the part of government authorities over the viability of capital accounts are understandable. However, financial liberalization in the form of partial capital controls may be implemented more effectively to limit the effects of capital outflows. A complex and somewhat arbitrary regulatory system distorts relative prices and causes large welfare losses. It also induces corruption and nepotism. By distorting relative prices, the existing system discriminates against the investment goods sector. It also contributes to price inflation in domestic markets by transmitting the monopoly rents of some importers to consumer goods. In fact regression results on the determinants of price inflation reveal that the monopoly prices of the investment goods sector explain much of the variation in consumer prices.

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C. P. Skrine in Kashgaria

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From mid-1922 through the end of summer 1924, Clarmont P. Skrine served as British Consul in Kashgar (Qashghar/Kashi), Xinjiang. The appointment was somewhat accidental. As a member of the Indian civil service, he was really a Persian specialist. The consul in Kashgar, Percy T. Etherton, was going on leave, and a temporary replacement was needed. When Etherton did not return, Skrine’s one year stretched into two. On returning home, Skrine drew upon his letters and diaries to publish articles (Skrine 1925a, 1925b) and what is still a very valuable book on Kashgar, Chinese Central Asia (Skrine 1926). He continued his career in the Indian civil service, his most important activity being in Iran in the 1940s, and after retirement wrote two more books, one surveying the activity of the first British Consul in Kashgar, the redoubtable George Macartney (Skrine and Nightingale 1973). Skrine’s career has been examined in a solid biography based principally on his papers (Stewart 1989).

My first acquaintance with Skrine was as an undergraduate, when his book on Kashgaria was recommended to me. I became seriously interested in him when heading off to the mountains south of Kashgar in the mid-1990s. Skrine’s explorations and mapping there were essential preparation for that trip; in fact I used his map of the “Kongur Alps” for navigation in areas rarely visited by outsiders since Skrine was there (Waugh 1998, 1999). The next step was to study the archive of Skrine’s unpublished letters and notes. Of particular interest are his field dairy and letters, written weekly to his mother from Kashgar, in which he would go on, often at great length, about life at the consulate, his travels, the local officials and politics. Fortunately for us, his mother saved everything. Alas, only scraps of the voluminous correspondence of Skrine’s wife, Doris (who was with him in Kashgar), seem to have been preserved.

My project is to publish for a general readership an edited selection of Skrine’s letters and other materials from Kashgar. The letters are fresh and lively. He was a good observer, although naturally he had his “orientalist” biases. He also took photography seriously, and left behind some quite remarkable photographs of landscape and people. My book will include a generous selection of his

1 There are several later editions which tend to omit the fold-out photographic panoramas of the original.
photographs, many of them previously unpublished, as well as a few of his wife’s unpublished drawings.

The immediate question which academics would pose is whether this material will really contribute anything to our knowledge of the region and Skrine’s role as a player in “the Great Game” which we did not previously know on the basis of his book. In fact, I think there is a lot yet to be learned even from the limited perspective of a British India functionary and the other British India sources which pertain to the Kashgar consulate. Skrine was a compulsive re-writer, at the expense of spontaneity, and deliberately (so as not to upset his superiors) edited out of his book most of the politics in which he was involved. Thus those who have relied on Chinese Central Asia to assess what he accomplished (the usual conclusion is, “not much”) in fact do not begin to have the full story. There is quite a bit to be learned about the construction of narrative and self-censorship when one compares the book with its manuscript sources. Scrupulous as Skrine was about most things, he also invents small fictions involving issues that might reflect badly on the dignity of a representative of His Majesty’s government.

Part of my task in introducing his letters will be to contextualize his activity in the broader history of the Kashgar consulate. Skrine’s predecessor, Etherton, has been touted as a hero in the struggle against the spread of Bolshevism in the first years after the Revolution. Yet it seems that Etherton is as over-rated as Skrine may be undervalued. Further, Etherton’s career in Central Asia ended in official censure, thanks largely to Skrine’s perhaps overly assiduous investigation of his wrongdoings in Kashgar. That story has not yet been told. Apart from the personal drama here, we might well reassess the intelligence role of the consuls in Kashgar and learn more about their other primary function, as defenders of the rights of British subjects who lived in Xinjiang.

One virtue of Skrine’s book is his systematic observations of the Kyrgyz whom he met while exploring in the mountains and so admired. He also took a particular interest in the oral literature of the area, devoting a chapter of his book to the subject. When compiling his volumes on “Eastern Turki” literature, Gunnar Jarring (Jarring 1946-1951) included a number of Skrine’s translations and transcriptions. For the most part though, the transcriptions in the original language remained unpublished in Skrine’s field diary.

The sources for this project include in the first instance the voluminous India Office files of the British Library. These generally are well-catalogued and often have the virtue of bringing together all the documentation pertaining to a particular topic (e.g., rights of British subjects, the Bolshevik threat). Skrine’s papers are on permanent deposit in the collection under the shelf mark EurF/154. His photographs are in both the British Library (Photo 920) and scattered under various file numbers in the Royal Geographical Society in London. The process of cataloguing and identifying the photographs is underway, but far from complete; one of my tasks has been to contribute to that effort.

A full history of the Kashgar consulates (both British and Russian) is badly needed but obviously would require the study of resources which I am not attempting to consult for my project. Increasingly the Russian archives are being used to provide a corrective to the Britain-slanted histories of the “Great Game,” but similar efforts will be needed on the Chinese side. So far the most balanced treatment of international politics in the region is Lars-Erik Nyman’s dissertation (Nyman 1977). The Swedish missionary archives may prove to be quite valuable for our knowledge of Xinjiang. Unfortunately, for many of the topics we might wish to investigate (e.g., trade across the borders in the first decades of the 20th century), there is a paucity of indigenous documentation. A surprising amount though can be gleaned from the consular reports for topics such as the local economy.

In addition to the edition of Skrine’s letters, I expect this project to result in several articles on the topics of scholarly interest mentioned above.

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Difficulties of Conducting Field Research in the Caucasus and Central Asia

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In this research brief we discuss the difficulties we encountered while conducting research between March and July 2003. The research investigated dimensions of foreign direct investments (FDI) in two former Soviet Union (FSU) countries: Georgia and Kyrgyzstan.¹

The study represents a test of John Dunning's famous Ownership-Location-Internalization (OLI) Paradigm or Eclectic Theory of FDI (Dunning 1980, 1988). The research examined FDI in two FSU countries by focusing mainly on host country factors to attract foreign investments, company-specific factors that enable a company to make an overseas investment, and non-standard business practices — i.e., corruption — which significantly affect company performances. In this research, we attempted to find region-specific FDI variables. For this, we investigated host country and company-related FDI dimensions in the region. We identified six companies that made considerable foreign investments in Georgia and Kyrgyzstan. The companies represented a number of sectors, including glass packing, dairy processing and plastic products. Large international firms providing infrastructure, such as electricity and gas, and those extracting natural resources were excluded since the host country government imposes restrictions on their business practices.

In our research the intended data collection method was to use mailed questionnaires, as is done in most business field research. In both countries a total of 250 questionnaires were sent to selected companies (125 in each country), which were contacted using personal references through our universities and local business associations. However, after two months we had not received a single completed questionnaire, despite our initial contacts with several companies before sending the questionnaires and follow-up calls afterwards.

Clearly we had to modify our data collection method, but we could not afford to administer another set of questionnaires (not that another round would apparently do any good). We decided to implement a "case study" approach instead and conduct interviews. However, after making initial contacts, we were surprised to find that the companies were unwilling to give appointments to academics. We were later informed by local experts that companies do not give appointments easily, and even when they do they do not give out much information about themselves. Fortunately, we were