core and loss-making portions of state-owned enterprises had been similarly adopted in China, with the creation of CNPC and Sinopec in 1998-1999. Chinese SOEs, which functioned in terms of both finance and labour organisation through so-called Petroleum Administrative Bureaus, were unbundled (Lin 2011: 89). The core activities were structured in a way that reflected the experience of profit-oriented TNCs. With the creation of KMG EP, the Kazakhstani government had veered in a similar direction, but the breakup of the UTT and UBR service firms allowed the London-traded company to unload unprofitable assets. Similarly to China (Lin 2011: 94), within a few years the wage

²⁴⁹ АО "РД "КазМунайГаз" создало два новых предприятия в Актау и Жанаозене (KMG EP created two new enterprises in Aktau and Zhanaozen), *Tengrinews*, 16 January 2012.

<https://tengrinews.kz/money/ao-rd-kazmunaygaz-sozdalo-novyih-predpriyatiya-aktau-206057/> [Last accessed: 2 June 2020].

²⁵⁰ KMG EP press release, 1 February 2012.

http://kmgep.kz/eng/press_center/press_release/?cid=0&rid=206 [Last accessed: 2 June 2020].

differential and working conditions for workers at core and non-core enterprises increased dramatically.²⁵¹

In 2012, Ozenmunaigas established a “moratorium”²⁵² – a hiring freeze – that was mirrored by other oil companies in Mangistau. In an effort to reduce the workforce without resorting to mass lay-offs, the companies would stop hiring and wait for the employees to retire or voluntarily resign. The hiring freeze led to a shrinking of the workforce at Samruk-Kazyna, the holding that controlled Kazmunaigas. In 2013, KMG EP’s hiring freeze caused a reduction by 2,000 employees compared to the previous year.²⁵³ While similar in number, in proportions this translated in a decrease of administrative staff by 11%, while the number of industrial workers decreased by 1.3% for lack of turnover and outstaffing in just a few months after establishing the hiring freeze.

While the hiring freeze started as an ad hoc measure, it became a widespread practice, ultimately adopted by NC Kazmunaigas in January 2015.²⁵⁴ With the help of such practice, the total number of employees in the companies of the group shrank by 4,200 in 2016 and by 4,000 in 2017,²⁵⁵ or about 4% each year. The original “optimisation” plan entailed a series of job cuts totalling 15,000 (of which 11,000 across Mangistau and 6,500 in Zhanaozen alone). The plan, however, was shelved after workers threatened to protest.

²⁵¹ See previous chapter in the discussion of the ESOT salary system.

²⁵² Жанаозен: год спустя (Zhanaozen: one year after), CA-Monitor, 23 November 2012.

<https://camonitor.kz/5917-.html> and Asylbek Zhemenei, Профсоюзы «Озенмунайгаза» активизируются (Trade unions of Ozenmunaigas unite), RFE/RL, 19 December 2013. <https://rus.azattyq.org/a/zhanaozen-ozenmunaigaz-trade-unions/25205495.html> [Websites last accessed: 2 June 2020].

²⁵³ Подробный анализ финансовой отчетности АО «Самрук-Қазына» за первое полугодие 2013 года (Analysis of financial statements of JSC Samruk-Kazyna for the first half of 2013), Samruk-Kazyna, 2013. <https://sk.kz/upload/iblock/9b1/9b13a02c9415e296fd497ce5c41f7f8a.pdf> [Last accessed: 2 June 2020].

²⁵⁴ Kuralai Abylgazina, НК КазМунайГаз сэкономила более 300 млрд тенге в 2015 году (NC Kamunaigas saved more than 300 billion tenge in 2015), LS Information Agency, 18 December 2015 <https://lsm.kz/nk-kazmunaigaz-sekonomila-bolee-300-mlrd-tenge-v-2015-godu> [Last accessed: 2 June 2020].

²⁵⁵ NC Kazamunaigas Annual Report, 2017. http://kmg.kz/self/annual_report_2017/ru/024.html [Last accessed: 2 June 2020].

Instead, in collaboration with ULES (see below), NC Kazmunaigas adopted a “moratorium” on layoffs, especially for companies working in Zhanaozen.²⁵⁶

In 2016, as oil prices took a dive below 30 USD/barrel, Sauat Mynbayev, chairman of the board of NC Kazmunaigas, reassured that the level of employment would not be affected and that the number of workers at Ozenmunaigas would remain at the level of 9,509 despite any retirement: should the number of workers decrease below that level, employees of KMG EP would be able to internally transfer to cover the reduction. Speaking about other companies involved in the *moratorium* programme, Mynbayev reassured: “We would not cut living people.”²⁵⁷

In April 2017, in response to strikes the previous months, NC Kazmunaigas introduced the “KMG Oilfield Service Development Programme (5/50)”, which became popularly known as “soft optimisation”, or just “пять-пятьдесят” in Russian. By the conditions of the programme, workers could voluntarily resign and receive 50% of their current salary for the following five years (see below). Kazmunaigas was nonetheless worried of “a risk of the negative perception of the [5/50 programme, which could give] rise to potential social discontent among employees and, even, unauthorised strikes. This risk has repeatedly become reality and had a considerable impact on production performance”.²⁵⁸

Besides social discontent within the oil sector workforce, increasing dissatisfaction brewed among those who were out of work, especially in the monotown of Zhanaozen. In May 2017, residents protested when the government organised a job fair aimed to re-settle those

²⁵⁶ According to ULES, this decision came because of a faux pas of Kazmunaigas, which handed out leaflets regarding the “optimisation” programme at its companies which would result in 15,000 job cuts at its affiliated companies, of which 6,500 in Zhanaozen alone. Trade union representatives were both surprised and angered by the news. The Kazmunaigas management and ULES travelled from Astana to Aktau to negotiate a freeze of layoffs, in an effort to reduce the tensions.

²⁵⁷ Alisher Akhmetov, Мы не будем сокращать живых людей - глава КМГ (We will not cut living people - head of KMG), Tengrinews, 10 October 2016. https://tengrinews.kz/kazakhstan_news/myi-ne-budem-sokraschat-jivyih-lyudey-glava-kmg-303775/ [Last accessed: 2 June 2020].

²⁵⁸ NC Kazmunaigas, Annual Report 2017, p. 116.

who would accept jobs in northern Kazakhstan.²⁵⁹ Between 2017 and 2019, unemployed residents of Zhanaozen have occupied the central square several times requesting meetings with the regional authorities. They asked the government to create local jobs and build a future for the residents. The process of leaving work and re-entering society, however, is a bumpy road, especially within a context where trade unions fail to defend worker rights, legislation is crafted with the objective of facilitating lay-offs, and the government implements piecemeal programmes to “re-adapt” ex oil workers into society, as shown in the following paragraphs.

Sectoral trade unions: Musical chairs instead of labour struggle

Since the violence in Zhanaozen, the Kazakhstani government endeavoured to further constrain the space for independent trade unions, especially those operating in the oil and gas sector. In January 2013, Abulgazy Kussainov,²⁶⁰ former governor of the Karaganda region, was appointed head of the Federation of Trade Unions of Kazakhstan (FPRK), a government-controlled body that comprised a wide range of regional and sectoral trade unions. At that point, oil and gas workers were represented by Kazakhstan’s Trade Union of the Oil and Gas Sector (KGNP). The KGNP was based in Atyrau since 1995. Tlekkabyl Kabdulov,²⁶¹ a veteran of the Atyrau and Mangistau oil sector, served as KGNP’s head for

²⁵⁹ Saniya Toiken, Жанаозенцы не хотят переезжать на север (Zhanaozen residents don't want to move north), RFE/RL, 30 May 2017 <https://rus.azattyq.org/a/zhanaozen-programma-pereseleniya/28517782.html> [Last accessed: 13 June 2019].

²⁶⁰ Kussainov left voluntarily the FPRK in November 2017, allegedly for having reached pension age. Critics said he left because a new team was appointed and tasked to renew and revive the FPRK. TFPA, high-ranking member of the FPRK, interviewed in Astana, 12 May 2018.

²⁶¹ Born in Makat, not far from today’s Atyrau, in 1955, Kabdulov worked as a welder since the age of 17 for the Makatneft enterprise. He also worked in the fields of Zhetybai, Buzachi, and Kalamkas. From 1991 to 2001 he headed the trade union committee at the Makatneft enterprise. From 2001 to 2005 he headed the Atyrau office of KGNP. In January 2005 KGNP became a nationwide union and he was nominated chairman. He left his post on 22 January 2020, replaced by his long-time deputy, Elena Mustafina. FPRK, Избран новый председатель ОО «Казахстанский нефтегазовый отраслевой профессиональный союз» (A New Chairman of the Public Association "Kazakhstan Oil and Gas Industry Trade Union" was elected),

14 years between 2005 and 2020. The union served as the main point of contact between company-based unions and the central structures. Competition from the independent federations and confederations of trade unions was waning due to new legislative provisions that aimed to weaken all labour organisations outside government oversight.

In this light, as part of an internal struggle for control, NC Kazmunaigas established a new sectoral trade union in September 2013.²⁶² The new Sectoral Trade Union of Workers in the Oil and Gas Complex (KMGU) was headed by Sultan Kaliyev, former deputy director of social policy and PR at NC Kazmunaigas, who was appointed, rather than elected. KMGU registered under the FPRK and its logo replicated the design of NC Kazmunaigas's logo.²⁶³ The creation of KMGU was in line with the new course dictated by the recently-appointed head of NC Kazmunaigas Sauat Mynbayev. After the Zhanaozen violence, key positions in institutions controlling the oil and gas sector, as well as the ministry of labour and the FPRK, were reshuffled. In July 2013, ex-Energy Minister Mynbayev took the post of chairman of NC Kazmunaigas and ex-Labour Minister Serik Abdenov quickly followed two weeks later, becoming head of the department of human resources and payroll at the national oil and gas company.

Establishing a new sectoral trade union, based in Astana, headed by an ex-Kazmunaigas manager, in the same building hosting NC Kazmunaigas and the Energy Ministry, was considered as a hostile message in Atyrau, where Kabdulov's KGNP felt under pressure. The revenues of trade union organisations, in fact, come from contributions of local unions. Competition in this respect is seldom welcomed.

31 January 2020. Zakon.kz <https://www.zakon.kz/5005226-izbran-novyy-predsdatel-oo.html> [Last accessed: 18 March 2020].

²⁶² NC Kazmunaigas, Annual Report, 2013.

²⁶³ Kaliyev's trade union underwent a minor facelift in 2019, when it adopted the shorthand Kazmunaigazprof, less wordy than the previous full name Sectoral Trade Union of Workers in the Oil and Gas Complex. It opened a new website, www.kmgprof.kz, abandoning the previous www.mgko.kz. The logo design, which mirrors the Kazmunaigas logo, however, remained the same. [Websites accessed in April 2018 and in April 2020].

Just months after the emergence of KMGU, Kaliyev participated in an ILO-sponsored training course in Turin, Italy, meeting protests from other trade unionists. On the first day of the training, the Russian Confederation of Labour sent a complaint to the ILO representative, saying that “[Kaliyev’s] appointment took place under conditions of widespread pressure on the independent trade union movement in Kazakhstan,” and proposed the expulsion of the KMGU delegation, “representatives of organisations that are part of the state apparatus of suppression,” from the training.²⁶⁴ Under pressure, the KMGU delegation headed by Kaliyev left the training course.²⁶⁵

Kabdulov highlighted the internal rift within the FPRK by posting on the KNGP website an extract of the IndustriALL Union article that criticised the creation of KMGU.²⁶⁶ Trade unionists argued that his role on the government’s side at the time of the events in Zhanaozen constituted the perfect pedigree to head an organisation loyal to the authorities.

*“Kaliyev’s KMGU represents what is commonly known as a yellow union, in the pocket of the employer. At the time of Zhanaozen, he was on the side of the employer, he had other interests.”*²⁶⁷

*“His appointment to the KMGU was a reward for his loyal activity before and after the 2011 events. He was there at the time. This was the reason that he was expelled from the meeting in Turin in 2014.”*²⁶⁸

In Aksai, the creation of KMGU, in competition with KNGP, translated into a fierce battle between the two trade unions at KPO. The original split had happened in the early 2000s, when veteran trade unionist Anatoly Neverov left the original Local Union Organisation of

²⁶⁴ Профсоюзы выразили протест участию Султана Калиева в курсе MOT (Trade unions protested Sultan Kaliev's participation in an ILO course), Konfederatsiya Truda Rossii, 2 April 2014. <http://www.ktr.su/content/news/detail.php?ID=1820> [Last accessed: 21 August 2018].

²⁶⁵ Ramziya Yunusova, Кто хочет "прикарманить" профсоюзы? (Who wants to “pocket” the unions?), [Interview with Larisa Kharkova], Central Asia Monitor, 16 May 2014. <https://camonitor.kz/11765-.html> [Last accessed: 23 November 2018].

²⁶⁶ Kazakhstan, Global Worker, n. 1, 2014, p. 7 - <http://www.kngp.kz/ru/news/574-mnenije/> [Last accessed: 12 January 2019].

²⁶⁷ Interview with KPUU, trade union representative in Aksai, November 2018.

²⁶⁸ Interview with KUPT, trade union representative in Aksai, November 2018.

KPO Workers (LPORK-KPO) and formed the Karachaganak Local Union of KPO and Service Workers (KLPSR-KPOPK). Upon the creation of KMGU, however, the latter joined ranks with Kaliyev's union in Astana. In terms of budget, it meant a discount on contributions, since KMGU took a 5% contribution, compared to KNGP, which exacts a 10% contribution from its local organisations.²⁶⁹ In 2018, however, the two local unions switched places, KLPSR-KPOPK transferred under the KGNP in Atyrau, while LPORK-KPO, under the leadership of Mars Khairullin, switched to KMGU (See Figure 6 below).

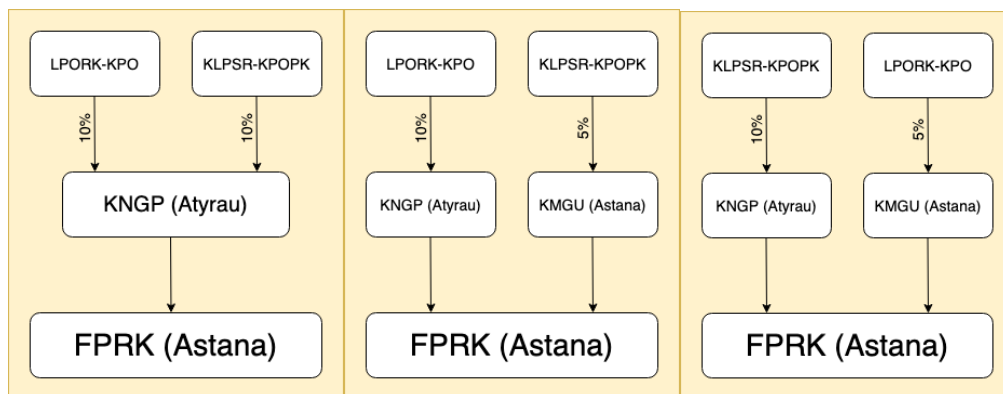


Figure 6: The allegiance of KPO trade unions to sectoral unions (from left to right: Before 2013, 2013-2018, After 2018)

Although the administrative changes were later masked as political spats between approaches to labour activism, field interviews highlighted how pragmatic, financial, and personal grounds justified most of the actions that trade union leaders undertook. And, importantly, this was not only true at KPO. As mentioned above, a senior human resources manager at Aksaigasservice (AGS), KPO's main contractor, said that most of their workers were both members of the company trade union and the ruling Nur Otan party.²⁷⁰ The AGS trade union is affiliated with Kabdulov's KGNP, which proclaims itself as more independent from Astana, yet AGS workers' membership in Nur Otan betrays complete loyalty and co-optation of labour.

²⁶⁹ Interview with TFPA, senior official at FPRK, May 2018 and interview with KUPT, trade union representative in Aksai, November 2018.

²⁷⁰ Interview with AGKG, human resources manager in Aksai, November 2018.

Large organisations, such as NCOC and TCO, the operators of the fields at Kashagan and Tengiz respectively, discourage trade union membership. Trade unionists in Atyrau lamented that they could only obtain new members from state-owned companies, such as Embamunaigas. While trade unionists point out that “NCOC directly asks workers not to enter trade unions upon signing the contract,” human resource managers at these companies concur in saying that “the post-Soviet influence is still strong, but workers are increasingly unwilling to pay one percent of their salaries to a union that does nothing for them.”²⁷¹

The striking difference between the nominal activism of trade unions in Aksai and in Atyrau is arguably a sign of the Soviet legacy that was more evident at the Karachaganak field, where production and service companies maintained stronger links to their Soviet-era predecessors, the Karachaganakgazprom enterprise. The arrival of foreign investors led to a division between KPO, the privatised production enterprise sold to TNCs, and AGS, the service company that later fell into the hands of the business empire of Nazarbayev’s son-in-law Timur Kulibayev. In Atyrau, the TCO joint venture that obtained the rights over Tengiz and the NCOC production sharing agreement that took charge of Kashagan were structured in the guise of TNC-led consortia, without space for trade unions.

The fact that several among the cited trade unions are ‘yellow’, essentially functioning as a social cushion between the employer and the employees, leads to questioning their nature and the objectives of their leaders, between worker rights and personal political gains. It is clear that the forming of the KMGU sectoral union shook up the order of the ageing trade union structures. Ultimately, however, the presence of two sectoral unions within the FPRK umbrella doubles the pressure on their leaders to seek allegiance with the centre, to the detriment of workers and to the benefit of corporations in their attempts to slash labour-related costs.

²⁷¹ Interviews with ERFU, a HR manager at a large international service company in Aktau, July 2017 and with DKCW, a HR manager at a large consortium in Atyrau, September 2018. Both essentially pronounced the same sentence.

Changing state legislation to streamline job cuts

President Nursultan Nazarbayev had called for the adoption of a new law on trade unions already in July 2012, essentially in the aftermath of the Zhanaozen violence.²⁷² Nazarbayev noted that Kazakhstan lacked the mere concept of ‘social partnership’ and that “trade unions in Kazakhstan have not always been an effective instrument for the prevention and resolution of labour disputes.” This warranted a new, more comprehensive law on trade unions, according to Nazarbayev. While the president called for a new law by the end of 2012, negotiations and drafts prolonged the adoption to two years later.

During the drafting and after the adoption, several human rights organisations, civil society activists, trade union leaders, and international organisations protested regarding the restrictive provisions included in the 2014 law, which contradicted the fundamental ILO Conventions and practices to which Kazakhstan had signed up.

After the Zhanaozen clashes in December 2011, the government amended Chapter 32 of the Labour Code “On Collective Disputes.” The February 2012 amendments restricted workers’ rights further. In 2014, the government finally adopted a new law “On Trade Unions,” which essentially curtailed the activity of independent unions, which would have to seek a re-registration under an all-encompassing organisation with branches in every regional centre of the country. In practice, this represented a blow to sectoral trade unions.

On 1 January 2016, Kazakhstan introduced a new Labour Code, approved in November 2015. The new Code substantially modified approaches to the resolution of numerous labour issues. An OECD paper said that the new Code increased the grounds for dismissing

²⁷² Nursultan Nazarbayev, *Социальная Модернизация Казахстана: Двадцать шагов к Обществу Всеобщего Труда* (The Social Modernization of Kazakhstan: Twenty Steps to a Society of Universal Labor), Strategy 2050, available at: <https://strategy2050.kz/ru/news/189> [Last accessed: 16 September 2020]

workers and further liberalised temporary and precarious contracts.²⁷³ According to lawyers and HR specialists involved in the draft process of the new code, this new set of laws favours employers over workers.

Corporate representatives said that “the changes in the labour code have made it easier for companies and harder for workers, so we’ve witnessed fewer disputes,”²⁷⁴ and manpower agents agreed that “the code now makes it easier for the employers. For example, it is now easier to terminate a contract with a mutually agreed compensation.”²⁷⁵ The Atyrau-based sectoral trade union KNGP expressed doubts during the legislative negotiations in 2015,²⁷⁶ yet failing to correct the skewed beneficial effects in favour of the employer.

Looking at the statistics, which consistently show low unemployment, could prove misleading. “Observers suggest that the government put substantial resources in preserving jobs, while little attention is paid to protecting workers,” the OECD said in 2017, highlighting that the government aims to avoid mass dismissals, but does little for workers that are cut.²⁷⁷

“The new Code emerged from a period of financial and economic crisis. Employers demanded more flexibility in terms of work permits and easier ways to fire workers. This translated in the provision to trigger a voluntary negotiation with the worker for the resolution of the contract with a compensation. While previously the compensation was equal to

²⁷³ OECD (2017), Building Inclusive Labour Markets in Kazakhstan: A Focus on Youth, Older Workers and People with Disabilities, OECD Publishing, Paris, p. 83-84

²⁷⁴ Interview with DKCW, HR manager at one of the three main oil consortia, September 2018, Atyrau.

²⁷⁵ Interview with APOP, agent for a manpower company active in Atyrau and Uralsk, September 2018, Almaty.

²⁷⁶ KNGP, Профсоюзы – за сохранение прав работника! (Trade unions are for the preservation of worker’s rights!), 24 June 2015. http://www.kngp.kz/ru/news/623-profsojuzy_zh_sohraneniye_prav_rabotnika/ [Last accessed: 10 June 2017]

²⁷⁷ OECD (2017), Building Inclusive Labour Markets in Kazakhstan: A Focus on Youth, Older Workers and People with Disabilities, OECD Publishing, Paris, p. 84.

one year of salary, the 2015 Code gave companies the possibility to agree on different levels of compensation.”²⁷⁸

The 2007 Code (art. 52.4) established that the resolution of the contract would be accompanied by “a compensation in the amount of no less than one year of average salary.” In the 2015 Code (art. 50.3), this addendum disappeared, and was replaced by a vaguer definition: “With a compensation, the amount of which is defined in the work contract.” Interviewees said that, on average, this compensation now ranges between one and three months of salary.²⁷⁹

A one-year salary in the oil industry could be a significant burden for a company in need to cut costs through personnel reduction. In this light, the new Code allowed for more flexibility. Importantly, each worker carries an “employment book” (трудова́я кни́жка, in Russian), which records their employment status and history. Leaving a company “with the agreements of the parties,” as recites the formula for the voluntary resignation through compensation, is considered more acceptable in terms of worker reputation, rather than being fired for certain violations, which in the past were sometimes trumped up in order to justify the layoff. “A worker that thinks of his future would certainly prefer to leave the company with a compensation, however small, in order not to taint his ‘employment book.’ In the vast majority of the cases, workers swallow their pride and take the deal,” the labour lawyer said in an interview.²⁸⁰

If fired without a reasonable justification, the worker can trigger the Conciliation Commission, a mandatory conflict resolution body formed by employer and employee representatives on a parity basis. Lawyers commented that this structure was underused before the new code was adopted. The equal weight of employers and employees in the

²⁷⁸ Interview with LAWA, a labour lawyer, March 2019, Almaty.

²⁷⁹ Interview with YHRI, representative of the Center for Social Communication, July 2018, Aktau.

Interview with MMKA, worker representative, July 2018, Aktau. Interview with DLFW, manpower agency project manager, September 2018, Atyrau. Interview with AGAO, oil service worker, Aksai, November 2018. Interview with JFPW, trade union representative, March 2019, Atyrau.

²⁸⁰ Interview with LAWA, a labour lawyer, March 2019, Almaty.

Commission, however, is an incorrect indicator of the power balance between the two sides: within each company, employers can take measures to tip the scales in their favour, for example ruling that, in case of a split vote, the vote of the president of the Commission would be decisive. Needless to say, the president of the Commission is often from the side of the employer.

The Conciliatory Commission has become a mandatory step to resolve individual disputes with the new Labour Code. In case of collective disputes, the workers and the companies can trigger the intervention of the Republican Tripartite Commission on Social Partnership and Regulation of Social and Labour Relations (Tripartite Commission), which can be formed at various levels with the participation of the government, the company and the trade unions. At the national level, the Commission is formed by the central government, the national chamber of entrepreneurs (Atameken), and the Federation of Trade Unions (FPRK).

At local level, the Commission is formed by the regional government, and the local branches of Atameken and FPRK. The Commission is also formed along sectoral vectors between relevant ministries and industrial branches of Atameken and FPRK. “The work of the Tripartite Commission is complementary to the Labour Code and other legislation. Its members consider practices and cases that might not be regulated by existing laws. Importantly, however, the structure of the Commission shows a top-down approach, as only certain structures can participate,” a lawyer familiar with the work of the commission said²⁸¹.

In a process of co-optation, trade unions, especially those affiliated to the FPRK, were involved in the state programme called “Sign the collective agreement!”,²⁸² which was

²⁸¹ Interview with LAWA, a labour lawyer in Almaty, March 2019.

²⁸² This nationwide policy was inspired by a speech by Nazarbayev in Zhezkazgan in January 2008. Arseni Dyusenov, По состоянию на 1 июля 2008 года в республике увеличилось количество коллективных договоров (The number of collective agreement increased as of 1 July 2008), *Zakon*, 25 July 2008. <https://www.zakon.kz/116880-po-sostojaniyu-na-1-ijulja-2008-goda-v.html> [Last accessed: 14 June 2017].

aimed to increase the number of collective agreements across the country and was conducted in waves, almost a nationwide competition based on quantitative results more than on qualitative labour gains. The Ministry of Labour regularly informed the press about the success of the programme, which inevitably saw “a significant surge in new collective agreements” every time it was carried out. Such 21st century version of a Soviet-era plan became a routine formality for the old-fashioned trade union leaders at FPRK.²⁸³

Legislative change through the years was aided by a wealth of organisations, associations, and companies, which advised the government at various levels. The *Foreign Investors’ Council*, made up of the CEOs of the largest foreign companies in the country, the *Atameken* business association, headed by Nazarbayev’s son-in-law Timur Kulibayev, and the *Astana Economic Forum*, are the principal examples of the role of private business in shaping the rules of the game in industrial relations. While the role of international organisations, such as the World Bank and the WTO should not be discounted, in the next section the discussion converges on specific government plans that tackle specific instances and circumstances of the end of working life for several state employees after the clashes in Zhanaozen in 2011.

“Freedom” and “adaptation” as the new government mantras

After the Zhanaozen events, the government established a series of programmes and tactics aimed to monitor social tensions while weakening at the same time independent trade unions. The new Labour Code enshrined the profession of the mediator in work disputes, which led to an inflation of new professionals flocking in at the headquarters and field operations of several companies. New organisations emerged and new programmes were drafted by highly skilled professionals. These “crisis managers” alternatively acted as PR-representatives or as sweetener for the bitter pill that laid off workers had to swallow.

²⁸³ Interview with TFPA, a high representative of the FPRK in Astana, May 2018.

In 2012, Samruk-Kazyna founded ULES, a “centre for social engagement and communications,” an independently run research centre tasked with finding solutions to the fate of the hundreds that had lost their jobs in 2011 and foreseeing the consequences of other personnel reductions in the companies in which Samruk-Kazyna owns stakes. Through ULES, Samruk-Kazyna aimed to establish functioning labour relations and monitor the “mood” of the workers at its subsidiaries. In 2017, Nazarbayev had warned – with reference to technological advances, rather than to labour disputes – that jobs would be lost and the central and local government should have created the conditions to “redirect” the excess labour to other spheres.²⁸⁴

From job mobility to re-training, from entrepreneurship to household economics, ULES is a place where workers and their families can go to gauge their options in their future outside the company. Inside the organisation, the process is called “social adaptation” and workers that are fired are called “freed” (освобождены, in Russian). Social adaptation, in their jargon, is a synonym of “outplacement,” the process of “accompanying workers after they are freed,” according to a top-manager at ULES.²⁸⁵ In January 2018, during his address to the nation, Nazarbayev said that “it is necessary to work out a coordinated policy for the employment of the workers that were released (высвобождаемые, in Russian).”²⁸⁶

These workers are understood as ‘clients,’ which ULES would “treat as our own children, because we need to build trust in order to let them understand that they will no longer have a job like the one they used to have, one that paid the highest salaries in the region and in the sector.”²⁸⁷ The message to the families of the oil worker that lost his job is unequivocal:

²⁸⁴ Nursultan Nazarbayev, Послание Президента Республики Казахстан Н.Назарбаева народу Казахстана (Address to the People of the President of the Republic of Kazakhstan N. Nazarbayev), 31 January 2017. https://www.akorda.kz/ru/addresses/addresses_of_president/poslanie-prezidenta-respubliki-kazahstan-nnazarbaeva-narodu-kazahstana-31-yanvary-2017-g [Last accessed: 15 June 2017].

²⁸⁵ Interview with ULES top managers YHRI and SANC in Astana, May 2018.

²⁸⁶ Nursultan Nazarbayev, Послание Президента Республики Казахстан Н.Назарбаева народу Казахстана (Address to the People of the President of the Republic of Kazakhstan N. Nazarbayev), 10 January 2018 - https://www.akorda.kz/ru/addresses/addresses_of_president/poslanie-prezidenta-respubliki-kazahstan-n-nazarbaeva-narodu-kazahstana-10-yanvary-2018-g [Last accessed: 13 October 2018].

²⁸⁷ Interview with ULES top manager YHRI in Aktau, July 2018.

There are options outside the oil industry and these should be explored, as the oil sector will no longer suffice to sustain work now or for the future generations.

ULES calls itself “a company” because it wanted institutional autonomy from Samruk-Kazyna departments, although it is fully-funded by the holding, works from the same offices, and functions as a non-profit. For the first years, the centre also lacked engagement with other actors in industrial relations, as it only first engaged with the FPRK in 2018.

In November 2017, ULES kickstarted a pilot programme for “social adaptation” for workers at five oil service companies in Mangistau: Oil Construction Company, Oil Transport Company, Oil Service Company, Mangistauenergomunai, and Munaitelemek. In the first year after the launch of the project, 17 out of 41 low-skilled workers who had chosen to leave their jobs at these companies either found another job or started their own business.²⁸⁸ In addition, ULES works directly with the companies, through surveys and audits, in an effort to contain any reputational damage or protest sentiment that could emerge from job cuts, especially at times of privatisation. “Sometimes the companies have to choose whether to cut profits or personnel,” said a project manager at ULES during the HR Conference they organised in Astana in April 2018.

Before a company decides to fire a significant number of workers, ULES sends in a team that would help them re-train and re-build their career. Among the free services offered are resume writing and psychological help. ULES has offices in Astana and Aktau, their “field office.” In Aktau, “outplacement” has become a synonym to the government programme 5/50.

“We study the ecosystem within which a company operates, and the consequences for companies that decide to outsource jobs not directly related to production. This is a trend that arose since 2013. Transport,

²⁸⁸ ULES internal brochure, July 2018

catering, laundry, pharmaceuticals, and first responders were the most outsourced categories.”²⁸⁹

Despite portraying itself as a neutral intermediary body, ULES continues to play the role of a partisan mediator, because their employer is, ultimately, the state-owned company they consult, not the workers. The most decisive consulting work that ULES carries out is essentially to advise how and when companies will be able to slash their personnel costs without engendering a revolt.

In mid-2018, the Aktau office of ULES said it had trained around 2,000 workers, ex-workers, and spouses at Ozenmunaigas and Karazhanbasmunai. In the majority of the cases, oil workers in Mangistau are men and their salaries usually provided for the domestic economy. Therefore, ULES targeted part of the training to the women in the families, in an effort to increase their financial literacy and contain the number of micro-credits that they would become dependent on. Micro-credits, which eroded the net salaries of the workers, were said to be one of the main reasons for the discontent that led to the months of strike in Zhanaozen in 2011.

A major point of ULES’s criticism towards the workers that are fired in Mangistau is their “laziness.” According to a top manager of the centre, “those who are freed, then expect a handout” – they expect the government to find them an alternative job. ULES also criticised the Kazmunaigas-affiliated companies that gave compensations to workers who voluntarily resigned, because “a monetary bonus for leaving work is not enough, these workers need psychological support too.”²⁹⁰ This is a direct reference to the 5/50 programme, criticised from several sides in Mangistau.

²⁸⁹ Interview with ULES top managers YHRI and SANC in Astana, May 2018.

²⁹⁰ Interview with ULES top manager YHRI in Aktau, July 2018.

The compensation of the 5/50 programme is generally given out to workers who voluntarily resign and tacitly promise never to work in Kazmunaigas-affiliated companies again. The whole sum, equivalent to 2.5 years of their current salary, is credited to the workers who sign up to the programme. Rumours during the roll-out of the programme warned those who were reluctant to sign up that they could be fired without compensation. In the oil sector in Kazakhstan, layoffs are generally compensated with 3 to 12 months of salary. The rumours were not contrasted by Kazmunaigas, because they helped increase the number of those who resigned. This miscommunication, according to ULES, led to strikes and protests by jobless residents of Zhanaozen in 2018-2019.

Handouts had similarly swept the dust under the rug in the years leading up to the 2011 clashes. One account of the history of oil work in Mangistau highlighted that low oil prices in the 1990s, which caused severe delays in payments did not cause mass strikes, because workers “understood the situation and displayed more social solidarity.” Instead, after having benefitted from higher salaries in times of higher oil prices, they asked for more “easy money” when it was time for the company to cut costs.²⁹¹ Historically, however, oil prices fluctuated more than the source claimed and there were indeed strikes and protests in Mangistau, triggered both by wage arrears at state-owned companies that emerged from Soviet-era enterprises and at newly-privatised companies, which tried to slash costs immediately after gaining their licence.

In its short history, ULES was often involved in crisis management after clumsy PR own-goals by Kazmunaigas and other Samruk-Kazyna companies. The constant tension between the “modernising” efforts that ULES carries out in order to implement cost-cutting measures and the social role that Kazmunaigas plays with its employees was highlighted often during the interviews. Programmes such as 5/50 and ESOT (the single payment system²⁹²) were harshly criticised by those who worked in the industrial relations sphere and subscribed to neoliberal ideas of competitiveness and performance-driven bonuses.

²⁹¹ Interview with ULES top manager YHRI in Aktau, July 2018.

²⁹² For a longer discussion, see the previous chapter.

Conclusion

This chapter places a heavy emphasis on centre-periphery relations between boardrooms and ministries on the one hand and oilfields and monotowns on the other. Most of the measures that have facilitated job cuts (chiefly, the new labour legislation) and the state programmes to compensate and re-train laid off workers were centrally planned. However, the life of an ex-oil worker in a monotown, under a hiring freeze across the oil industry, places her at the geographic periphery of the country and at the margins of society. “Freed,” i.e. unemployed, residents of Zhanaozen have been vocal about their career possibilities since the infamous “moratorium.”

By producing anti-union and anti-labour legislation, Kazakhstan’s government aligned with the corporate practices aimed to reduce as much as possible costs and increase the company’s bottom line. While collective agreements have become more widespread since 2008, the consortia developing the Tengiz and Kashagan fields have not signed such contract with their workers, who negotiate individually with the company, often through a manpower agency. At Karachaganak, the collective agreement becomes increasingly favourable for the employer, according to Industrial Relations specialists at KPO.²⁹³

Across the industry, especially since the early 2000s, manpower agencies have become key actors in the provision of services.²⁹⁴ The transfer of non-core services from the company’s payroll to “labour for hire”²⁹⁵ at other companies or manpower agencies became a common *modus operandi* at Samruk-Kazyna companies, especially at NC Kazmunaigas, which was considered over-staffed during the holding’s process of “optimisation.” Since the creation of UTT and UBR, which re-hired those who had been fired in the lead-up to the Zhanaozen

²⁹³ Interview with senior industrial relations specialist, KPIR, Aksai, November 2018.

²⁹⁴ Manpower agencies are listed as some of the most important service companies in Kazakhstan’s oil sector by the business association of service companies KazService. See KazService magazine issue 31, 2020. http://www.kazservice.kz/kazservicemag/KS_31.pdf [Last accessed: 26 November 2020].

²⁹⁵ In Russian, заёмный труд.

clashes, NC Kazmunaigas has celebrated staff reductions, especially in administrative and senior positions. Despite the weak financial performance of UTT and UBR, which work in loss-making segments of the industry (drilling services and transport), the fact that these two thousand workers are not covered by the same collective agreements, insurance policies, and benefit packages, was considered positive by London-traded KMG EP, until its reabsorption into NC Kazmunaigas in 2018.

In the same guise as the practices at Samruk-Kazyna, to gradually decrease the workforce at large consortia continue their outsourcing and outstaffing practices, collaborating with manpower agencies, which too are directed and co-owned by European managers. Kaz Project Operating, a local company mainly operating with manpower in the oil and gas sector, claims prowess at outstaffing, which it defined as: “Allowing our partners to decrease the load on its HR and accounting departments, eliminate obligations on labour disputes, as well as to provide maximum flexibility in managing the personnel.”²⁹⁶

The practice of “outstaffing” had been a common solution to the seasonal workforce fluctuations in the oil industry and was widely implemented in the corporate world. Labban noted that this mechanism is used within the context of layoffs, one of four ‘methods’ through which oil companies discipline labour, together with anti-union practices, technological development, and physical relocation.²⁹⁷ This chapter thoroughly addressed the first two ‘methods.’

By outsourcing human resources management to manpower agencies, the TNCs and consortia essentially put in motion a system of precariousness and modularity that allows them to exert maximum flexibility for their workforce. A worker hired through an agency could in fact be entirely substituted during periods of vacation or seasonal stoppages, she would also be covered by less generous benefit packages, and her “slot” could be always

²⁹⁶ Kaz Project Operating LLP brochure, circulated at the KIOGE Conference in Almaty, September 2018.

²⁹⁷ Labban uses widely “outsourcing,” yet here “outstaffing” represents a narrower definition of the circular process of laying off and re-hiring through other companies (Labban 2014: 488).

be filled by another agency worker. It is not “bodies” that are traded in this industry, but “job descriptions.”²⁹⁸

²⁹⁸ “We sell bodies” was the sentence with which one manpower agency manager summarised their work. For a longer discussion see Chapter 5 (The Hiring Phase).

Conclusion

This dissertation argued that neoliberal practices adopted by trans-national companies (TNCs) in the oil industry globally have been translated into the Kazakhstani context with the aid of the government, which espoused these measures in an effort to keep its citizens – and the workers in its most important economic sector – under control. This work can be ascribed to a study of the precarisation of labour, spanning from formal to informal means. In fostering precarisation, corporations and the Kazakhstani government collaborated adamantly, effectively pitting their objectives against those of the workers.

For this study, I selected Kazakhstan because of its peculiar characteristics. It is a post-Soviet country that transitioned from planned to market economy and it shows characteristics typical of both rentier and authoritarian states. It is the largest Central Asian country and owns the largest energy reserves after Russia in the former Soviet Union. Nursultan Nazarbayev has led Kazakhstan since the Soviet times, when he served as leader of the Communist Party, Chairman of the Supreme Soviet, and President of the Kazakh SSR. Since independence in December 1991, Nazarbayev has been re-elected four consecutive times, making him the longest-serving post-Soviet leader, until his resignation in March 2019. Against this backdrop of stability, the country's post-Soviet transition has been economically difficult and politically challenging. In the 1990s, the GDP shrank consistently, monetary sovereignty and stability was under pressure, and a substantial out-migration of its Slavic population jeopardised its demographic makeup.

Underground resources, in particular oil, were crucial in Kazakhstan's road out of the economic and demographic crises of the post-Soviet period. The government embarked on a fast privatisation process, selling off assets from Soviet-era enterprises. Throughout the 1990s, the elites that emerged from the privatisation later consolidated their position and helped create the state-corporate infrastructure holding the keys to Kazakhstan's oil sector. The creation of the national company Kazmunaigas in 2002 and the listing of its subsidiary in 2006 marked an important step in the path towards a neo-liberal transformation of the industry. In parallel, the operations and practices implemented by TNCs in their joint

ventures and production consortia in the country conceived a virtual blueprint for the maximisation of shareholder value and the minimisation of costs.

The segment of industrial relations that suffered the most from these systemic shifts were the workers. After a tough period of strikes in the 1980s across the Soviet Union and the macroeconomic depression of the early 1990s, workers had already withstood decades of wage arrears, worsening conditions, and management changes. An increase in oil prices coincided with larger foreign investments and a slight improvement in the conditions of work in the early 2000s. Yet, the uptick was short-lived. Ethnic, social, and labour conflicts never really stopped in the country, while the oil regions became hotspots of discontent.

The reaction to these conflicts by both government and TNCs was so stark that it led to a drastic deterioration of working conditions and the progressive disintegration of the independent trade union structures that had emerged after independence. The Rubicon was crossed in 2011, when special police forces shot dead at least 16 striking oil workers in the town of Zhanaozen. In the aftermath, Nazarbayev's political regime implemented a few authoritarian measures, including legislative changes to the Labour Code and the law "On Trade Unions," that aligned state policies to corporate practices of precarisation.

The analysis of the creation of a precarious labour environment in the oil sector, the cornerstone of Kazakhstan's economy, was at the core of this research endeavour. The oil industry was chosen because of its importance for Kazakhstan's budget as well as its reliance on global financial markets. Despite its reputation as a highly profitable sector, working in oil yielded inconstant windfalls and caused increasing inequality among workers.

Placing the workers at the centre of the research constituted both an original angle in the study of the oil sector, and a useful arrangement for the unravelling of several of the seemingly unconnected issues that contributed to the precarisation of work. From the educational infrastructure, to regulations on safety, from party membership to life in a rotation village, workers were and continue to be subjected to several pulls that render their present and future uncertain, to the companies and government's advantage. In this framework, this work intended to highlight the dynamic alliance between the corporate and the state worlds vis-à-vis labour.

Instead of choosing a chronology of labour struggles, legislative changes, and corporate deals, this dissertation travelled through a virtual journey along the ‘lifecycle of work’ in the oil sector. The three core, empirical chapters filtered the strategies of precarisation at the various stages of employment, thus allowing a deeper thematic study of each moment that led to worsening work conditions and maintaining a distanced look at global dynamics following similar trends.

In an effort to accomplish the analytical task put forward in this doctoral project, the narration of this thesis first identified methods and gaps in the literature, then provided two chapters on the historical background of the oil industry and labour in Kazakhstan, and ultimately structured the three empirical chapters into ‘phases’ of work, facilitating a clustered discussion of topics that encompass the whole process, from hiring to outstaffing.

The Hiring Phase (Chapter 5) focused on the ways that corporate and government strategies bottleneck the process of ‘getting a job’ in oil. With the aid of service companies and manpower agencies, principal production companies (often TNCs) have increasingly hired contractors, rather than full-time staff. The outsourcing of employment at once eased the job of human resources departments at TNCs, and weakened the role of trade unions, given the multiplicity of individually negotiated contracts and companies involved in the hiring of a modern ‘work brigade.’ In Soviet times, employment policies were more straightforward and fairer, at least in the oil sector, as recounted by several sources interviewed for this work. Then, the government allocated workers on the basis of industrial plans and out-of-plan needs. Now the government devises rules such as “local content” requirements that create on the one hand a downward spiral when it comes to salary negotiations for local workers, and opportunities for corruption on the other. Fieldwork highlighted that strategies of precarisation had decreased stability and increased inequality in the access to a job in the oil sector.

The Working Phase (Chapter 6) addressed the conditions of ‘working for oil’ in different contexts, be it in a monotown or in a rotation village, be it for a local company or for a large TNC. The geographic and social constraints found in villages built near oil fields, jointly with the harsh climate of the Kazakh steppe and the Caspian Depression, entail personal and collective strain over the workers and their families. The workshift system

also atomises workers and, together with safety provisions, it prevents the organisation of labour. The chapter addresses the key differences in working for a state-owned company or a trans-national oil corporation, namely the inequality concerning salary and conditions, the inconsistency of practices of Corporate Social Responsibility for the local populations, and the reliance on outsourcing. These differences have progressively disappeared, as local companies adopt the global practices common among TNCs. According to the findings of this thesis, the financialisation of Kazmunaigas was a direct cause of the labour unrest in 2011, which culminated in the shooting of striking oil workers in Zhanaozen, where one of the largest divisions of Kazmunaigas in the Mangistau region operates.

The Outstaffing Phase (Chapter 7) examined the cost-cutting measures against labour that both companies implemented, and how these were in line with the government's strategy to restrict freedoms. The chapter compared monotowns across Kazakhstan's oil regions and highlighted the struggles related to the cyclical lifespan of an oil field and the repercussions for labour. A separate section is dedicated to the changes within trade unions in the oil sector, especially focusing on company unions, and the spats within labour leaders under the umbrella of the government-controlled Federation of Trade Unions. Finally, this chapter showed how the paradigm shift from planned to market economy was implemented at a fast pace in the oil sector, especially after the privatisation wave of the 1990s and the subsequent re-nationalisation of the 2000s. The government's implementation of anti-labour legislation, as well as the creation of 'education' programmes for laid off workers to become tomorrow's entrepreneurs, mirrored closely the strategies devised for decades by oil companies around the globe.

The research design used to tackle each of the topics analysed in these 'phases' relied heavily on fieldwork. Extensive interviews with the protagonists of Industrial Relations in Kazakhstan's oil sector unveiled a wide range of practices and strategies of precarisation, as well as the workers' reactions to worsening conditions. Fieldwork – interviews, observations, and archival research – contributed to the refining of the research question, as expounded in Chapter 1 (Methodology) and situated the academic endeavour within the past and present state-society relations in the country. Informality, a characteristic common across all actors and situations analysed, rendered fieldwork all the more crucial: By only looking at official government statistics, company annual reports, and trade union

statements, my findings would have missed a whole world of opaque deals, under-reported labour actions, and eclectic explanations for state, company, and worker behaviour.

Tellingly, fieldwork unveiled significant differences in the lexicon used by the main actors of Kazakhstan's industrial relations. The government and its laws tend to speak about their citizens, emphasising the need to employ and develop "local content" and train local staff. As described at the beginning of Chapter 5 (The Hiring Phase), manpower agencies look at their rosters from the perspective of a spreadsheet, de-humanising the workers. "We sell bodies," a representative of a manpower agency in Atyrau said. Trade union leaders, instead, focus on the class and human side of their members. Talking about the workers that elected him leader, a trade union activist in Uralsk said: "At the field, I deal with humans."²⁹⁹ Striking oil workers were called "rioters" in Zhanaozen, hiring locally was considered "a burden" by employers. By focusing more on the human side of the oil sector, this doctoral project could explore in more detail the concrete repercussions that its global practices have on society.

While this study is far from an anthropological study of the actors involved, the use of particular keywords – *освободить*, the Russian verb meaning 'setting someone free,' instead of *уволить*, or 'firing someone' – can be a useful indicator for the anti-labour policies adopted by both companies and government agencies. The extensive in-country fieldwork revealed that language and conceptual frameworks borrowed from the neoliberal rulebook have contributed to create an increasingly precarious environment in Kazakhstan's oil sector.

By positioning this work in Area Studies at the crossroads of disciplines such as Political Economy, Sociology, and Anthropology, I could pick several issues and analyse them through the lens of precarity borrowing concepts and methods from a wide range of scholarships, boosting the explanatory power of the argument. Such a holistic approach, however, was only the goal, the North Star of the doctoral project, and could not have been attained in one dissertation. Several of the issues presented herein may not be relevant in other contexts: By studying other oil-dependent economies where TNCs extract crude and profits for export, the legislative and corporate policies crafted to worsen work conditions

²⁹⁹ Interview with a trade union leader in Aksai, KUPT, November 2018.

could appear different compared to the case of Kazakhstan. The academic goal of this work was not to provide a comprehensive list of these policies, but to demonstrate how pervasive and interlinked the strategies toward precarisation of labour have become in the oil industry.

Placing the worker at the centre of the analysis also slanted the balance of ‘neutrality’ of this dissertation. I subscribe to the theory that a work of Social Sciences or Humanities cannot, by nature, be neutral: According to Becker (1967: 239), it is impossible “to do research that is uncontaminated by personal and political sympathies.” Other personal and/or political preferences could have led me to choose a subdivision of this work into the thematic ‘phases’ of legislative, constitutional, and informal transition of the Kazakhstani government from the Soviet to a post-Soviet authoritarian regime; Alternatively, I could have chosen the ‘lifecycle’ of an oil basin, highlighting the investment and financial phases concerning the companies. I could have ‘justified’ the strategies of precarisation and control put in place by the hegemonic actors of Industrial Relations. Instead, I chose to concentrate on those whom Becker would call “subordinates” – and Gramsci would define “the subaltern class” (1975) – to highlight their marginalisation, their exploitation, and their oppression.

The innovative methods employed herein can therefore be replicated and expanded in future studies of precarisation in extractive industries. While case-study literature on these topics is scarce, the blueprint employed here – with the structural and analytical backbone being the ‘phases’ of work – can be replicated to better map strategies of precarisation in other contexts and geographies of labour relations, such as post-Soviet Russia, Azerbaijan, and Turkmenistan, but also Nigeria, Venezuela, and Libya. Along the virtual timeline of the ‘phases’ of work, future research could highlight similarities and differences, perhaps contributing as well to the creation of an ad hoc theoretical framework.

Another, rather difficult and possibly unfeasible, line of enquiry could concentrate on the synergies between governments and TNCs, as there are several lobbying efforts, from both sides, in trying to find the perfect compromise, which inevitably weakens the position of workers and trade unions, which lack the material means to sway these neoliberal practices to their advantage.

A final, fascinating angle that I was only able to glimpse at during fieldwork is the study of rotation villages, especially in terms of how they manufacture space, organise technologies of control, and manufacture the nature of workers as distinct to that of a human being. The workshift regime, as shown in this work, substitutes the biorhythm both in the individual organism of the workers and in their role in society, from which they are extracted and pulled away two or four weeks at a time. Within this context, I would also encourage future research in the study of peripheries. In Kazakhstan, for example, the ‘oil capital’ Atyrau lies thousands of kilometres away from the administrative capital, Astana, and the ‘business capital’ Almaty. Yet, Atyrau itself is also a periphery with respect to the oil fields in its region, which lie hundreds of kilometres away. Reversing the centre-periphery spectrum, Astana and Almaty represent the periphery of oil, yet are the centres of the financial windfalls of its extraction. Such a multi-layered research scope could further the study of precarisation in extractive sectors, as it could also be applied to mining.

By offering a multi-disciplinary, in-depth case study of the precarisation of labour conditions in the oil sector, this work tackled a wide range of topics and unveiled the interplay between formal strategies of disenfranchisement and informal practices of control. The dynamic interplay between the Kazakhstani government and a multitude of companies, among which large TNCs, has had a negative effect on the conditions of “working for oil,” especially in light of Kazakhstan’s transition from planned to market economy.

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Appendix 1: Interviews

Interviews in the table below are listed in chronological order. The first one, from 2014, was included because I used a quote from this previously unpublished conversation in the dissertation. I also added the place where the interview occurred, although it sometimes has little bearing on the geographic area regarding which we conversed.

The four-letter CODE can be used to trace back the source within the text. The TYPE column indicates the kind of organisation for which the source worked, with OEG being a shorthand for “oil and gas,” TU for “trade unions,” CIV SOC for “civil society and NGOs,” NOC for “Kazmunaigas, the national oil company, and its subsidiaries,” IOC for “International Oil Company” (the number 3 next to said code identifies the company as one of the three largest international ventures developing Tengiz, Kashagan, or Karachaganak), and MANPOWER for employment agencies. The RESP column is a short description of the respondent’s position, which is expounded when the interviewee is referenced in the footnotes throughout the text.

The LEVEL column is a subjective description of the position that the interviewee occupied. In an effort to maintain the accounting of the table feasible, I chose four “corporate” levels of employment: Upper Management (UPMAN), Middle Management (MIDMAN), Lower Management (LOWMAN), and OPERATOR. These can result arbitrary when applied to civil activists, NGO workers, or even government officials, yet represent a useful shorthand to describe the interviewee sample. Finally, The L/E and the m/f columns characterise the respondent as “local” or “expatriate,” as well as “male” or “female.”

As explained in the methodology, I maintained such interviewee database only to track the progress and the balance of the interviews, between TYPE and LEVEL, between L/E and M/F, in an effort to have a variegated sample that would illustrate as many aspects of “working for oil” as possible.

CODE	PLACE	DATE	TYPE	RESP	LEVEL	L/E	M/F
MCHA	ALMATY	April-2014	TU	TU LEAD	UPMAN	L	m
PKTT	ALMATY	June-2017	TELECOM OIL	ENGINEER	MIDMAN	L	m
TCRA	ALMATY	June-2017	CIV SOC	PROJECTS	MIDMAN	L	f
FLAK	AKTAU	July-2017	CIV SOC	ACTIVIST	UPMAN	L	m
SANL	AKTAU	July-2017	SERVICE OEG	HEAD	UPMAN	E	m
MASA	AKTAU	July-2017	SERVICE OEG	HEAD	UPMAN	E	m
ATAB	AKTAU	July-2017	NEWS	CORRESP	OPERATOR	L	f
ERFU	AKTAU	July-2017	SERVICE OEG	HR MAN	UPMAN	E	m
CHEC	AKTAU	July-2017	SERVICE OEG	HSE HEAD	UPMAN	E	m
FUES	AKTAU	July-2017	SERVICE OEG	HR HEAD	UPMAN	E	m
DTBU	ALMATY	July-2017	CIV SOC	ACTIVIST	OPERATOR	L	m
MRWH	ALMATY	July-2017	CIV SOC	HEAD	UPMAN	E	f
TKIN	ALMATY	July-2017	MINISTRY	HEAD	UPMAN	E	m
ABTU	ALMATY	July-2017	UNIVERSITY	PROFESSOR	MIDMAN	L	m
DACS	ASTANA	July-2017	OEG	CONSULT	UPMAN	L	m
MITA	ASTANA	July-2017	EMBASSY	VICE	UPMAN	E	m
FELC	ALMATY	August-2017	OEG	ENGINEER	LOWMAN	L	m
ANBU	ALMATY	March-2018	CIV SOC	ACTIVIST	MIDMAN	L	m
YEBU	ALMATY	March-2018	CIV SOC	ACTIVIST	UPMAN	L	m
AFES	ALMATY	March-2018	CIV SOC	PROJECTS	MIDMAN	L	m
ZKHA	ALMATY	March-2018	NEWS	EDITOR	UPMAN	L	f
GAFR	ALMATY	March-2018	CIV SOC	ACTIVIST	UPMAN	L	m
OPET	ALMATY	March-2018	NEWS	EDITOR	UPMAN	L	m
MGTR	ALMATY	March-2018	NEWS	CORRESP	OPERATOR	L	f
CHIA	ALMATY	April-2018	SERVICE OEG	ENGINEER	MIDMAN	L	m
SEOL	ALMATY	April-2018	CIV SOC	ACTIVIST	OPERATOR	L	m
PASM	ALMATY	April-2018	CIV SOC	PROJECTS	MIDMAN	L	f
ERHR	ASTANA	April-2018	MINING	HR MAN	MIDMAN	L	f
MIMI	ASTANA	April-2018	MINING	CONSULT	MIDMAN	L	m
ZHOA	ASTANA	April-2018	NOC	DRILLING	OPERATOR	L	m
ZHOK	ASTANA	April-2018	NOC	DRILLING	OPERATOR	L	m
ZHOM	ASTANA	April-2018	NOC	DRILLING	OPERATOR	L	m
ZHON	ASTANA	April-2018	NOC	ACTIVIST	LOWMAN	L	m
SANC	ASTANA	April-2018	MINISTRY	HEAD	UPMAN	L	f
YHRI	ASTANA	April-2018	MINISTRY	HEAD	UPMAN	L	m
AISS	ASTANA	April-2018	SERVICE OEG	PROJECTS	MIDMAN	L	f
RRFI	ALMATY	May-2018	OEG	CONSULT	MIDMAN	L	m
KKTK	ASTANA	May-2018	OEG	HEAD	UPMAN	L	m
TFPA	ASTANA	May-2018	TU	HEAD	UPMAN	L	m
RZME	ASTANA	May-2018	MINISTRY	INVESTM	MIDMAN	L	m
LUNZ	ASTANA	May-2018	NEWS	CORRESP	OPERATOR	L	f

FBTC	ASTANA	May-2018	IOC3	ENGINEER	LOWMAN	L	f
TOTN	ASTANA	May-2018	IOC	ENGINEER	MIDMAN	E	f
SHZZ	ASTANA	May-2018	NEWS	CORRESP	OPERATOR	L	m
KOEA	AKTAU	July-2018	CIV SOC	HEAD	UPMAN	L	m
MMKA	AKTAU	July-2018	OEG	TU LEAD	UPMAN	L	m
ORAK	AKTAU	July-2018	OEG	TU LEAD	UPMAN	L	m
IRPO	AKTAU	July-2018	OEG	EX PROJ	MIDMAN	L	f
KZHO	AKTAU	July-2018	NEWS	CORRESP	OPERATOR	E	f
AKPO	AKTAU	July-2018	PORT	HEAD	UPMAN	E	m
ASLC	AKTAU	July-2018	MINISTRY	PROJECTS	LOWMAN	L	m
AREZ	AKTAU	July-2018	IOC3	EX-ENG	LOWMAN	L	f
ULAC	ASTANA	July-2018	MINISTRY	PROJECTS	LOWMAN	L	m
KYHR	KYZYLORDA	July-2018	OEG	HR MAN	MIDMAN	L	f
KYPJ	KYZYLORDA	July-2018	OEG	PROJECTS	LOWMAN	L	f
KYPR	KYZYLORDA	July-2018	OEG	PR MAN	MIDMAN	L	f
KTUP	KYZYLORDA	July-2018	OEG	HR MAN	MIDMAN	L	m
KZEN	KYZYLORDA	July-2018	SERVICE OEG	ENGINEER	MIDMAN	L	m
JARS	ALMATY	September-2018	OEG	CONSULT	UPMAN	L	m
KPIR	ALMATY	September-2018	IOC3	IR MAN	UPMAN	E	m
APOP	ALMATY	September-2018	MANPOWER	AGENT	LOWMAN	L	f
OXCS	ASTANA	September-2018	OEG	CONSULT	UPMAN	L	m
RZHA	ASTANA	September-2018	IOC	HR	LOWMAN	L	f
RHTE	ATYRAU	September-2018	SERVICE OEG	CONSULT	UPMAN	E	m
AKMA	ATYRAU	September-2018	NEWS	EDITOR	UPMAN	L	m
UNAP	ATYRAU	September-2018	UNIVERSITY	PROJECTS	MIDMAN	L	m
UNDK	ATYRAU	September-2018	UNIVERSITY	HEAD	UPMAN	L	f
UNDG	ATYRAU	September-2018	UNIVERSITY	HEAD	UPMAN	L	m
UNDN	ATYRAU	September-2018	UNIVERSITY	HEAD	UPMAN	L	m
BOGE	ATYRAU	September-2018	MANPOWER	PROJECTS	UPMAN	E	m
BONU	ATYRAU	September-2018	MANPOWER	HR MAN	LOWMAN	L	f
BOSE	ATYRAU	September-2018	MANPOWER	PROJECTS	UPMAN	E	m
ALBO	ATYRAU	September-2018	SERVICE OEG	ENGINEER	MIDMAN	E	m
CRIB	ATYRAU	September-2018	SERVICEO	HEAD	UPMAN	E	m
GUUK	ATYRAU	September-2018	EMBASSY	HEAD	UPMAN	L	f
DLFW	ATYRAU	September-2018	MANPOWER	PROJECTS	MIDMAN	E	m
MFIA	ATYRAU	September-2018	MANPOWER	PROJECTS	UPMAN	E	m
ZFIA	ATYRAU	September-2018	MANPOWER	HR MAN	LOWMAN	L	f
ANHA	ATYRAU	September-2018	SERVICE OEG	ENGINEER	LOWMAN	L	f
DKCW	ATYRAU	September-2018	IOC3	HR MAN	UPMAN	L	f
GLDF	ATYRAU	September-2018	IOC3	ENGINEER	MIDMAN	E	m
KNUR	ATYRAU	September-2018	IOC3	HR MAN	MIDMAN	L	f
OOWN	ATYRAU	September-2018	IOC3	ENGINEER	LOWMAN	L	m

ZARM	ATYRAU	September-2018	IOC3	HR MAN	MIDMAN	L	f
DRBR	ATYRAU	September-2018	IOC3	ENGINEER	MIDMAN	E	m
ATUE	ATYRAU	September-2018	TU	TU LEAD	UPMAN	L	m
ATUY	ATYRAU	September-2018	TU	TU PROJ	UPMAN	L	f
JFPW	ATYRAU	September-2018	TU	TU LEAD	UPMAN	L	f
RERO	ATYRAU	September-2018	SERVICE OEG	SALES	MIDMAN	L	f
LUNL	ATYRAU	September-2018	SERVICE OEG	PROJECTS	MIDMAN	L	f
KURL	ALMATY	September-2018	SERVICE OEG	PLANNER	LOWMAN	L	f
ATEN	ALMATY	October-2018	IOC3	EX-ENG	LOWMAN	L	f
AGAO	AKSAI	November-2018	SERVICE OEG	DRILLING	OPERATOR	L	m
AGAU	AKSAI	November-2018	SERVICE OEG	TRANSLATOR	OPERATOR	L	m
AGKG	AKSAI	November-2018	SERVICE OEG	HR MAN	UPMAN	L	f
BOTD	AKSAI	November-2018	SERVICE OEG	DRILLING	OPERATOR	L	m
MIAK	AKSAI	November-2018	SERVICE OEG	ENGINEER	MIDMAN	E	m
KPUU	AKSAI	November-2018	IOC3	TU LEAD	UPMAN	L	m
KPUD	AKSAI	November-2018	IOC3	TU LEAD	UPMAN	L	m
KUPT	AKSAI	November-2018	IOC3	TU LEAD	UPMAN	L	m
KABL	URALSK	November-2018	CIV SOC	BLOGGER	OPERATOR	L	m
KITU	URALSK	November-2018	MINISTRY	INSPECTOR	UPMAN	L	m
ZHIR	URALSK	November-2018	OEG	IR MAN	MIDMAN	L	m
ZHMH	URALSK	November-2018	OEG	HR MAN	MIDMAN	L	f
UROW	URALSK	November-2018	IOC3	DRILLING	OPERATOR	L	m
KUNL	URALSK	November-2018	NEWS	EDITOR	UPMAN	L	m
KUNM	URALSK	November-2018	NEWS	CORRESP	OPERATOR	L	f
WOCN	URALSK	November-2018	SERVICE OEG	ENGINEER	MIDMAN	E	m
DURK	AKTAU	March-2019	OEG	HEAD	UPMAN	L	m
ADYU	AKTAU	March-2019	UNIVERSITY	PROJECTS	MIDMAN	L	m
SYUK	AKTAU	March-2019	UNIVERSITY	PROJECTS	MIDMAN	L	f
RYKB	AKTAU	March-2019	UNIVERSITY	RECTOR	UPMAN	L	m
PSZH	ATYRAU	March-2019	MINISTRY	HEAD	UPMAN	L	m
MIGB	ATYRAU	March-2019	SERVICE OEG	HEAD	UPMAN	E	m
LAWA	ALMATY	March-2019	LEGAL	LAWYER	MIDMAN	L	m