

A Strategy of Preventive Development in Kazakhstan

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A Strategy of Preventive Development in Kazakhstan

Chapter Summary

Chapter 1

The First Ten Years of Kazakhstan's Independence, And Possibilities for the Next Ten

Independence caught Kazakhstan by surprise in 1991, which made its tenth anniversary worth celebrating. From the Republic's birth, its leaders have embraced and reaffirmed very high ideals. Kazakhstan has avoided ethnic violence, and laid the foundations for prosperity and economic growth (fueled, of course, by its enormous energy resources). It has tried to make sure its neighbors get along with one another, and in general has behaved as a model citizen of the international community. Look next door to see what could have gone wrong ethnically and politically, and remember that in 1991 many feared this would be Kazakhstan's fate.

Kazakhstanis should feel nervous about the widespread and chronic poverty and increasingly unbalanced patterns of growth, especially since the government's enthusiasm seems to have cooled for reforms that are difficult to impose from above and thus must come from below. International observers note a growing gap between democratic aspirations and undemocratic practices in the conduct of elections and the consolidation of the institutions of democracy, protection of human rights, preventing corruption, and freedom of the press. Although the government claims they are unfair, these criticisms show that the world fears Kazakhstan is backsliding and might not be able to turn around. The government acknowledges it must fight corruption and reduce the centralization and concentration of political power. The danger is imagining these problems will automatically improve with time and money, a mistaken view shared by the government and the people of Kazakhstan.

By repeating its commitment to high ideals, the government says: "Judge us by how we meet these standards." Ignoring its promises can be destabilizing. It erodes the state's "social capital," which means the people no longer trust the government while government officials feel no obligation to perform responsibly and may even act as predators on society. In this environment demagogues thrive, as do extremists, and sincere reformers are severely handicapped. The result can be a spiral of ever worsening instability and insecurity. Kazakhstan is not at this stage — yet.

Its neighbors' present could be Kazakhstan's future, especially if their instabilities spill over. Experience shows crises can erupt almost anywhere, even if ethnic or religious tensions are not apparent and even if there is vast mineral wealth. If Kazakhstan goes up in flames the international community may not be able to put out the fire. "Preventive development" tries to stop fires before they become emergencies by identifying and removing combustible materials, installing smoke detectors that firefighters can hear and placing extinguishers where fires are likely to start. It's hard to think strategically about preventive development since politicians care mainly about the short-term, ministries see

with a narrow focus, citizens often lack information about the world and international organizations have narrow mandates.

Chapter 2

A Critical Vulnerability Assessment of Kazakhstan

At independence, the government understood its weaknesses (especially military), so it sought to secure its sovereignty in traditional ways: by defining borders, establishing good relations with its neighbors, joining international organizations, and building the basic institutions of statehood. It handled its peculiar status of unwilling nuclear power by becoming a leading voice for nonproliferation, which had its own strategic value. By the mid-1990s, military threats seemed less urgent than “non-traditional” security threats. Political weaknesses at home are increasingly mentioned as security threats because they can amplify external threats and pressures to possible cascading domestic crises. This is a very real and troubling danger.

Military threats will not go away, given Kazakhstan’s rough neighborhood. Its decade of peace results from smart policy as well as fortunate circumstances that might not continue into the future. War between Russia and China is highly unlikely, even considering Russia’s new friendship with the US. Russian-Chinese conflict may emerge in the future but any violence will be far from Kazakhstan, where conflicts will be resolved peacefully. Collusion rather than conflict between China and Russia has worried some American policymakers and led them to seek an anti-Russian bloc with Uzbekistan as its unsteady Central Asian anchor. Uzbek efforts to combat extremism have worsened the problem by giving fundamentalists a monopoly on dissent, pushing moderates toward extremists, destabilizing its economy, and alienating its neighbors. A dangerously unstable Uzbekistan lies out of the control of Kazakhstan. So too are its neighbors’ separatist movements, which could displace waves of refugees to Kazakhstan and turn its neighbors’ politics nasty. The threat of spillover from Russia may be receding, while it may worsen in China. Drugs are an external pressure that damages public health and has destabilized other countries.

Internal factors can cause the emergence of extremism and must be understood in order to prevent crises. Muslims tend to be moderate in Kazakhstan, although that was also true of countries that veered toward extremism as a result of radical missionaries, schools, and political parties. Even some government authorities express fundamentalist views. Violence may break out in the near future, leading some to call for Uzbek-style repression (which may backfire even if Kazakhstan’s repression is less heavy-handed than Uzbekistan’s).

Look at “new religions” to see how crackdowns can backfire. They win converts because they provide financial support as well as meaning for lost souls confused by the collapse of old values in a new country. Poverty contributes since extremist religions explain why poverty exists. This indicates poverty reduction is a place to start — by making sure everyone can be self-sufficient and by cleaning up a government held responsible for poverty — before what is happening in Uzbekistan infects Kazakhstan.

Ethnic extremism is another threat, with many Russians complaining about their situation, even though they have it better than other Russians in the former USSR. Both nationalist and religious extremism say, “We are a special group that is being oppressed because we are special.” Ten years ago Russians lost power and status, and now they

mistakenly think it is because they are Russians. Nationalists haven't attracted much support from Russia, but will continue complaining in part because of the logic of extremism. Refuting extremist arguments may be less effective than expanding opportunities for everyone. The drug trade thrives on the factors that contribute to extremism including chaos and disorder which indicates the threat of a union between drug traffickers and extremist agitators all appealing to the desperately poor. Kazakhstan's most important critical vulnerabilities are political resulting from ambiguous rules of the game, which can contribute to extremism especially when everything can be acquired through politics. The result is violence, as seen next door in Uzbekistan. The danger is not too much political competition, but rather too little.

Respected and influential outsiders foresee for Kazakhstan a "nightmare scenario" made up of all too plausible elements that lead to a cascade of crisis. But in such bleak predictions too much lies outside of Kazakhstan's control, which can result in defeatism and despair. Although the external threats are very important and the possible domestic crises truly frightening, focus on the critical vulnerabilities towards which action can be directed. Kazakhstan's problem results in part from its government's blind spots about the causal mechanism of these critical vulnerabilities, and about what it means to be an "insider" or an "outsider." The severity of possible crises is used as an excuse *not* to address critical vulnerabilities. That blind spot may have become much more dangerous since September 11.

Chapter 3

Changes in Kazakhstan's Security Environment Since September 11

September 11 changed the world dramatically, as the US began to redefine the geopolitics of Central Asia in order to defeat extremists posing a threat to all regimes in the region, albeit at the risk of provoking further instability from refugees or fanatic warriors dislodged from Afghanistan. The long-run consequences remain uncertain for Kazakhstan.

Change #1: *America has noticed Central Asia.* After a decade of relative neglect, the United States suddenly cares about Central Asia—which can be dangerous if its interest in the region shifts and it leaves disorder behind. The US is expected to behave in new ways: first, by showing compassion and empathy; second, by creating new order out of chaos; third, by contributing to international law that will govern this new world; and fourth, by providing justice to groups whose conflicts may be irreconcilable. If the US walks away from a damaged region, the governments and people of Central Asia will reap the consequences.

Change #2: *A new US-Russian partnership?* Russia emerged as an important partner in the American coalition, complying with American desires in other areas as well, perhaps foreshadowing Russia serving as an American proxy in Central Asia. Resentment by Russian hard-liners in some ways resembles Muslim fundamentalists' anti-Americanism, but it cannot change the reality of American power. The US role in the region will depend on decisions made in Washington, not Moscow or Central Asia. The exact nature of Russia's junior partnership depends on whether and how the US leaves the region.

Change #3: *Resource war as a continuation of pipeline politics by other means?* Energy resources may not have caused the war, although oil certainly is an issue, espe-

cially for Kazakhstan. The new pattern of alliances may change the US government's preferences that pipelines from Kazakhstan bypass Russia, although Washington's initial warming to Iran quickly chilled. Kazakhstan may benefit slightly from the change in pipeline politics, but it will still be vulnerable to power calculations of outsiders.

Change #4: *Ferghana Fragility?* The Americans singled out the Islamic Movement of Uzbekistan in order to encourage Karimov's cooperation. Some feared the war in Afghanistan would make the Ferghana Valley less stable because of an influx of al Qaeda fighters fleeing the American onslaught. The death of Jama Namangani and the loss of its Afghan support framework may cripple the Islamic Movement of Uzbekistan, unless the government again drives its opponents into the extremists' camp. Increased American attention may prove a mixed blessing for the Karimov regime, one that decreases stability in the Ferghana Valley.

Change #5: *Drug Disruptions?* The Central Asian drug trade will change as opium production in Afghanistan may revive, or shift to Tajikistan or Kyrgyzstan. The international community must at the same time provide alternative crops for farmers, punish warlords who encourage poppy cultivation, reduce demand for heroin in Europe, and disrupt transportation networks across Central Asia. But the result could be increased governmental corruption.

Change #6: *The redefinition of Islamic identities.* Even though Western leaders said they were not waging a crusade against Islam, anti-American feeling in much of the Muslim world has increased. This need not translate into Muslim extremism in Kazakhstan, where political and economic factors will matter much more.

Change #7: *China's uncertain place in Central Asia.* China's response to American actions has been quiet, and it has seen its friends falter while its rivals gain. It has been eclipsed by the US in Central Asia, in part because American actions may make it easier for China to handle its Uighur problem later. This could eventually complicate matters for Kazakhstan.

Change #8: *Shifting Balance between Kazakhstan and Uzbekistan?* Kazakhstan's rivalry with Uzbekistan concerns whether regional problems are approached cooperatively or unilaterally, by competitors. The US tilted toward Uzbekistan before September 11, and might find itself embroiled in conflicts made worse by Uzbek actions. The Americans do desire moderation from Uzbekistan and may not be opposed to multilateralism ... for other countries.

Uncertainty about all these changes may seem bewildering, but two factors matter most for Kazakhstan's external environment. First, will the US remain engaged in Central Asia over the long term, or will it withdraw from the region, whether to pursue more military campaigns elsewhere, to celebrate the fruits of victory, or (if things go badly) to protect its interests at home? Second, have the disruptive abilities of extremists been broken or strengthened?

These two variables yield four possible futures for the region.

Future I: Political stability and economic growth, with discontent driven underground.

Future II: The "Afghanization of Central Asia" results from strengthened extremists and American withdrawal.

Future III: A Thirty Years War on Terrorism would require a strong coalition that might itself be destabilizing.

Future IV: “The Great Game Reborn” could see a destabilizing manipulation of local politics.

Which future is most likely? Probably the “Great Game Reborn.” Does it matter? The future Kazakhstan faces matters a great deal, but not in terms of basic policy orientation since these factors concern external threats and pressures which will effect Kazakhstan through the mediation of its critical vulnerabilities. An important question is why it does not address these critical vulnerabilities.

Chapter 4

Myths that Impede Institutional Reform in Kazakhstan

The dangers Kazakhstan faces are not secret, so why doesn't someone do something? The government and people of Kazakhstan are misled by myths that result from the country's advantages, but will eventually lead to ever more serious problems.

Myth #1: Revenues from energy resources will eventually solve most of Kazakhstan's problems. The lesson that Kazakhstan's resource abundance can be a curse was learned when oil prices fell, but was quickly forgotten when prices rose. The government has tried to prepare for prices to fall again, but has not reduced oil's dominant share of exports or foreign investment. Kazakhstan is becoming a “rentier state” that cannot reform even if the government says it desires change. The “Dutch disease” of overvalued currency is less of a danger than not needing to tax its people, which would require the government to be accountable and would penalize corruption of government and citizens. Resource abundance can seem like a magic wand able to solve all problems, but the problems will be worse when the magic fails.

Myth #2: Economic growth will eventually improve the quality of life for everyone in the country. The “resource curse” reinforces misconceptions about poverty, which has increased greatly during Kazakhstan's independence. Some hope poverty is a temporary consequence of the transition, but the sectors of the economy that are growing cannot provide enough jobs, while some sectors may never recover as workers in these sectors become less employable every year ... no matter what the government says it wants. Kazakhstan's oil-driven poverty could persist for years and across generations if the government does not act decisively.

Myth #3: Economic growth will be sufficient to defuse social tensions. A growing economy might not only mean some people remain poor. It can lead to violent instability as those who have less are reminded about that fact constantly, and are likely to erupt when the economy sours.

Myth #4: With privatization, the most important part of Kazakhstan's economic transition is completed. Privatization was crucial at the time of independence because the few state-owned firms that dominated the economy needed outside assistance very badly. With initial resistance to privatization, a combination of vouchers and foreign capital have led to public dissatisfaction and legal challenges. Privatization in the all-important energy sector has failed to produce many benefits, as is also true of utilities. Foreigners blame the central government, although poorly defined property rights are more complicated than that. Privatization could be ordered from the top, but important reforms now require local initiative, which is not easily mandated from the central authorities.

Myth #5: As the economy grows and citizens gain maturity, Kazakhstan will become a democracy. Perhaps time and money will bring democracy to Kazakhstan. If it simplistically assumes a country must be wealthy to be a democracy and democracy requires experience to work, Kazakhstan could be mistakenly optimistic about its democratic political future. Oil and democracy do not mix elsewhere. Democracy requires genuine decentralization, an assertive citizenry, an independent news media, and proper political parties. All these will be necessary to overcome the myths that impede reform and they will not take root easily or automatically.

Chapter 5

Basic Goals for a Strategy of Preventive Development

Fundamental Goal #1: Fostering Coalitions for Poverty Reduction

Although they disagree about the precise definition, analysts try objectively to measure “absolute poverty.” This does allow them to assess the effectiveness of policies. But poor people live poverty subjectively, relative to other groups or to the past. Relative rather than absolute poverty is what produces social grievances, and can unleash an envy that might cripple the economy. Structural poverty results from multiple barriers to self-sufficiency that may become deeply rooted across generations. For the poor to view the world through a “poverty prism” can be destabilizing, but sometimes should be.

It is important to avoid the thinking inspired by “the resource curse,” and to see poverty reduction as part of economic development. Addressing joblessness partly requires helping the unemployed move to jobs, but even more it means moving jobs to the unemployed. Training and adult education are essential. Reducing poverty requires a coalition of government agencies, NGOs and international donors, domestic and foreign businesses, and educational institutions. Promoting coalitions at a regional and local level highlights the need to decentralize power.

Fundamental Goal #2: Institutionalized and Sustainable Economic Development

Economic development is not the same as preventive development, especially for countries facing a “resource curse.” For example, extensive environmental damage is a problem that becomes even worse when it causes social discontent and creates the potential for demagoguery. Poland demonstrates that the transition can produce a cleaner environment when it is based on strengthened market mechanisms, effective government regulation within a competitive democracy, and a robust civil society. It shows that economic development depends on governmental reform, but this will require an act of will from the center.

Fundamental Goal #3: Three Orders of Decentralization of Power

Political decentralization has three interrelated aspects of shifting power:

1. from the president’s office to other state institutions
2. from Astana to rayons and auls
3. from governmental to nongovernmental sectors.

Local devolution is necessary for preventive development—but many find it politically frightening because it can cause conflict, especially where minorities are vulnerable to the powerful. For local officials, decentralization can lead to “moral hazard” and increased corruption. Since poor regions can’t compete for foreign investment, the resulting regional inequalities can lead to discontent. A shortage of skilled personnel at the local levels is compounded by a lack of proper training and education. Recently, decen-

tralization has become a divisive national political issue, which means addressing these concerns must be a priority.

Clear legislation must define powers and accountability. Incentives should be structured to promote coalition building. There must be many monitors of local governmental performance, including news media and grassroots NGOs, as well as institutions that would make local elections really mean something. This highlights the need for these political changes at the national level.

Chapter 6

Toward a Strategy of Preventive Development and How to Mobilize the Resources to Realize It

Although a strategy of preventive development could be imposed from the central government, this is the opposite of what is needed, which is an open discussion by all Kazakhstanis. A successful strategy for preventive development should not assume resource wealth is a solution. It should define stages that build on each other, and shift responsibility out of the center's hands. Transparency is the first priority.

How to Think about Preventive Development in the Short-run? Greater transparency will eventually increase the public's trust in government and encourage new solutions. Research can contribute to more transparent public debates by increasing understanding of problems such as poverty, its causes and possible solutions.

How to Think about Preventive Development in the Medium-run? Although greater transparency is a start, institutions must be strengthened, including Maslikhats, the national and local news media, and political parties. Wide and flexible problem-solving coalitions require that their component institutions are independent and capable.

How to Think about Preventive Development in the Long-run? In the long run preventive development should be self-sustaining, not dependant on foreign assistance or constant prodding from the central government. Eventually, preventive development should stop being an issue.

Mobilizing resources for a strategy of preventive development will entail a flexible coalition of the central government (which can provide funds and a vision); the international community (which can offer funds and technical expertise); local NGOs; and business, both local and foreign.

Chapter 1

The First Ten Years of Kazakhstan's Independence, And Possibilities for the Next Ten

Summary

Independence caught Kazakhstan by surprise in 1991, which made its tenth anniversary worth celebrating. From the Republic's birth, its leaders have embraced and reaffirmed very high ideals. Kazakhstan has avoided ethnic violence, and laid the foundations for prosperity and economic growth (fueled, of course, by its enormous energy resources). It has tried to make sure its neighbors get along with one another, and in general has behaved as a model citizen of the international community. Look next door to see what could have gone wrong ethnically and politically, and remember that in 1991 many feared this would be Kazakhstan's fate.

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By repeating its commitment to high ideals, the government says: "Judge us by how we meet these standards." Ignoring its promises can be destabilizing. It erodes the state's "social capital," which means the people no longer trust the government while government officials feel no obligation to perform responsibly and may even act as predators on society. In this environment demagogues thrive, as do extremists, and sincere reformers are severely handicapped. The result can be a spiral of ever worsening instability and insecurity. Kazakhstan is not at this stage — yet.

Its neighbors' present could be Kazakhstan's future, especially if their instabilities spill over. Experience shows crises can erupt almost anywhere, even if ethnic or religious tensions are not apparent and even if there is vast mineral wealth. If Kazakhstan goes up in flames the international community may not be able to put out the fire. "Preventive development" tries to stop fires before they become emergencies by identifying and removing combustible materials, installing smoke detectors that firefighters can hear and placing extinguishers where fires are likely to start. It's hard to think strategically about preventive development since politicians care mainly about the short-term, ministries see with a narrow focus, citizens often lack information about the world and international organizations have narrow mandates.

1. Reasons for Kazakhstan to be Proud

Independence caught Kazakhstan by surprise in 1991—

No wonder Kazakhstan was the last of the former Soviet republics to declare independence. Smoldering tensions between ethnic Kazakhs and Russians appeared ready to burst into flames at any moment. The spark might come from the newly independent Russian Federation to the north, where aggressive nationalism appeared to be filling the void left by the collapse of communist ideology. (Both Alexander Solzhenitsyn and Vladimir Zhirinovskiy agreed that Kazakhstan should be part of Russia.) Or it might come from the south, where militant Islam was taking root. Worst of all, the government of an independent Kazakhstan had few claims to legitimacy. It had not led a mass movement for national independence, as had new governments in countries such as Poland or Ukraine. It was not restoring a sovereignty that had been stripped away by Stalin, as were the leaders of the Baltic states. It could hardly claim to have come to power in a free and fair election. Even the sorts of ethno-nationalist claims to legitimacy that were being advanced in Uzbekistan or Turkmenistan were not available. The large percentage of the population of Kazakhstan that was ethnic Russian or German or Chechen — or one of the hundred other ethnic groups in the country — would surely have protested. So too would the government of the Russian Federation and other powerful members of the international community.¹

—which made its tenth anniversary worth celebrating.

Today the country finds itself at peace internally and externally. Its growing economy is the envy of its neighbors. You have to search hard to find anyone who says they wish that the Republic of Kazakhstan would be absorbed into a newly reconstituted Soviet or Russian Empire, or that it would be replaced by an Islamic caliphate, or that the Kazakh people should expel Russians and other foreigners. Compared to what might have occurred — compared to what *did* occur in other former communist countries in the past decade — Kazakhstan has a right to congratulate itself.

From the Republic's birth, its leaders have embraced and reaffirmed very high ideals—

It's important to start with the right goals. Unlike Belarus, Uzbekistan, and other former Soviet republics that flirted with preserving Soviet-style communism on a national level, Kazakhstan from the beginning declared its commitment to democracy and market reform. One indisputable lesson taught by the experience of former communist countries is that delaying painful reforms makes them nearly impossible to implement. Postponing economic reforms, moreover, clearly increases the chances that governments veer toward authoritarianism rather than democracy. A glance at the autocratic governments of Belarus and Uzbekistan makes clear what a good idea it was for Kazakhstan to make the

¹ See Anna Mateeva, "Democratization, Legitimacy and Political change in Central Asia," *International Affairs* 75:1 (1999): pp. 23-44.

early commitment to cooperate with the IMF and to model itself on Western-style democracy. These values can be seen in the country's constitution, which protects everyone. President Nazarbayev has reiterated them in the various pronouncements over the years. This makes them more than paper promises: the president himself has staked his credibility and the credibility of his government on achieving a successful transition to a market democracy. Kazakhstan's commitment to human rights can be seen in its signing of various conventions and agreements of the United Nations, the OSCE, the Council of Europe, and other organizations. The values were spelled out in detail in *Kazakhstan 2030*, a mission statement for the country.

Kazakhstan has avoided ethnic violence —

That Kazakhstan has avoided political violence during its ten years of independence comes as a surprise to many inside and outside the country. After the deaths of December 1986, many thought the republic would swiftly descend into ethnic hostility pitting Russians against Kazakhs. Even if civil war between the two largest groups could be averted, repression of smaller ethnic groups seemed likely. Uzbekistan had shown a likely path toward ethnic chaos with the pogroms against imported and exiled minorities seen in Osh and Dushanbe. As it staggered toward independence, Kazakhstan seemed to have at least as much potential for resentment-fueled violence. Kazakhstan's city of Novy Uzen, for instance, in 1989 was the scene of large-scale riots as ethnic Kazakhs protested that workers from the Caucasus had been brought in to fill the best jobs in the oil industry. The political leaders of all ethnic groups in Kazakhstan have skillfully and responsibly avoided a spiral of ethnic reprisal and retaliation.

— and laid the foundations for prosperity and economic growth—

Ten years after the collapse of the Soviet Union and looking from the point of view of basic economic rationality, it is easy to forget just how over-centralized the Soviet command-barter economy was.² Tearing down the old institutions turns out to be the easy part. Creating new market-oriented institutions turns out to be much more difficult. Early on, Kazakhstan embraced privatization, pension reform, banking reform and other fundamental changes. It has achieved economic stabilization and has a sound currency. And, as if to repay the people of Kazakhstan for the difficulties these reforms have imposed, today the economy is growing very nicely.

—(fueled, of course, by its enormous energy resources).

No discussion of Kazakhstan's economy is complete without mentioning its abundant mineral resources. What lies beneath its soil gives Kazakhstan the potential to be one of the wealthiest countries on the planet. The government has never wavered in promising to use the country's riches to benefit all members of society. Moreover, it seems to be

² David Jay Green and Armin Bauer, "The Costs of Transition in Central Asia," *Journal of Asian Economics* 9:2 (Summer 1998): pp. 345-364.

Richard Pomfret, "National Borders and Disintegration of Market Areas in Central Asia," January 2001, paper presented at the pre-conference of National Borders and Disintegration of Market Areas in East Central Europe in the 19th and 20th Century in Frankfurt/Oder, at <http://www.economics.adelaide.edu.au/rpomfret/borders.pdf>

committed to thinking ahead toward the day when it can no longer rely on oil and gas revenues. The “2030” in *Kazakhstan 2030* represents the date when its oil reserves have been exhausted, when Kazakhstan must be prepared for a post-oil prosperity.

It has tried to make sure its neighbors get along with one another—

More than trying to stay on peaceful terms with its neighbors, Kazakhstan has sought to be a leader for regional stability. This is another accomplishment of which it should be proud. To some degree this is a matter of national self-interest: when you are wedged between two giants, it's in your interest to have the giants get along with one another. Kazakhstan goes even further than this. It has been the leading proponent of multilateral action in Central Asia. Not all these initiatives have been embraced by the other countries in the region. In fact, unless either Russia or China throws its support behind them, few of Kazakhstan's initiatives have gathered much support at all.

— and has behaved as a model citizen of the international community.

Kazakhstan in its ten years of independence has been a model citizen of the international community. It has closed the USSR's main site for testing nuclear weapons at Semipalatinsk Polygon. As much as possible it has opened to international observers and closed down the immense biological weapon programs left behind the Soviet collapse. It has given up the nuclear missiles inherited from the USSR. In its careful dismantling of its inherited programs of weapons of mass destruction, Kazakhstan has been singled out for praise by such respected international statesmen as American Senators Sam Nunn and Richard Lugar, and rightly so. In spite of the serious economic crisis it faced upon becoming independent, Kazakhstan made no attempt whatsoever to use the nuclear weapons on its territory as a source of profit or power. It did not play them as bargaining chips to win concessions from Russia or the US, or (worst of all) toy with selling them to countries such as Iran or Iraq that reportedly offered to purchase one or more.

Look next door to see what could have gone wrong ethnically—

The people of Kazakhstan have only to look at their neighbors to see how well their

Estimate of the number of people killed in conflicts in 1988-96 (thousands of people)									
Conflict	1988-9	1990	1991	1992	1993	1994	1995	1996	Total
Nagorno-Karabakh	0.1	0.4	0.5	7.0	14.0	2.0	—	—	24.0
Ferghana Valley	0.1	—	—	—	—	—	—	—	0.1
Oshsk	—	0.3	—	—	—	—	—	—	0.3
South Ossetian	—	—	0.6	0.5	—	—	—	—	1.1
Transnistria	—	—	—	0.8	—	—	—	—	0.8
Tajikistan	—	—	—	20.0	1.5	0.9	0.6	0.4	23.5
Abkhazia	—	—	—	3.8	8.0	0.2	—	—	12.0
Ossetia-Ingush	—	—	—	0.8	0.2	—	—	—	1.0
Chechnya	—	—	—	—	—	4.0	25.5	6.2	35.7
Total	0.2	0.8	1.1	32.9	23.7	7.1	26.1	6.6	100.5

Vladimir I. Mukomel, "Demographic Consequences of Ethnic and Regional conflict in the CIS," *Russian Social Science Review* 42:3 (May-June 2001): p. 24; translation of "Demograficheskie posledstviia etnicheskikh i regional' nykh konfliktov v SNG," *Sotsiologicheskie issledovaniia* no. 6 (1999): pp. 66-71.

transition has gone.

- They have avoided the civil war of Tajikistan. From 1992 to 1997, an estimated 50,000 civilians and soldiers were killed, 100,000 fled to other countries as refugees (including tens of thousands who found life in Afghanistan more secure than remaining in Tajikistan), and as many as 600,000 fled their homes as internally displaced persons. Even now, four years after the end of the fighting, 25,000 Russian troops remain in the country, and the economy shows almost no sign of life.
- Kazakhstan sees nothing like the radical extremists of the Islamic Movement of Uzbekistan who have threatened the stability of Tajikistan, Kyrgyzstan, and Uzbekistan.
- Kazakhstan has not been drawn into an inter-state war like that between Armenia and Azerbaijan.
- It has not experienced the brutal succession struggles seen in the Caucasus.

More than 100,000 people are estimated to have died in ethnically rooted conflicts in the former USSR by the end of 1996. Fortunately, none have been in Kazakhstan.

—and politically—

Finally, it has avoided the isolationist autocracy of Turkmenistan. The people of Kazakhstan have embraced the possibilities opened over the past decade. They travel around the world, a truly significant achievement compared the enforced isolation of the Soviet days. There is genuine openness at home. With only a few exceptions of sensitive areas, people can freely discuss issues and criticize the government. Again, compare this to the Soviet days to see how important this is.

—and remember that in 1991 many feared this would be Kazakhstan’s fate.

2. Reasons to be Worried

Kazakhstanis should feel nervous about widespread and chronic poverty—

The people of Kazakhstan can feel relieved and proud of what they have achieved, and can feel hopeful for a better future. But there are troubling trends, and dangers that may not be apparent to very many. Disturbing is the widespread and persistent poverty. Many individuals and families are excluded from the benefits of the last ten years. Those in rural areas, older people, workers in former Soviet “company towns,” those without skills and education ... all find themselves flailing in the new economy of Kazakhstan. Although the last two years of strong economic growth have reduced poverty rates, especially in the large and vibrant cities, for a significant proportion of Kazakhstan’s population there seems to be no relief to poverty in sight. Moreover, because many families in this persistently poor category cannot afford to provide a decent education for their children, Kazakhstan could be witnessing the emergence of poverty taking root across generations, a potentially dangerous “underclass.”

—and increasingly unbalanced patterns of growth—

Kazakhstan's economic boom has resulted not from its market-oriented institutional reforms or from the sound economic policies of the government, even though the reforms were needed and the government's policies have mostly been satisfactory. The economy has not even grown because of the hard work of the people of Kazakhstan, even though many people in Kazakhstan are working very hard. The economy has grown because of high international prices for oil, and because foreign investors are pumping increasing amounts of money into Kazakhstan in order to take advantage of this oil. This report will analyze how dangerous this unbalanced pattern of economic growth can be for a country.

—especially since the government's enthusiasm has cooled—

Most of the important reforms were adopted in the first half of the country's independence. Since 1996 or 1997, many observers say, reform has bogged down. Some say that politics are now getting in the way of further economic reform. Powerful interests within or intimately connected to the government may find threatening a shift in decision-making authority from state to market, or from Astana and Almaty to the country's provinces and towns. They fear the loss of influence and status that might accompany decentralization and devolution of the government's power.

—for reforms that are difficult to impose from above—

Even if powerful interests in government threw themselves wholeheartedly behind further economic reform — and many have — the changes that lie ahead are qualitatively different than the reforms adopted in the 1990s. Privatization, pension reform, and banking legislation are the sorts of reforms that can be adopted by the upper reaches of political power and can be imposed on the economy as a whole. Of course sometimes these reforms may never be adopted, even if the center demands they be put into place. And sometimes these laws are not implemented precisely as they were drafted, or can be hijacked by self-serving officials or social interests.

—and thus must come from below.

The reforms lying ahead of Kazakhstan will require local innovation and imagination, qualities that, unlike obedience and compliance, are difficult to mandate from on high. They will require individuals and small businesses to take initiative. They will require innovative approaches to problems from coalitions of nongovernmental actors. While central authorities must help create the conditions in which these changes can take place, in the end the central authorities need to stand aside.

International observers note a growing gap between democratic aspirations and undemocratic practices—

Disturbing, then, is the trend that many observers see away from openness and freedom, away from the very values that Kazakhstan has embraced since its birth. To the south, Kyrgyzstan too has been seen as sliding away from the democracy that from the moment of independence it embraced even more enthusiastically than Kazakhstan. But Kyrgyzstan's growing repression has come under attack from the extremists of the

Islamic Movement of Uzbekistan and under pressure from the Karimov regime in Tashkent to clamp down more aggressively on their common enemy. If Kazakhstan has indeed been drifting away from openness and democracy, this has happened under conditions of relative security. That makes it a very troubling trend indeed.

—in the conduct of elections—

The Organization for Security and Cooperation in Europe has consistently criticized the conduct of elections in Kazakhstan. Of the 1999 parliamentary elections, it concluded:

“The improved legislative and regulatory framework was severely undermined by:

- (1) illegal interference by executive authorities;
- (2) unfair campaign practices by parties closely associated with existing power structures;
- (3) threats of bureaucratic, administrative, and judicial measures jeopardizing media operations;
- (4) bias by lower level election commissions for candidates and parties favored by regional and local officials; and
- (5) intimidation and obstruction of the electoral campaign of opposition parties and candidates.

In particular, widespread violations during the vote count and tabulation of results for the first round were a serious setback. The election commissions and courts were unable to address these violations effectively.

Ultimately, the collapse of transparency and accountability mechanisms envisioned by the Central Election Commission severely undermined the confidence of political participants and the public, not only in the final results but also in the electoral process as well.”³

—and the consolidation of the institutions of democracy—

Freedom House places Kazakhstan in the same category with grim dictatorships in Central Asia: “Not Free.” In its recent assessment of democracy in Kazakhstan, it concluded:

“While maintaining the rhetoric of democratization, Nazarbayev has backtracked from an initial commitment to political reforms and a transition to democracy. Since 1995, the Nazarbayev regime has acquired extensive control over most strategic resources and distribution networks. The president’s unlimited powers have been enhanced by a de facto concentration of political power in a circle that consists of the president

³ Office for Democratic Institutions and Human Rights, *Final Report on Parliamentary Elections of 10 and 24 October, 1999*. 20 January 2000. Page 4. At http://www.osce.org/odihr/documents/reports/election_reports/kz/kazak2-2.pdf

himself, close family, and other trusted kin. The takeover in 1996 of the state-owned news agency Khabar by Dariga Nazarbaeva, the president's eldest daughter, has led to the closure of almost all independent media and unrelenting intimidation of all opposition. The appointment of Nazarbayeva's powerful son-in-law Rakhat Aliev as the chief of the Almaty City National Security Council suggests an effort to elevate him as the president's successor. The effective clampdown on independent political activity and the concentration of political and economic resources within the first family have paved the way for a personalistic dictatorship that will severely limit the prospects for democratic reforms."⁴

—protection of human rights—

The US State Department issues detailed denunciations of human rights abuses by the government:

The Government's human rights record remained poor; although there were some improvements in a few areas, serious problems remain. The Government severely limits citizens' right to change their government, and democratic institutions remain weak...

The legal structure, including the Constitution adopted in 1995, does not fully safeguard human rights. Members of the security forces committed extrajudicial killings as a result of abuse of military conscripts and, reportedly, through mistreatment of individuals in custody...

The Government began a process of transferring authority over prisons from the MVD to the Justice Ministry, a step that human rights monitors had long sought, but the effect of this change could not be determined as of year's end. The Government on some occasions used arbitrary arrest and detention, and prolonged detention is a problem. The judiciary remains under the control of the President and the executive branch, and corruption is deeply rooted. The Government infringed on citizens' privacy rights...

The Government restricted freedom of speech and of the press. The Government harassed much of the opposition media, and government efforts to restrain the independent media continued. Vague laws concerning the media, state secrets, libel, and national security increased pressure on the media to practice self-censorship...

The Government imposes significant restrictions on freedom of assembly. At least two organizers of unsanctioned demonstrations were arrested and fined or imprisoned. The Government imposes significant

⁴ *Nations in Transit 2001 Kazakhstan Country Report*, Page 2. At http://www.freedomhouse.org/pdf_docs/research/nitransit/2001/17_kazakstan.pdf

restrictions on freedom of association, and complicated and cumbersome registration requirements hinder organizations and political parties.⁵

—preventing corruption—

Transparency International places Kazakhstan among the most corrupt countries in the world, noting that “In Kazakhstan, oil resources provide an opportunity to finance economic development, but they are also a vast source of potential corruption.”⁶

—and freedom of the press.

The International Center for Journalists reports that the press in Kazakhstan is becoming less free over the years, while Freedom House observes:

While the press is permitted to criticize some government policies, corruption, and the ineffectiveness of the parliament, journalists may not criticize the president and his family. The government has closed or harassed much of the independent media, particularly those with opposing views. Fear of harassment has generated self-censorship. The president’s daughter controls one of two national television networks.⁷

Although the government claims these criticisms are unfair—

The government of Kazakhstan responds to many of these criticisms by saying they are inaccurate, biased, or adopt double standards. It says that the State Department’s criticisms of human rights abuses are an “artificial politicization”⁸ (whatever that means). Some officials who are sincerely committed to eventual democracy admit they have not progressed much in the past five years, but justify the slippage by the economic crises the country faced in 1997 and 1998. It’s important to view Kazakhstan’s progress within the correct perspective, they say, and to compare its progress not with Sweden or the United States but with the nearly totalitarian government it had when it entered independence.

—they show that the world fears Kazakhstan is backsliding—

In this report we will not assess the methodological accuracy of these criticisms of Kazakhstan. We observe only that these reports paint a consistent picture of how the outside world views Kazakhstan. It sees a country that has set very high standards for

⁵ *Kazakhstan Country Reports on Human Rights Practices - 2000* Released by the Bureau of Democracy, Human Rights, and Labor, February 23, 2001. At <http://www.state.gov/g/drl/rls/hrrpt/2000/eur/index.cfm?docid=798>

⁶ *Commonwealth of Independent States—Regional Report*, p. 3. Luke Allnutt, Jeremy Druker and Jen Tracy (with Dima Bit-Suleiman, Alisher Khamidov, Sophia Kornienko and Alex Znatkevich) at http://www.globalcorruptionreport.org/download/rr_cis.pdf

In its 2001 “Corruption Perceptions Index,” Transparency International said Kazakhstan was comparable in its degree of corruption to India, Honduras, and Uzbekistan. They note that corruption appears to have increased measurably since the 2000 report.

<http://www.transparencykazakhstan.org/english/info/cpi2001/cpi2001.html>

⁷ “Country Ratings – Press Freedom Worldwide” January 1, 2000 at

<http://www.freedomhouse.org/pfs2000/reports.html#kaza>

⁸ “Kazakhstan rejects US human rights criticism,” Moscow *Interfax* 23 March 2001.

itself, and is struggling to meet those standards. Kazakhstan has worked hard to distinguish itself from its troubled and troubling neighbors, but objective outsiders see very little difference.

—and might not be able to turn around.

Almost every former Soviet republic has seen a group of reformers who become wealthy and powerful during the first stages of the transition process, and who then drop their demands for further reform. It's dangerous to assume that in deciding to break away from Soviet-style communism Kazakhstan is guaranteed the eventual achievement of democracy and capitalism. If you look at Kazakhstan's neighbors you will see many non-communist countries that are falling into various patterns and habits of despotism and authoritarianism. These non-democratic regimes are very stable in the sense that they resist reform or change — observe how little turnover of leadership there has been in the ten years of independence. But what seems to be stability is in reality an inability and unwillingness to reform, and thus could be covering a sort of brittle and fragile rigidity.

The government acknowledges it must fight corruption—

Government officials in Kazakhstan admit that they have problems. President Nazarbayev has said that corruption threatens Kazakhstan's national security. Practically every year another anti-corruption campaign is launched. Every year several moderately important government officials are ousted from power because they have abused their power and authority. Yet it is difficult to find anyone in Kazakhstan who will say that corruption is not becoming worse every year.

—and reduce the centralization—

From the president on down, officials say that decision making is too centralized. They say that as a result of this over-centralization people in Kazakhstan seem to be increasingly passive, increasingly willing to allow others to make crucial decisions for their lives. In order to check this process of social pacification, Kazakhstan in 2001 started down a gradual path of regional decentralization with local elections in a handful of districts. It remains to be seen whether this process is too gradual, and whether (as some fear) shifting power to lower levels of government will unleash conflicts and tensions that have been kept chained up during the ten years of Kazakhstan's independence.

—and concentration of political power.

Power is not only too centralized in Astana. It is too concentrated in a single office, and even in a single family and group of friends. Nazarbayev feels it necessary to chastise officials in his government for their overly lavish praises of the president. If patterns of rule at the top are repeated at lower levels, Kazakhstan's decentralizing reforms could prove to be fruitless. Unless more robust institutions of democratic accountability are created at local levels, the country will only see the consolidation of mini-despots in the provinces. But unless these sorts of institutions are created at the top, they will be unlikely to take root at the bottom.

The danger is imagining these problems will automatically improve with time and money—

It is easy to say that for its first ten years of independence, Kazakhstan is doing fine. It could do better, of course, but improvement will come over time. Economic growth will improve the lives of everyone in the country, and will defuse social tensions. Maturity for citizens will bring about democracy. And the vast quantities of natural resources below the surface of Kazakhstan will allow the country to buy its way out of any difficulties.

—a mistaken view shared by the government and the people of Kazakhstan.

We believe this view is shortsighted and mistaken. It is informed by myths about Kazakhstan and its future that blind ordinary people and policymakers to the challenges they face, and to the need for significant institutional reforms to meet these challenges.

Five Myths In the Way of Necessary Reform

Myth #1: Oil and natural resources will solve Kazakhstan's problems

Reality: Kazakhstan faces a "resource curse"

Myth #2: Economic growth will improve everyone's living standards

Reality: Many citizens of Kazakhstan may be doomed to permanent poverty

Myth #3: Economic growth will defuse social tensions

Reality: Economic growth makes some tensions worse

Myth #4: After privatization, economic reform is completed

Reality: Most important reforms remain unimplemented, but there may no longer be much popular support for further reforms

Myth #5: Democracy will come with maturity and economic growth

Reality: Democracy won't come without hard work and sacrifices

3. Why Noble Ideals Can Contribute to Instability

By repeating its commitment to high ideals—

No one should ask officials in Kazakhstan to cease their verbal support for democracy and markets, human and civil rights, an end to corruption, freedom of the press, and the rule of law. Achieving these goals will be the key for Kazakhstan's future prosperity, and the government needs to continue reminding its people and itself where their country is going. When the government mutes its commitment to these goals — using the possibility of instability, for instance, or the immaturity of the citizenry as excuses to postpone democratic reforms — friends of Kazakhstan have a duty to protest.

—the government says: “Judge us by how we meet these standards.”

Keeping promises is important for a government, especially a government that emerged from a Soviet empire that systematically lied to its people and betrayed the principles on

Political ideals—	—that are unmet in practice—	—destroy trust in the government
Kazakhstan is becoming a democracy	→ Elections are manipulated → Opposition intimidated and silenced → Officials are unelected and unaccountable	→ Citizens don't trust government that lies → Unaccountable officials become more abusive
Kazakhstan abides by international standards of government behavior	→ Criticisms of government's behavior met with denial and hostility → Special circumstances (immaturity of citizens, threat of instability, Kazakhstan's cultural heritage) said to exempt it from international standards	→ Government rejects international organizations' advice and assistance → If government unbound by international norms, opposition feels it isn't either → Opposition looks to other international powers (e.g., international Islamic or Russian nationalist organizations)
Kazakhstan has a free press	→ A few people connected to the center of power control TV and most newspapers → Criticism of the highest government offices seems not to be permitted	→ Not trusting what they hear in the press, people believe the worst rumors about their rulers → Without independence, journalists don't develop professionalism

which it was supposedly founded. When it sets high standards for itself, a government accepts the responsibility of being judged by how it keeps its word. Being evaluated by its own people should keep it on the right course. And being judged by sympathetic outsiders is part of aspiring to full membership in the international community of democracies.

Ignoring its promises—

Consider what happens when a government fails to live up to its word. It can be a serious problem when:

- the government says it is a democracy but manipulates elections, intimidates and silences its opposition, and allows unelected and unaccountable officials to dominate the country's political life.
- people who are promised that the market will bring a better life to all of society see widespread poverty, businessmen seeming to succeed only because of their connections to the state, and government officials who receive modest salaries living lavishly.
- human and civil rights are guaranteed but some individuals are punished for nothing more than criticizing the government.
- the government says it will not tolerate corruption at the same time that corrupt practices pervade the government from bottom to top, while citizens feel endangered if they complain.
- the government claims to accept international standards of behavior but rejects any criticism of its behavior by objective outside observers.

- the government says there is a free press but a handful of people connected to the central power control television and most newspapers.

And looking at the experiences of countries from around the world shows that it is a very serious problem when the government says it is establishing the rule of law but ordinary people complain that judges and courts are impotent, officials act as though the law does not apply to them, and the legal system is not a protection for the weak but instead is a weapon for the powerful.

Economic ideals—	—that are unmet in practice—	—erode commitment to the market
<p>The market will bring prosperity to everyone</p>	<p>→ Many people impoverished by collapse of communism</p> <p>→ The poor think government doesn't care about them</p> <p>→ Businessmen seem to succeed only if they have political connections</p> <p>→ Officials with modest salaries live lavishly</p>	<p>→ People think the new economy rewards political connections, not hard work or honest innovation</p> <p>→ Calls for further “market reforms” are met with skepticism and hostility</p> <p>→ People believe demagogues who say that the market is evil and must be replaced</p>
<p>Kazakhstan's economy is open to the world</p>	<p>→ Ordinary citizens of Kazakhstan are exposed to a style of consumption they cannot possibly attain</p> <p>→ Foreigners seem to be buying everything and everybody in Kazakhstan</p>	<p>→ Economic problems can easily be blamed on greedy foreigners and the government that opened the economy to foreign investment</p>

—can be destabilizing.

The danger is not that people will complain if the government refuses to live up to the high standards it has embraced. The danger is that they will not complain. If they feel their voices will not be heard, or even might be punished for speaking out, this does not make them eager to support the government or the political system. Instead they keep quiet to protect themselves from those who have power, and retreat into sullen resentment. Likewise, a government that rejects or condemns outsiders' criticism risks cutting itself off from the valuable advice and assistance international organizations can provide.

Legal ideals—	—that are unmet in practice—	—inspire illegal and extralegal solution
<p>Kazakhstan respects basic human and civil rights</p>	<p>→ People are punished for criticizing the government</p> <p>→ Protection of rights seems to depend on the rulers' convenience</p>	<p>→ Without feeling secure that the government will protect them, people look to extralegal protection (e.g., <i>mafiyas</i>)</p>
<p>Kazakhstan is committed to the rule of law</p>	<p>→ Officials regularly act outside the law without fear of punishment</p> <p>→ Judges and courts are not independent but seem to depend on central power</p> <p>→ Legal system seems to be a tool — or weapon — of those with power</p> <p>→ Ordinary people assume they will not receive fair treatment from the legal system</p>	<p>→ Corrupt and weak courts are not able to provide a foundation for a healthy market economy</p> <p>→ Anyone seeking political office is assumed to want to use the law as his own instrument</p> <p>→ Feeling at risk in legal system, people will pay attention to alternative visions of justice (e.g., extremist religious movements)</p>

It erodes the state's "social capital"—

Governments possess something like a reserve of "social capital." People trust (or do not trust) the government to behave well, and are willing (or not willing) to support the political authorities. Another part of a state's social capital comes from the side of governmental officials who are committed to serving the public interest even if it might be to their material advantage to do otherwise. Both these forms of social capital are essential for society's stability and security, and both are destroyed when the government fails to uphold its standards and values.

—which means the people no longer trust the government—

Part of the danger is that citizens eventually assume that government always lies. If people think the news media are only tools of the rulers and do not report critically, they will discount stories in the news, and will choose to believe rumors and gossip. It will be natural to think that anyone seeking a political position does so in order to obtain spoils and corrupt rewards. Even worse than assuming government lies, people may no longer support the political system itself, no matter which individuals happen to occupy official positions. This colors more than their view of politics. For instance, they may believe that the new economy rewards political connections and wrongdoing, not hard work and innovation. Certainly any call by the government for further "market reforms" will be met with skepticism and hostility.

—while government officials feel no obligation to perform responsibly—

A government that fails to live up to the ideals it proclaims diminishes the ability and willingness of its officials to do their jobs effectively and honestly. Officials who do not think they are accountable to the people are likely to become even more abusive and predatory. They feel entitled to informal and often illegal rewards from their positions. If this is how people view those who are in authority, it can hardly be expected that the most honorable individuals will seek office.

—and may even act as predators on society.

Knowing that members of society view them with fear and loathing does not necessarily shame corrupt officials into behaving properly. It can lead them to try even harder to seize whatever they can while in power. They may think that they might be removed from their position of power at the whim of a superior, or that even more ruthless individuals are trying to unseat them, or that some day they may be toppled by an outraged populace.

<p>Worthy political, economic, and legal ideals that are unmet in practice destroy trust in the government, the market, and the legal system—</p>	<p>→</p>	<p style="text-align: center;">—and eventually cause spiraling instability and insecurity</p> <p>People withdraw from politics in order to protect themselves from official abuse</p> <p>They blame all their misfortunes on unjust power system and corrupt rulers</p> <p>"If <i>this</i> is market democracy," anti-democratic and anti-market views sound appealing</p> <p>Demagogues' promises of radical change sound more attractive than "realistic" reform</p> <p>Lacking experience to recognize demagogues and resist extremist promises, the public too readily supports dangerous elements</p> <p>Officials become even more predatory if they fear they will lose their power some day</p>
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In this environment demagogues thrive—

If failing to live up to its ideals can cause some of the worst elements in society to gravitate toward political positions, the government can all but guarantee that the worst elements of the opposition will make the challenge for power. A system that seems abusive and corrupt makes an easy target for simplistic critiques and radical solutions. When people feel that the difficulties in their lives result from their lack of powerful political connections, anyone who attacks those with connections can thus promise to solve all difficulties in people's lives. In saying that the market is evil and must be replaced, for example, they need not say with what it would be replaced.

—as do extremists—

Without a government and legal system that protects their rights, people may look to alternative visions of justice and rights. In this case, the government itself might be harmed by its hostility to international organizations that criticize its undemocratic performance or lack of legal protections. By discrediting and marginalizing international organizations such as the OSCE or the UN, the government may drive its opponents to seek advice and assistance from other international organizations: fundamentalist Islamic or Russian nationalist groups that may be eager to take advantage of this void.

—and sincere reformers are severely handicapped.

In the end, those most handicapped are individuals inside and outside the government who seek to implement the country's high standards and noble aspirations. Reformers within government must compete for influence with officials who cynically see politics as a source of profit and personal power. Moreover, reformers cannot count on popular support when the public assumes the worst of their rulers, perhaps especially assuming worst of all those who still speak as though they believe in the hollow promises of democratic and market reforms. Those outsiders who try to push the government to measure up to its lofty ideals cannot compete with the simplistic critiques and radical promises made by demagogues and extremists.

The result can be a spiral of ever worsening instability and insecurity.

Government increasingly monopolized by cynically corrupt office-holders. Reformers pushed to the side. Extremists dominating critical discussions of the government. A populace that feels misused by predatory officials ever more willing to listen to the promises of demagogues. This is a recipe for catastrophe that has been seen in far too many countries in the world. It rarely ends well.

Kazakhstan is not at this stage—

Thank goodness this does not describe Kazakhstan. But it does illustrate the dangers that go along with committing the state to lofty ideals without trying sincerely to realize these ideals in practice. Kazakhstan should be applauded for its embrace of the language of democracy and reform. It should be warned, however, that this embrace does not come cheaply.

—yet.

When Noble Aspirations Cause Instability: Why Kazakhstan Should Live Up to Its High Ideals

Worthy goals—	—unmet in practice—	—erode government’s social capital—
Democracy	Elections are manipulated → Opposition is intimidated and silenced Officials are unelected and unaccountable	Citizens don’t trust government that lies Unaccountable officials become more abusive
Market	Many are impoverished by end of communism Poor think government does not care → Businessmen succeed only because of political ties Officials with modest salaries live lavishly	New economy rewards political connections, not hard work or innovation Call for further “market reforms” met with skepticism and hostility People believe demagogues say market is evil and must be replaced
Human and civil rights	People punished for criticizing government → Protection of rights depends on rulers’ convenience	Without feeling secure that government will protect rights, people look to more extreme alternative visions of justice and order
Corruption not tolerated	Corruption spreads throughout government → People feel at risk if they complain Officials feel entitled to non-legal rewards	Government is last resort for protection Low quality individuals seek power People think all problems result from lack of political connections
International standards of government behavior	Criticisms of government’s behavior met with denial and hostility → Special circumstances (threat of instability, Kazakhstan’s cultural heritage) said to exempt it from international standards	Government rejects international organizations’ advice and assistance If government unbound by international norms, opposition feels it isn’t either Opposition looks to other international powers (e.g., international Islamic or Russian nationalist organizations)
Economy open to world	Ordinary citizens of Kazakhstan exposed to style of consumption they cannot attain → Foreigners seem prominent in Kazakhstan	Economic problems can be blamed on foreigners and government that opened economy to foreign investment
Free press	A few people connected to central power control TV and newspapers → Criticism of highest government offices seems not permitted	People believe worst rumors about rulers Without independence, journalists don’t develop professionalism
Rule of law	Officials act outside the law Judges and courts depend central power → Legal system is a tool or weapon of authorities Ordinary people feel they cannot receive fair treatment from legal system	Courts can’t support strong market Anyone seeking governmental office might be seeking to use law as own instrument People will listen to alternative, possibly extreme systems of justice



—and eventually cause spiraling instability and insecurity
People withdraw from politics, protect themselves from official abuse All misfortunes are blamed on unjust power system and corrupt rulers If this is market democracy, anti-democratic and anti-market views sound appealing Demagogues’ promises radical change are more attractive than “realistic” reform Public lacks experience to recognize demagogues and resist extremism Officials become predatory if they fear they will lose their power some day

4. A Need for Preventive Development

Its neighbors' present could be Kazakhstan's future—

If Kazakhstan does not meet its challenges boldly and wisely, it could face some of the same crises its neighbors have experienced (and are likely to experience even more in the future). Many of the dangers it faced ten years ago are still present. Some are serious problems that nevertheless will probably not jeopardize the country's security — cleaning up nuclear waste, for instance, or coping with the desertification of the Aral Sea. But the potential for ethnic and religious grievances remains. The vulnerability to exceedingly damaging acts of terrorism has increased. Many low-level, less than urgent problems not only remain, but have been ignored in the ten years and thus have been allowed to fester. The most serious danger is that many of the small- to medium-sized problems will reinforce one another, and eventually spiral out of control.

—especially if their instabilities spill over.

The spark to large-scale crises breaking out in Kazakhstan could come from outside its borders. Securing good relations with its neighbors is a valuable and commendable achievement, but it might not protect Kazakhstan from its neighbors' internal conflicts drawing in Kazakhstan. In ways that are still not clear, Central Asia has become more unstable since September 11. China cracking down on its own Muslim extremists in Xinjiang, a toppling of the Karimov regime in Uzbekistan, a regional economic crisis ... the impacts on Kazakhstan of these and other possibilities will be analyzed throughout this report. Let it suffice here to note that the world was reminded in the year 2001 that Central Asia is still filled with much risk and danger. Short of pursuing a Turkmenistani-style strategy of aggressive neutrality and isolation, Kazakhstan cannot wall itself off from these dangers. (Besides, because isolation would increase domestic tensions within Kazakhstan, it would backfire badly.)

Experience shows crises can erupt almost anywhere—

The specter now haunting the world is that of “complex humanitarian emergencies,” the simultaneous breakdown of domestic political order, eruption of ethnic and religious violence, spill-over of wars from outside the country's borders, disruption of food production and distribution, and so on. From the 1950s through the 1980s there were typically three or four of these grand crises raging at any point in time. Today there may be as many as three dozen complex humanitarian emergencies across Asia and Africa, with at least that many could conceivably break out in 2002.

—even if ethnic or religious tensions are not apparent—

Perhaps the most chilling warning for Kazakhstan comes not from Tajikistan or Armenia and Azerbaijan. It comes from what was only a few years ago Yugoslavia, most open and tolerant and prosperous of all communist countries. In the space of a couple of years Yugoslavia went from being the most likely former communist country to join the European Union to genocidal civil war among hate-filled groups that had only a short

time before hardly been aware they differed from one another. If it could happen in Yugoslavia...

—and even if there is the possibility of mineral wealth.

As we argue in this study, mineral wealth is no protection against instability. In fact, a growing body of experience from around the world shows that sitting atop limitless supplies of oil and natural gas is not a blessing for a country. It is what we call a “resource curse.” It can lead to corruption and poor policymaking, it can heighten social tensions and resentment, and it can inspire opportunistic separatists or other rebels who want to seize the wealth for themselves. The people and government of Kazakhstan should not feel complacent about the future as they contemplate the billions of barrels of oil in the Kashagan and Tengiz fields. They should think of ways to protect themselves from the problems that are likely to go along with these resources.

If Kazakhstan goes up in flames—

This study seeks to anticipate what might go wrong in Kazakhstan, and why. In this sense, it takes what might seem like an idiosyncratic and perhaps unduly pessimistic approach. In analyzing the potential for catastrophe, we might appear to neglect many serious problems and to exaggerate the risks of crises that seem unlikely to happen. We recognize, for instance, that the drying up of the Aral Sea is a terrible tragedy for the people of Kazakhstan and Uzbekistan. It has meant that tens of thousands of families have lost their sources of income and sustenance. It has caused a serious deterioration of health of people living hundreds of kilometers away. What matters more for this study, however, is who the people living near the Aral blame for this disaster, and what sorts of actions this leads them to take. We are concerned about the possibility of water shortages leading to what Michael Klare calls “resource wars” breaking out between Kazakhstan, Uzbekistan, and Kyrgyzstan.⁹

—the international community may not be able to put out the fire.

The international humanitarian assistance organizations responsible for coping with emergencies and crises around the world have a vital stake in preventing disaster from occurring in Kazakhstan. Their resources have long been stretched past the breaking point. Think of firefighters who must battle dozens of conflagrations at the same time. It is not possible to put out all the fires currently raging, to say nothing of planning rationally for the next blaze that will break out. Moreover, preventing crises from breaking out in Kazakhstan is even more urgent since many possible emergencies would seriously affect the vital interests of China and/or Russia, permanent UN Security Council members who might block or limit many international efforts to impose order in a deteriorating Kazakhstan.

⁹ Michael Klare, *Resource Wars: The New Landscape of Global Conflict* (New York: Henry Holt & Company, 2001).

“Preventive development” tries to stop fires before they become emergencies—

The answer is to prevent fires from happening. This may seem like common sense, but the fact that so many complex humanitarian emergencies are raging across the globe shows how difficult it can be. Fire prevention can seem expensive, especially if the chances of fires breaking out soon seem to be small. That is why the complacency-inducing myths we mentioned above (and will dissect at greater length in Chapter 4) can be so dangerous. To complicate matters even more, prevention must take arsonists into account. All too many complex crises around the world are man-made disasters.

—by identifying and removing combustible materials—

First, identify and if at all possible defuse factors that might spark ethnic and religious conflict, or cause a breakdown of public health, or lead to a failure of the state. The causes of these sorts of occurrences are not always well understood, and are rarely easy to prevent. No government can do everything at once. It needs priorities. Sometimes addressing one problem can make others even worse. For instance, trying to satisfy the demands of a discontented minority group can lead other groups to think they must voice their grievances ever more forcefully (or even violently) so they too will receive preferential treatment. It could overload the political system with demands for benefits and privileges. Any groups that feel left out in this process may think they have to change or topple the system. And since groups are likely to evaluate their status in comparative terms, relative to other groups, even groups that have their demands satisfied may believe they were cheated if they see others who seem to have been treated even more favorably.

—installing smoke detectors that firefighters can hear —

Second, those who are in a position to avert a full blown complex emergency should have “early warning measures” — social smoke detectors, so to speak — that will allow them to respond at the earliest signs of possible trouble. The international community is working hard these days to develop “early warning systems” for countries at risk. Perhaps the best early warning, however, is a government that listens to its people. On the other hand, as the first hints of possible crises manifest themselves, warning alarms need to be heard by nongovernmental actors as well. Strategies of “preventive development” must be implemented by a broad coalition that includes various levels of the government as well as NGOs, business interests, international organizations, labor unions, academics and researchers, and so on. These groups need to be able to hear early warnings, too.

—and placing extinguishers where fires are likely to start.

Finally, measures should be put into place that will allow crises to be defused before they rage out of control. Again, it is vital to think of problems being addressed not only by the government or the international community, but by a coalition of organizations and interests that includes governmental and international agencies. For this coalition to respond effectively to social tensions or potentially dangerous economic downturns, it will require a clear understanding of possible patterns of how crises might develop. Only then will it be possible to elaborate strategies for preventing crises.

It's hard to think strategically about preventive development—

Thinking strategically about “preventive development” in Kazakhstan is difficult. This is not because no one knows what to do. Viewed as a mission statement, *Kazakhstan 2030* lays out most of the right ideas for the country achieving a stable and prosperous future. It is a noble and inspiring vision. But it is, at best, a list of many, many goals and desirable policy initiatives. There is little sense of what ought to be the top priorities. Perhaps *Kazakhstan 2030* is not dark enough, either. It is intended to inspire the country to work hard by painting a picture of a bright future for the “Asian snow leopard” it can become if the government and people do the right things. But *Kazakhstan 2030* does not explain the dangers that lie ahead if the people and their leaders do not do the right things. Nor does it say why Kazakhstan might forfeit its bright future by pursuing wrong-headed or misguided policies. This is part of what a strategy of preventive development ought to achieve.

—since politicians care mainly about the short-term—

Political leaders tend to be driven by immediate concerns and issues, and thus often find it hard to conceive of the long term. This is especially true when power is arbitrary and unaccountable. Not knowing if he will have his position next week, feeling that he might be sacked at the whim of someone above him regardless of whether he does his job well or not ... such an official will live for the moment and will not care about a long-term vision or strategy. But even if democracy were to take root, a political leader would still find it hard to concentrate on distant horizons. The next election is as far as democratically elected leaders feel comfortable thinking.

—ministries see with a narrow focus—

Ten years of independence has allowed Kazakhstan to build up a body of experienced and capable officials. But government ministries naturally look only at issues within their sphere of competence, making the often subtle and indirect interconnectedness of the problems confronting Kazakhstan even more difficult to understand.

—citizens often lack information about the world—

Thinking of how to address Kazakhstan's vulnerabilities before they break out into crises may require a comparative perspective, a wide range of information about similar cases from around the world, and government officials find it hard just to know what is happening within their own countries. To make matters worse, articulating strategies of “preventive development” requires engaging more than the political élite. It requires educating the public, explaining to citizens the nature of the problems facing them and drawing them into dialogue about what can be done.

—and international organizations have narrow mandates.

International donors have sought to help in this regard, but many agencies addressing particular aspects of Kazakhstan's problems themselves lack a vision of how critical issues may spiral out of control, a vision of what is at stake. Even the best-intentioned donors possess specialized mandates, and as is true around the world, “donor

coordination” in Kazakhstan rarely occurs. In Central and Eastern Europe, this problem is diminished by the fact that both donors and countries have a common focus: preparing the countries for eventual membership in the EU and NATO. In the end, this overriding goal unites the activities and policies of a wide range of governmental and nongovernmental actors. It also serves as a powerful hammer ensuring that countries will cooperate since they will be pushed out of the queue of applicants if they do not. International organizations in Kazakhstan lack this sort of focus and this sort of threat.

With the report, we hope to initiate a process of serious thinking about preventive development. The place to begin is with the areas in which Kazakhstan is vulnerable to crises.

Chapter 2

A Critical Vulnerability Assessment of Kazakhstan

Summary

At independence, the government understood its weaknesses (especially military), so it sought to secure its sovereignty in traditional ways: by defining borders, establishing good relations with its neighbors, joining international organizations, and building the basic institutions of statehood. It handled its peculiar status of unwilling nuclear power by becoming a leading voice for nonproliferation, which had its own strategic value. By the mid-1990s, military threats seemed less urgent than “non-traditional” security threats. Political weaknesses at home are increasingly mentioned as security threats because they can amplify external threats and pressures to possible cascading domestic crises. This is a very real and troubling danger.

Military threats will not go away, given Kazakhstan’s rough neighborhood. Its decade of peace results from smart policy as well as fortunate circumstances that might not continue into the future. War between Russia and China is highly unlikely, even considering Russia’s new friendship with the US. Russian-Chinese conflict may emerge in the future but any violence will be far from Kazakhstan, where conflicts will be resolved peacefully. Collusion rather than conflict between China and Russia has worried some American policymakers and led them to seek an anti-Russian bloc with Uzbekistan as its unsteady Central Asian anchor. Uzbek efforts to combat extremism have worsened the problem by giving fundamentalists a monopoly on dissent, pushing moderates toward extremists, destabilizing its economy, and alienating its neighbors. A dangerously unstable Uzbekistan lies out of the control of Kazakhstan. So too are its neighbors’ separatist movements, which could displace waves of refugees to Kazakhstan and turn its neighbors’ politics nasty. The threat of spillover from Russia may be receding, while it may worsen in China. Drugs are an external pressure that damages public health and has destabilized other countries.

Internal factors can cause the emergence of extremism and must be understood in order to prevent crises. Muslims tend to be moderate in Kazakhstan, although that was also true of countries that veered toward extremism as a result of radical missionaries, schools, and political parties. Even some government authorities express fundamentalist views. Violence may break out in the near future, leading some to call for Uzbek-style repression (which may backfire even if Kazakhstan’s repression is less heavy-handed than Uzbekistan’s).

Look at “new religions” to see how crackdowns can backfire. They win converts because they provide financial support as well as meaning for lost souls confused by the collapse of old values in a new country. Poverty contributes since extremist religions explain why poverty exists. This indicates poverty reduction is a place to start — by making sure everyone can be self-sufficient and by cleaning up a government held responsible for poverty — before what is happening in Uzbekistan infects Kazakhstan.

Ethnic extremism is another threat, with many Russians complaining about their situation, even though they have it better than other Russians in the former USSR. Both

nationalist and religious extremism say, “We are a special group that is being oppressed because we are special.” Ten years ago Russians lost power and status, and now they mistakenly think it is because they are Russians. Nationalists haven’t attracted much support from Russia, but will continue complaining in part because of the logic of extremism. Refuting extremist arguments may be less effective than expanding opportunities for everyone. The drug trade thrives on the factors that contribute to extremism including chaos and disorder which indicates the threat of a union between drug traffickers and extremist agitators all appealing to the desperately poor. Kazakhstan’s most important critical vulnerabilities are political resulting from ambiguous rules of the game, which can contribute to extremism especially when everything can be acquired through politics. The result is violence, as seen next door in Uzbekistan. The danger is not too much political competition, but rather too little.

Respected and influential outsiders foresee for Kazakhstan a “nightmare scenario” made up of all too plausible elements that lead to a cascade of crisis. But in such bleak predictions too much lies outside of Kazakhstan’s control, which can result in defeatism and despair. Although the external threats are very important and the possible domestic crises truly frightening, focus on the critical vulnerabilities towards which action can be directed. Kazakhstan’s problem results in part from its government’s blind spots about the causal mechanism of these critical vulnerabilities, and about what it means to be an “insider” or an “outsider.” The severity of possible crises is used as an excuse *not* to address critical vulnerabilities. That blind spot may have become much more dangerous since September 11.

1. The Softening of Kazakhstan’s Security Concerns

At independence, the government understood its weaknesses—

Recall how poorly prepared Kazakhstan was when it joined the world as a sovereign state, and how uncertain was its strategic environment. Its neighbors were either equally newly created states (Kyrgyzstan, Uzbekistan, and of course the Russian Federation) or giants with territorial ambitions that were in historical experience large while in the present undefined (China and of course the Russian Federation). The one case of a communist country breaking apart in transition — Yugoslavia — was particularly dismaying in 1991 and 1992. With a multi-ethnic population that had not been consulted about independence, the government of Kazakhstan could hardly feel confident about the loyalty of a large percentage of its own people.

—especially military—

In such conditions, we can sympathize with President Nazarbayev’s warning in 1992. Even though the threats of nuclear and conventional warfare had diminished for the world, “serious contradictions of economic, territorial, religious, ethnic and other character still remain in the world that may lead to military conflicts infringing the interests of Kazakhstan.” The “sources of potential military danger” he identifies cover most of Kazakhstan’s neighbors. He warns of states trying to dominate the region and “solve disputes by military means,” of threatening military forces being stationed near Kazakh-

stan's borders, and of the unstable internal political situations in some states leading to military conflicts.¹ The problem for Kazakhstan was particularly touchy since the one major military asset it inherited from the USSR — nuclear missiles — was of no value without a way to launch them, and the launch codes were kept by the Kremlin.

—so it sought to secure its sovereignty in traditional ways—

In the face of such uncertainty, it should not be surprising that Kazakhstan's first priority was to acquire the trappings of a modern nation-state: the exchange of ambassadors with other countries, a flag, a seat in the United Nations, and so on. More substantively, it sought to secure what for more than three centuries have been the defining characteristics of sovereignty: a monopoly of legitimate authority over a loyal citizenry within a clearly defined territory. Fortunately, these characteristics tended to reinforce one another. The more apparent was the outside world's recognition and acknowledgement of Kazakhstan, the more its own people would recognize the permanence and reality of their newly redefined home.

—by defining borders—

It is a difficult task to demarcate the borders of a country as large as Kazakhstan. Borders with other former Soviet republics (including Russia) had been largely administrative, and bore little relation to the distribution of ethnic groups or historic experience. (This is not a risk-free process. In 2001, the formal demarcation of borders between Macedonia and Serbia—turning what had been purely internal administrative boundaries when both were part of Yugoslavia into internationally recognized borders between sovereign states—provoked ethnic Albanians on both sides of the border to rebel against the Macedonian government.) It was only after the upheaval in Central Asia after September 11 that Kazakhstan and Uzbekistan finally settled most of their outstanding border issues. And the division of the Caspian Sea between Kazakhstan and the other four littoral states will probably take years to conclude.

—establishing good relations with its neighbors—

In 1992 the government took great pride in announcing various agreements it had signed with countries such as Russia, Uzbekistan, and Kyrgyzstan. These sorts of agreements were necessary for more than international stability and cooperation. They were clear demonstrations to groups living within Kazakhstan that the Republic was recognized as a fully-fledged state, and thus would not disappear or be unwillingly absorbed into another country. This was an important part of winning the allegiance — or at least the grudging acquiescence — of ethnic Russians and other non-Kazakh groups.

—joining international organizations—

For similar reasons, we should not trivialize the pride with which the government announced joining the United Nations or the International Monetary Fund or a host of smaller and more obscure organizations. Each admission was another confirmation of the

¹ "Strategy of Formation and Development of Kazakhstan as a Sovereign State," at www.president.kz/articles/Sover_Kaz.asp?Ing=en&art=1992.

legitimacy and permanence of a country that, only months before, had barely been imaginable.

—and building the basic institutions of statehood.

Even those basic institutions that every country takes for granted become a challenge for a new state. Embassies and ambassadors, Ministries of Defense and Foreign Affairs, bureaucracies and officer corps ... all had to be created within a matter of weeks and months. Until these national institutions could be established and staffed, security was not possible. To make it more difficult, those individuals possessing institutional experience in the defunct USSR were in the eyes of some least likely to swear their loyalty to the Republic of Kazakhstan. A massive purge of Soviet era officials was unthinkable because of the need for this experience. Likewise, trying to rid the new regime of ethnic Russians could spark a civil war.

It handled its peculiar status of unwilling nuclear power—

From the beginning, Kazakhstan made it clear that it would not try to hold on to or profit from the vast nuclear arsenal it had inherited from the Soviet Union. Disposing of thousands of warheads and hundreds of ICBMs in a responsible manner presents a difficult set of challenges. Ukraine found it impossible to resist using its weapons as bargaining chips to obtain concessions from Russia and from the West. Belarus, by contrast, was so eager to rid itself of the responsibility that it dismantled weapons before means were in place to handle the remaining nuclear material.

—by becoming a leading voice for nonproliferation—

Kazakhstan went beyond working carefully with Russia and the US to dismantle and transfer its weapons safely and responsibly. It used the resulting attention to speak out forcefully for nonproliferation and eventual nuclear disarmament. When Pakistan and India tested their own nuclear weapons a few years later, the world was reminded of how much good sense Kazakhstan had demonstrated.

—which had its own strategic value.

Getting rid of its nuclear arsenal paid off much more than if it had tried to keep them. For Kazakhstan, these were anti-weapons that decreased the country's security without providing additional protection. At a crucial moment in Kazakhstan's birth, this policy helped form a partnership with the US that increased the legitimacy of Kazakhstan on the world stage. At the same time, many Kazakhstanis note, it may be no coincidence that just after they finally disposed of their nuclear weaponry, the US escalated its criticisms of Kazakhstan's human rights abuses and democratic failings. Moreover, after Kazakhstan gave up their nuclear arms was just about the same time that the Americans began to solidify their partnership with Uzbekistan, a regime that was much more repressive and less democratic, but was at the same time less favorably disposed to Moscow than was Kazakhstan. The real pay-off from disarmament was not in its relations with Washington but rather in Kazakhstan's relations with Beijing and Moscow: it demonstrated that Kazakhstan would pose no danger to neighbors.

By the mid-1990s, military threats seemed less urgent—

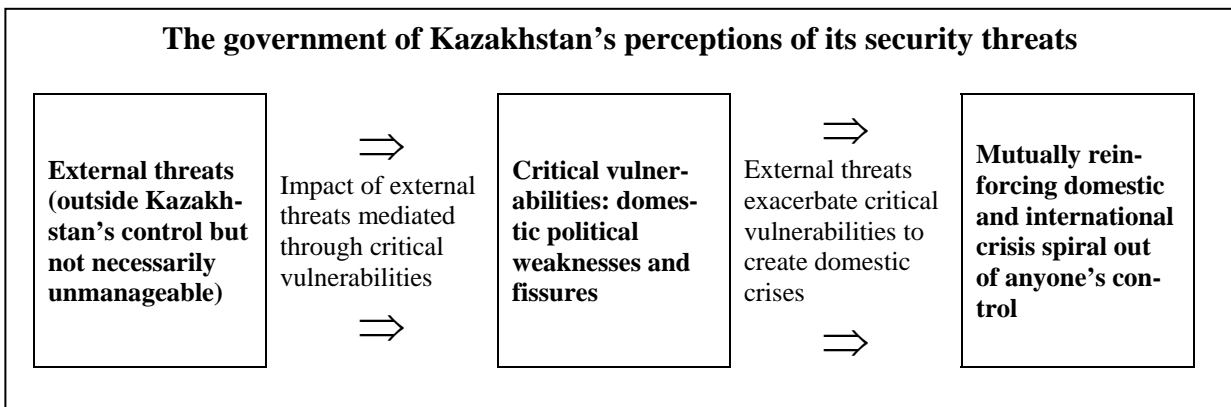
Within a few years of independence, it became increasingly clear that security would require more than acquiring the defining characteristics of being a nation-state. Many fragments of the former Soviet Union — Tajikistan, Georgia, Armenia and Azerbaijan — had seats in multilateral organizations and internationally recognized borders, yet were far from secure. On the other hand, the First Chechen War demonstrated that the Russian army would probably be no great threat to Kazakhstan when it could not successfully invade and control Russia.

—than “non-traditional” security threats.

Thus the government turned its attention to what theorists of international relations call issues of “soft security.” In 1995, Nazarbayev noted that “on the one hand international economic ties acquire ever greater political coloring, on the other hand the economy exerts ever pronounced impact on political and diplomatic matters.”² Other threats often mentioned include drug trafficking, uncontrolled refugee flows, terrorism, and religious and ethnic extremism.

Political weaknesses at home are increasingly mentioned as security threats—

One of the most intriguing shifts in the government’s definition of its main security threats since the second half of the 1990s has been the increasingly prominent place of domestic political weaknesses. That domestic politics should be seen as a greater security risk at the end of the first decade of Kazakhstan’s than at the beginning might seem surprising. After all, when the USSR first crumbled it was quite uncertain where the allegiance of its newly created citizens would lie. Would ethnic Russians and Cossacks identify with the Russian Federation rather than the Republic of Kazakhstan? Would ethnic Kazakhs see themselves primarily as Muslims or citizens? Or perhaps they would identify themselves as members of a Greater Turkestan waiting to be born, an ethnic empire stretching from Turkey to Xinjiang in China. A decade after independence it is clear that the majority of those living in the country have accepted their citizenship within the Republic as the key component to their political identity.



² “Foreign Policy Pursued by Kazakhstan,” 15 February 1995, at www.president.kz/articles/Sover_Kaz.asp?Ing=en&art=vneshpol.

—linking external threats and pressures—

The reason that domestic political weaknesses and vulnerabilities appear to be security threats is that they can amplify the effects of outside pressures on Kazakhstan. The uprising of the Islamic Movement of Uzbekistan in the Ferghana Valley might be bothersome for Kazakhstan if violence spills across the border. But the problem could be handled relatively easily, by sealing itself off from its southern neighbors. What makes the rise of Islamic extremism to the south a security threat to Kazakhstan is the possibility that Muslim fundamentalism will take root at home. What makes a possible future nationalistic regime taking power in the Russian Federation a threat is not military invasion but the possibility that such a regime will stir up and provoke the Russian population within Kazakhstan (and perhaps use the resulting troubles as a pretext for invasion).

—to possible cascading domestic crises.

In its public pronouncements and discussions the government rarely spells out why this connection of external pressures and internal political vulnerabilities is so dangerous. Perhaps it feels that the danger is so obvious that providing details is unnecessary. Or perhaps it fears that by being too explicit about the sources of dangers it will provoke groups within Kazakhstan to pursue destabilizing actions. But it is important to be clear about what is at stake. The greatest security threat to Kazakhstan is that external pressures will create stresses on domestic weaknesses that cannot be controlled. In the end, the danger is a reinforcing series of crises —domestic and international, political and economic and social — that will escalate out of control into a full-fledged complex crisis for the country.

This is a very real and troubling danger.

2. External Threats (Outside Kazakhstan's Control)

Military threats will not go away—

Although it can try to minimize its risks through alliances, membership in multilateral organizations, and shrewd diplomacy, countries such as China and Russia are basically out of the control of Kazakhstan. Thus according to President Nazarbayev, the most important of the threats to Kazakhstan's security remains military.

The main challenge to our security in the nearest future is the potential danger that military conflicts from neighboring countries will be transferred to Kazakhstan. This is a real threat, not only a theory. It could take the form of refugee flows, provocations intended to draw Kazakhstan into military conflicts, acts of terrorism within Kazakhstan, and complications from border disputes.³

—given Kazakhstan's rough neighborhood.

Considered in objective terms, Kazakhstan must be one of the most vulnerable countries in the world, surrounded by threats and by crises waiting to erupt. It is the only country beside Mongolia to border both Russia and China, two powers that have many times in the past made life uncomfortable for their smaller neighbors. It has 12,000 kilometers of borders that must be protected, and has yet to reach agreement with many of its neighboring countries about the exact location of those borders. To its south lies the unstable Ferghana Valley shared by Uzbekistan, Kyrgyzstan, and Tajikistan, and envisioned by radical extremists to be the site of a future Islamic caliphate. Further south is Afghanistan. To Kazakhstan's east is the Caspian Sea, beneath which rests enormous reserves of natural resources. But ownership of the Sea, its floor, and the riches beneath that floor has been fiercely contested by Kazakhstan and the other states around the Caspian, and on occasion regional military powers such as Iran and Russia remind the smaller countries what it means to have a significant navy. In 2001, for instance, an Iranian gunboat fired a warning shot at a survey vessel working for oil giant BP in contested waters.

Its decade of peace results from smart policy—

That Kazakhstan has remained at peace during its first decade of independence despite these vulnerabilities results in part from wise diplomacy. Kazakhstan has been a model member of the international community. From the moment of its birth, it was forced to display an unusually high degree of maturity and responsibility. It was, temporarily, the third largest nuclear power in the world. Kazakhstan proceeded to destroy the nuclear and biological weapon development programs left behind by the collapse of the Soviet Union, and (unlike Ukraine) it did so without trying to use them as bargaining chips to obtain aid from the West or concessions from Russia.

³ Appeal of the President of Kazakhstan to country's people: "Stability and security of the country in the new century," at www.president.kz/articles/state/state_container.asp?lng=en&art=poslanie_pres

—as well as fortunate circumstances—

Kazakhstan's decade of peace resulted also from good fortune. During the 1990s China and Russia were preoccupied with their own internal economic development and political transformations, and neither were inclined to press claims on Kazakhstan. Not bordering Afghanistan helped Kazakhstan avoid the fate of Tajikistan and the other countries sharing the Ferghana Valley.

—that might not continue into the future.

There is no reason to assume that Kazakhstan's good fortune will go on forever, however. This makes it all the more important to make wise decisions. As President Nazarbayev mentions, most serious are dangers of conflicts spilling into Kazakhstan from outside. Given the large and well-armed countries on its borders, it is not surprising that Kazakhstan should desire peaceful relations with its neighbors. What is equally important to Kazakhstan is that its neighbors have peaceful relations with one another.

War between Russia and China is highly unlikely—

The worst of all possible worlds for Kazakhstan would be of course being caught in the crossfire between China and Russia. The consequences of such a conflict both for Kazakhstan and for the world are terrible to imagine. It is almost impossible to imagine, fortunately, how such a conflict might come about. The 1990s was a period of steadily warming relations between China and Russia, reaching a peak with the 20 Year Friendship Treaty signed by Presidents Putin and Jiang in Moscow in July of 2001. Even more than the \$1 billion per year in arms sales from Russia to China, the two countries were driven together by a shared distrust of American hegemony. Both joined in condemning such American actions as the expansion of NATO into the former Soviet bloc, the war against Serbia over Kosovo, and especially the American pursuit of national missile defense. If China and Russia continue their close relations, Kazakhstan should not have to worry about being caught between the two giants in a conflict.

—even considering Russia's new friendship with the US.

It is possible that developments after September 11 will eventually alter relations between China and Russia. As the following chapter discusses, the US and Russia may well continue to move toward an almost formal alliance to combat Islamic terrorism. Because of the Chinese concerns about its own Muslim movement among the Uighurs of Xinjiang, it could hardly disapprove of Russia giving its consent to American troops based in Tajikistan or Uzbekistan, or of Russia providing intelligence about the Taliban. Even if Russia no longer shares China's antipathy toward American dominance in Asia and around the world (and this has yet to be seen), this does not at all increase the chances of conflict between China and Russia. It merely means that their relations will have to rest on more than common anti-Americanism.

Russian-Chinese conflict may emerge in the future—

What are the most likely sources of conflict between China and Russia? In the long run (let us say twenty to fifty years), China and Russia may come into conflict over demo-

graphics. On several occasions Vladimir Putin has said that the rapidly declining Russian population in the Russian Far East constitutes a serious security threat for the country, especially because of the lack of controls over the movement of Chinese nationals into the region.

—but any violence will be far from Kazakhstan—

In the medium term (three to seven years), the North Korean regime is likely to collapse. In that case, Russia and China may find themselves backing different sides in the struggle to redefine the Korean Peninsula politically. China's real disagreement will be with the US and South Korea, and it may resort to arms to prevent the formation of a unified Korea on its border, a unified Korea that continues to host several tens of thousands American troops. Russia will certainly have an interest in the outcome, and this interest may well differ from China's. But there is no reason to think that China and Russia will come to blows over this issue, even if China feels its vital interests are strongly at stake. So Kazakhstan ought to be reassured by relations between Russian and China. Even the areas in which the two giants might conceivably clash are on the other end of the Eurasian landmass.

—where conflicts will be resolved peacefully.

Kazakhstan is an object of rivalry between Russia and China in one respect: both would like to be the source of pipelines moving Kazakhstan's oil and natural gas. But this decision will not be made by arms but through financial calculations and the subtle pressures of various governments.⁴

Collusion rather than conflict between China and Russia—

Some observers believe Kazakhstan is at greater risk from Chinese and Russian collusion than from the unlikely event that the Chinese and the Russians would come into conflict. Since Kazakhstan received its independence, these analysts have suspected that Russia would some day seek to reconstitute its empire in Central Asia. That it did not in the 1990s was interpreted as resulting from Russia's lack of economic and military resources, and from its preoccupation with such internal difficulties as the wars in Chechnya and the political stagnation of the Yeltsin years. Its weaknesses in the first decade of independence does not change Russia's desire to control oil from Central Asia, to avoid an American presence on its southern flank, and to protect itself from Islamic extremists. The Shanghai Cooperation Organization thus has been seen as Russia forming an alliance with a rising China to secure a joint sphere of control separate from the US.

—has worried some American policymakers—

Kazakhstan's security and development rests on stability to the south and on peace between its giant neighbors. That means the Shanghai process is very valuable (and could prove even more valuable since September 11). This view of Kazakhstan's interests, however, runs counter to many American policymakers' views of US interests in the re-

⁴ See Xiaojie Xu, "The Oil and Gas Links between Central Asia and China: A Geopolitical Perspective," *OPEC Review* (March 1999): 33-54.

gion. In order to ensure US influence in Central Asia, they have promoted close relations with Uzbekistan. This may create another set of military risks for Kazakhstan.

—and led them to seek an anti-Russian bloc—

Anxieties about Russia's and China's intentions for Central Asia led the US to promote its own bloc among former Soviet Republics, GUUAM (named after its members: Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova). With most of the other former Soviet republics belonging to the Russia-dominated Eurasian Economic Community, there appeared to be the disturbing prospect of rival blocs forming in the post-Soviet space. But neither emerged as a military bloc. GUUAM was never very active and its purpose was never clear, remaining more an aspiration than reality.

—with Uzbekistan as its unsteady Central Asian anchor.

The primary beneficiary of American attention to the region was Uzbekistan. The Karimov government welcomed this partnership with the US as a way of diminishing his country's dependence on Russia and of enhancing his ability to assert Uzbekistan's interests unilaterally.⁵ It is Uzbekistan's tendency to act rashly that makes it such a destabilizing influence for Kazakhstan and the rest of the region.⁶ In its efforts to combat the Islamic Movement of Uzbekistan (IMU), the Tashkent government has unilaterally mined its borders with Tajikistan and Kyrgyzstan, causing the deaths of many civilians and further disrupting trade and commerce in the region. In 1999 the Uzbek air force carried out air strikes in Kyrgyzstan on suspected rebel bases. Kazakhstan is quite familiar with this sort of Uzbek action. In January of 2000 armed Uzbek border guards moved five kilometers into southern Kazakhstan to stake out unilaterally a 60-kilometer stretch of the border.

Uzbek efforts to combat extremism have worsened the problem—

The danger of war between Kazakhstan and Uzbekistan is minimal. More serious is the possibility of the struggle of Islamic extremists against the Karimov worsening and spilling over into Kazakhstan. The approach Tashkent has taken against the IMU parallels the rash and aggressive stance it has taken against its neighbors. It shows the classic signs of a policy backfiring, producing an increase in the problems it is intended to solve.

—by giving fundamentalists a monopoly on dissent—

First, by condemning the pro-democracy opponents of his regime as unconstitutional radicals, Karimov's government has closed off legitimate and open forums of dissent and discussion. This has pushed moderate and secular opponents of the government out of debates, leaving the loudest voices of opposition to be from intellectuals associated with

⁵ Svante E. Cornell and Regine A. Spector, "Central Asia: More than Islamic Extremists," *The Washington Quarterly* 25:1 (Winter 2002): pp. 193-206.

⁶ Much of this chapter's interpretation of Muslim extremism in Uzbekistan draws from Ahmed Rashid, *Jihad: The Rise of Militant Islam in Central Asia* (New Haven: Yale University Press, 2002). The fact that Central Asia has changed dramatically since Rashid completed writing the book in October of 2001 — in particular, the death of Jama Namangani of the IMU during the American bombing of Afghanistan — does not change the power of Rashid's analysis and critique of Uzbekistan's approach to extremism.

fundamentalist organizations such as Hizb-ut Tahrir (“the Party of Liberation,” a multinational movement that claims it seeks to establish an Islamic state through peaceful means).

—pushing moderates towards extremists—

Second, the Uzbek government tries to root out potential radical Muslims by closing mosques and madrassas that lack official registration and often by arresting those who appear to be too strongly committed to their faith. Even before September 11, the Washington organization Human Rights Watch estimated that some 7,500 Muslims were being held in Uzbek prisons, often for little more than wearing the long beards and caps associated with fundamentalists. When devout Muslims are punished for their faith, even moderates may believe that they must look to extremists for protection or justice.

—destabilizing its economy—

Third, mining of the borders with Tajikistan and Kyrgyzstan in the Ferghana Valley greatly damages the regional economy, for instance by cutting off roads and making irrigation across borders even more difficult. This further reduces the chances of people acquiring decent jobs in trade or agriculture, and increases the pool of discontented and underemployed men who will turn to extremists organizations such as the IMU for a livelihood and for a purpose in life.

—and alienating its neighbors.

Fourth, Uzbekistan’s inclination to seek unilateral solutions hinders its ability to cooperate fully with its neighbors to prevent terrorism and extremism. Thus, in spite of the central position of Uzbekistan in the struggle against the IMU, many in the Shanghai Cooperation Organization feared that admitting Uzbekistan as a member in June of 2001 would damage the other members’ abilities to act cohesively.

A dangerously unstable Uzbekistan—

Kazakhstan was fortunate in the 1990s that it was not adjacent to the Ferghana Valley and thus did not share Kyrgyzstan’s, Uzbekistan’s, and Tajikistan’s cross-border conflicts with Islamic extremists. As Uzbekistan’s instability increases, however, there is a greater chance that armed conflicts will spill into southern Kazakhstan. The following chapter discusses why American military action in Afghanistan and its increased attention to Central Asia is likely to increase instability in Uzbekistan, and how new roles that the anti-terrorism campaign assigns for Uzbekistan in the region could diminish rather than increase Kazakhstan’s security.

—lies out of the control of Kazakhstan.

Instability spilling out of Uzbekistan is perhaps the most dangerous external threat to Kazakhstan. Besides the strategy of anchoring Uzbek participation in regional and multilateral institutions such as the Shanghai Cooperation Organization, there is little that the government of Kazakhstan can do to prevent Tashkent from pursuing repressive and unilateral policies that make the danger of instability and rebellion worse rather than better.

Kazakhstan must take steps to prevent Uzbekistan's instability and conflict from resonating in Kazakhstan, to remove from Kazakhstan the factors that breed extremism in Uzbekistan. This theme is addressed in more detail below.

So too are its neighbors' separatist movements—

Kazakhstan has a vital connection to two of the most significant separatist struggles being waged in Russia and China. There is a small but real chance that these and other conflicts in Kazakhstan's two giant neighbors might destabilize Kazakhstan. A large Chechen population remains in Kazakhstan, descending from those whose families had been deported to Kazakhstan from Chechnya by Stalin in 1944 but did not wish to return to when given a chance in 1956. Several thousand Chechens drew on these family connections to flee to Kazakhstan during the two Chechen Wars. An even larger population of some quarter of a million Uighurs lives in Kazakhstan. The Chechens in Kazakhstan keep a low profile politically, mainly demanding better treatment or refugee status. The Uighurs are different. Almaty is headquarters to several organizations working for the independence of Xinjiang, including the United National Revolutionary Front of East Turkestan and the Organization for the Liberation of Turkestan. Uighurs based in Kazakhstan have claimed responsibility for several bombs in China.

—which could displace waves of refugees to Kazakhstan—

Kazakhstan has a vital interest in its neighbors not experiencing large-scale separatist struggles. Even before the US became involved in Afghanistan, social services in Kazakhstan have been stretched by the need to help care for the twenty-some thousand people who have fled from fighting in Tajikistan, Afghanistan, and Chechnya. Open conflicts in Xinjiang or southern Russia would cause a devastating influx of impoverished and possibly angry refugees. The birth of the Taliban in the madrassas of the Afghan refugee camps in Pakistan demonstrates how dangerous this condition can be. The wave of hundreds of thousands of refugees from American bombings in Afghanistan did not materialize in early 2002, but this does not mean Kazakhstan is any better prepared for waves that might break out in the future.

—and turn its neighbors' politics nasty.

Refugees and separatism can poison politics within a host country. China already demands the suppression of Uighur political activities inside Kazakhstan, and Kazakhstani officials are not in a very strong position to resist these demands. Of course Kazakhstan should not tolerate groups that engage in violent acts of terrorism. But many of the issues raised by Uighur groups in Kazakhstan concerns human rights issues that the Chinese government defines as terrorism: Uighur activists call for cultural, linguistic, and religious freedoms in Xinjiang, and most are committed to non-violent action. If the government of Kazakhstan cracks down on peaceful human rights advocates only because it feels it must support its neighbor's campaign against what China calls "terrorism," all the people of Kazakhstan lose. Similarly, the rights of Chechens and others in Kazakhstan to condemn the government of Russia for the brutality of its interminable campaign in Chechnya should be fully protected. The healthy, open, vibrant political culture Kazakhstan needs to thrive in the 21st century requires groups and individuals to feel free to ex-

press their views, even if — especially if — these views are unpopular with the government or with the government’s giant friends and allies.

The threat of spill-over from Russia may be receding—

Fortunately, the threat of violent separatist movements spilling into Kazakhstan from Russia seems to be less than it was in the 1990s. Perhaps the terrible Chechen Wars have signaled to other potential independence movements in the Russian Federation that even “success” would come at an intolerable price. It is likely that in the short- to medium-term the fighting in Chechnya will be resolved, most likely with a return to some form of the status quo that held from 1997 to 1999.

—while it may worsen in China.

The potential for disruption from Xinjiang will remain moderately high for years to come. In the long-term, sheer demographics are on the side of the Chinese government. The Uighurs are destined eventually to be a relatively small minority in the province. As is the case in Tibet, economic development in the region will draw ever-greater numbers of Han Chinese to Xinjiang. But they will be drawn to Xinjiang by opportunities for government-sponsored jobs from which the local Uighurs and other non-Han groups feel excluded. Thus in the short-term, this demographic shift will continue to provoke resentment and hostility, and will feed the cause of violent separatism. The greatest risk to Kazakhstan may occur if the Chinese government becomes preoccupied with some other crisis — over Taiwan, for instance, or North Korea — and separatists inside Kazakhstan and Xinjiang seek to use the opportunity to avert their impending demographic defeat.

Drugs are an external pressure—

According to President Navarbayev’s “The Stability and Security of the Country in a New Century,” a third broad security threat results because:

Kazakhstan is in the zone of drug trafficking. Thanks to its geographic position, Kazakhstan is in international drug organizations’ sphere of interests. Realizing this problem’s geographical and economical implications, we must clearly realize that the struggle with drug addiction and drug business is impossible without the help of Kazakhstani citizens themselves. Both the state and society as a whole must realize the scope of this problem.

—that damages public health—

Kazakhstan rests on top of a vast white river of opium and heroin that starts in the poppy fields of Afghanistan, flows through the Ferghana Valley into Kazakhstan, then into Russia on its way to West Europe. That this is a public health problem is undeniable. An increasing amount of this flow of drugs is winding up in the veins of Kazakhstanis. In part this is because many involved in the transshipment of drugs across the country are paid in kind, which both gives drug smugglers an easy way of using the heroin themselves and gives them an incentive to encourage the use (and thus sale) of drugs by others in Kazakhstan. Increasing rates of drug addiction strain the health and medical fields. Drugs

contribute to the increasing rates of infection by diseases such as HIV/AIDS. And drugs contribute to higher crime rates.

—and has destabilized other countries.

But is this problem of public health and criminal justice a threat to the security and stability of Kazakhstan? Based on the experiences of other countries, the answer could be “yes” since the trafficking of narcotics makes many of the other threats much worse. The Taliban in Afghanistan, for instance, has been the clearest case of how religious extremists can fund their activities with money from the cultivation and sale of opium. Kazakhstan may manage to avoid this problem better than its neighbors to the south since its geography and climate are less conducive to poppy cultivation than they are in Afghanistan, Pakistan, or Iran.

3. An Assessment of Kazakhstan's Critical Vulnerabilities

Internal factors can cause the emergence of extremism—

In his address on “The Stability and Security of the Country in a New Century,” President Nazarbayev mentions another source of danger:

The proliferation of political and religious extremism may become another serious threat at the beginning of the century. This terrible “innovation” — extremism of all kinds and shades — must not be considered an unexpected evil. It has its sources and reasons. The problem cannot be solved only by means of violence, since it causes reciprocal violence.

— and must be understood in order to prevent crises.

The previous section argued that the military conflicts most likely to threaten Kazakhstan's security in the future are dangerous in large part because of internal weaknesses and vulnerabilities, and in particular because conditions in Kazakhstan can help breed extremism. As President Nazarbayev observes, combating the proliferation of extremism requires understanding its causes. This section will examine in detail two of the most important forms of religious and political extremism threatening stability in Kazakhstan: Islamic fundamentalism and Russian separatism.

Muslims tend to be moderate in Kazakhstan —

Compared to its neighbors, many observers would say, Kazakhstan has been blessed with a healthy brand of Islam. The civil war that all but destroyed Tajikistan was at least partially rooted in religion (although tribal and regional conflicts may have played an equally significant role). There is no “Islamic Movement of Kazakhstan” seeking to establish an Islamic caliphate through violent (or for that matter through non-violent) means. Most would agree that Muslims in Kazakhstan are tolerant of other faiths, and rather secular in their behavior and outlook. That is fortunate since the high proportion of the population of Kazakhstan that is Russian corresponds to an equally high percentage of the population that is Christian rather than Muslim. Mixing ethnic and religious conflicts is dangerous, so a powerful Islamic fundamentalist movement could be particularly destructive of order and stability.

—although that was also true of countries that veered toward extremism —

Might Kazakhstan follow the pattern of growing fundamentalism witnessed in other countries in the Arab world and in South and Central Asia? Fundamentalism is usually imported in part by missionaries from other Muslim countries. It spreads through Islamic schools operated at home and in other Muslim countries. Radicals can be seen increasingly penetrating into mosques and other institutions. And fundamentalists soon gain a foothold in the government itself.

—as a result of radical missionaries —

As it turns out, patterns leading to the rise of extremism elsewhere can be seen in Kazakhstan, which has led the government to be very sensitive to warning signs that fundamentalist strains of Islam could be taking root. The collapse of the USSR was followed by waves of “Wahhabi” missionaries from Saudi Arabia, Pakistan, and other countries. (Not all have actually belonged to the Wahhabi sect, but the name has been attached to virtually any fundamentalist Muslim.) Many of these missionaries have preached more than a moral renewal of Muslims in Kazakhstan. They have called for the establishment of an Islamic state. Many of these missionaries have been deported because they lack valid visas, but far more remain in Kazakhstan. Kazakhstan’s civil code requires special accreditation for foreign missionaries. The government admits that it has a very hard time controlling illegal missionary activity and immigration into Kazakhstan, especially when it is relatively cheap and easy to purchase documents from corrupt officials.⁷

—schools—

In another development paralleling the radicalization of Islam in other societies, fundamentalist religious education is becoming more common in Kazakhstan. Many Kazakhs are studying in religious universities in Egypt, Saudi Arabia, Pakistan, and other predominantly Muslim countries. It is now no longer necessary to go abroad to learn about the fundamentals of Islam. In 2001, Egypt constructed and opened the Islamic University in Almaty.

—and political parties.

During the late 1990s Kazakhstani police uncovered cells of Hizb-ut Tahrir in mosques. Many of these organizations possessed leaflets and other written materials calling for an overthrow of the government, which would be replaced by a Muslim caliphate. Perhaps even more troubling has been the discovery of what appear to be cells of extremist Muslims in Kazakhstan’s prisons such as the Uralsk penal colony. Around the world, one of the fertile breeding grounds for radicals (not only religious) has been prisons, and with one of the highest per capita rate of incarceration in the world Kazakhstan might be particularly vulnerable in this regard.

Even some government authorities express fundamentalist views.

Many people in Kazakhstan feel troubled when signs of Islamic fundamentalism can be detected within the government. In 2000, Saudi Minister of Justice Abdallah Bin-Muhammad Bin-Ibrahim Al al-Shaykh and a delegation of legal and religious officials traveled to Kazakhstan at the invitation of the Chairman of the Supreme Court and the Minister of Justice to brief Kazakhstani government officials about how to implement shar’iah (Islamic law). The year before, according to an Egyptian newspaper, “Nazima Khatun, deputy president of the Supreme Court in Kazakhstan ... asserts that the Kazakh Muslim people aspire to have Islamic law applied in all realms of life and that the Supreme Court in her country is monitoring judicial decisions to make sure of their confor-

⁷ “Kazakhstan to tighten control over religious groups,” Moscow ITAR-TASS in Russian 0912 GMT 17 January 2002, translated at FBIS-SOV-2002-0117; “Kazakhstan: Six Wahhabi Missionaries To Be Expelled From Kazakhstan,” Moscow Interfax 7 September 1998, translated at FBIS-SOV-98-250.

mity with Islamic law, which regulates dealings among people by mutual consent.”⁸ While it is unlikely that shar’iah will be implemented in Kazakhstan, hearing these sorts of reports make Russians and many Kazakhs nervous.

Violence may break out in the near future—

So far Kazakhstan has not seen acts of violence by Muslim extremists comparable to those in Uzbekistan, Kyrgyzstan, or Tajikistan. But even the possibility that a strong strain of fundamentalism might emerge in society or influence governmental policy is enough to provoke groups such as ethnic Russians to behave defensively. It could be enough to provoke the government to crack down on these signs of emerging extremism.

—leading some to call for Uzbek-style repression—

Is it a good thing to repress the earliest sprouts of extremism before they fully blossom? How should the government of Kazakhstan respond to the possible rise of extremism? One answer is clear: It should not follow the repressive path of Uzbekistan. President Nazarbayev recognizes this when he says, “the problem cannot be solved only by means of violence, since it causes reciprocal violence.” But it may not only be violent repression of fundamentalists that causes a deepening of the danger in Kazakhstan. The government of Uzbekistan has razed hundreds of unofficial mosques, and has often made the practices of pious Muslims subject for criminal penalties. It thus has unintentionally increased support for extremists among moderate Muslims. Kazakhstan could risk doing the same, particularly if it follows the Uzbek patterns of repressing legitimate dissent by secular as well as religious opponents of the regime.

—which may backfire even if Kazakhstan’s repression is less heavy-handed than Uzbekistan’s.

But it is not necessarily the violent means alone that had the unintended consequence of increasing support for extremists in Uzbekistan. Using legal or financial means to suppress fundamentalist mosques could have the same effect in Kazakhstan. These actions could reveal that the government feels weak and threatened by extremists, and thus give them more credibility among potential converts. A similar effect could come about by the recent decision to call back all young men from Kazakhstan who are studying in religious schools abroad. These actions could indicate to many that the Spiritual Directorate of the Muslims of Kazakhstan is a political instrument of the government, and that the government is unable to address the root causes of the appeal of extreme forms of Islam.

Look at “new religions”—

Contrast the possible suppression of Muslim fundamentalism with the current treatment of “foreign religions” such as Hare Krishna, Jehovah’s Witnesses, and Christian Scientists. Many in the government as well as the Chief Mufti advocate cracking down on these organizations. Some say these “cults” are carrying out political work, others that they are taking advantage of poor and vulnerable people in Kazakhstan by offering finan-

⁸ “Implementation of Islamic Law in Kazakhstan,” from London Al-Sharq al-Awsat in Arabic [Internet Version] 5 October 1999 p 16, translated at FBIS-SOV-1999-1007.

cial inducements or a false sense of community.⁹ Kazakhstan is not alone in this controversy. Similar charges are made against these organizations in such diverse countries as Russia, Germany, and even the United States.

—to see how crackdowns can backfire.

Suppressing these religious organizations may be intended to defuse the appeal of aggressive and defensive Muslim extremists by demonstrating that the government of Kazakhstan is not allowing Islam to be crowded out by these new upstarts. Cracking down on these minor religions may or may not have the unintended side effect of increasing the number of their supporters. But it will surely lead to further condemnations of Kazakhstan by human rights and religious organizations in the West. And it will not address the fundamental social problems that are contributing to the rapid spread of these organizations.

They win converts because they provide financial support—

Let's examine some of what President Nazarbayev calls the "reasons and causes" for the rise of extremism. While religious decisions are intensely personal and thus differ from individual to individual, it is possible to make some generalizations and suppositions. Many of these new religions find supporters both among educated young people and among the poor. As the Chief Mufti and others claim, some of these organizations do provide material assistance to the poor and needy. Charity indeed is a core belief of many religions, including Islam. But the real problem is not that these organizations provide support to poor people. The real problem that must be addressed is that there are so many poor people in Kazakhstan who need support, and are not finding it from the government or the labor market.

—as well as meaning for lost souls—

For many, including even educated young people, new religions help make sense of a confusing new world. Given the extraordinary changes Kazakhstan has experienced in the past ten years and the uncertainty about what will happen in the future, it should not be surprising that some disoriented people grasp for new means of explaining their lives. New religions can provide this framework.

—confused by the collapse of old values in a new country.

In a similar way, for all that they have gained in the past ten years of independence, inhabitants of Kazakhstan have lost something as well. Before 1991, they were an important part of one of the greatest countries and empires the world has ever seen. After independence, they suddenly found themselves living in an underpopulated and very poor country. New religions might provide some individuals with a sense of again being part of a grander and more significant enterprise.

⁹ See Roman Podoprigora, "Religion in Kazakhstan: A General View," *Brigham Young University Law Review*, v. 1999 no. 2 (1999): pp. 581-588.

Poverty contributes—

These possible reasons for the rise of new religions in Kazakhstan are even more relevant for explaining the reasons and causes of Islamic extremism in Kazakhstan and elsewhere. All analysts agree that poverty is one of the leading causes for individuals to turn to fundamentalist Islamic movements. This goes beyond religious organizations providing food, money, and clothing to those who are in need. In many countries they can provide job opportunities for unemployed young men, a demographic group that across the world has provided a dangerous recruiting pool for violent extremist movements.

—since extremist religions explain why poverty exists—

Kazakhstan's dislocating changes and the abrupt emergence of persistent poverty and joblessness does more than create a need for jobs and money. Religious organizations offer an explanation for why society is suffering from poverty and other social ills. They argue that poverty is caused by the immorality of society, the apostasy of most believers, the corruption of government officials, or the machinations of infidels abroad. Material assistance combines with an explanation of suffering to produce a potentially volatile mix. Preaching moral purity and austerity brings into stark relief the failure of corrupt and impure institutions. Into this mix, religious extremism can add a sense of greater, even cosmic, significance to a sense of unfairness and injustice. The result, as we have seen elsewhere in Central Asia, can be quite dangerous.

—which indicates poverty reduction is a place to start—

What should be the solution to the threats of instability posed by Islamic extremism? Address the fundamentals, not surface symptoms such as the length of beards, or even the violence of rhetoric. Poverty and joblessness is the place to start. Families with enough to eat, with confidence that they will not be without a home, with an adequate safety net into which they can fall if they face misfortunes will not need to turn to mosques or cults for financial assistance when they are in need. Making sure that young men have an opportunity to find decent jobs will help dry that pool of potential violent extremists.

—by making sure everyone can be self-sufficient—

Providing access to other social resources is critical as well. Many individuals are driven to enroll in religious schools in Kazakhstan and abroad by a genuine desire to immerse themselves in their faith. But they should not feel that they must seek out religious schools because government-funded schools are unavailable or inadequate. Religious schools should not be the only way people in Kazakhstan feel their children can learn to read or write, or to make a better life for themselves.

—and by cleaning up a government held responsible for poverty—

Radical or extreme religious movements can be seen as indicting the government, even if they avoid the language of politics. Relatively prosperous and secure governments can find this sort of challenge troubling. Witness how China has responded to the rise of Falun Gong. Of course, even more than Falun Gong or the new cults in Kazakhstan, radical Islam is explicitly political. Thus using governmental instruments to suppress unofficial

fundamentalist Islamist organizations backfires if it discredits both government and official religious bodies as inherently corrupt and in need of overthrow. On the other hand, cleaning up official corruption and lawlessness can undermine one of the most effective mobilizing devices extremists possess. Preventing the growing appeal of religious extremism is one of many very important reasons why Kazakhstan should address corruption in public life.

—before what is happening in Uzbekistan infects Kazakhstan.

If Kazakhstan were an island cut off from the rest of Central Asia, Islamic extremism would probably not be a problem. But it is not an island. It borders Uzbekistan, which may become much more unstable in the coming years. South Kazakhstan will be increasingly vulnerable if these problems are not addressed soon.

Ethnic extremism is another threat —

In 1999, police in the northeastern industrial city of Ust-Kamenogorsk arrested 22 Russian-speakers for conspiring to overthrow violently the government and to establish an autonomous republic in the region. Did this incident foreshadow the possibility of Russian nationalism and separatism? Does it indicate that Kazakhstan might find itself in the position of Bosnia, with a disgruntled ethnic minority seeking either to win independence for itself or to break off in order to unite with their co-ethnic brethren in a neighboring country?

—with many Russians complaining about their situation—

Many ethnic Russians in Kazakhstan complain about their situation, both in private conversations and sometimes in public demonstrations. They claim that the departure of as many as two million Russians and other Slavs as well as ethnic Germans proves that they experience active discrimination and oppression. They say that they fear increased levels of Kazakh nationalism or greater intrusions of Islam into their public and private lives. They point out the injustice that Russians comprise 30 percent of the country's population but possess only eight percent of government positions. Even though the government has backed down from previous efforts to make the Kazakh language a more mandatory part of public life, Russians worry that this simply shows how vulnerable they are to being excluded from opportunities the next time the government decides not to back down.

—even though they have it better than other Russians in the former USSR.

Hearing complaints of this nature may seem surprising, particularly to those who have spent time in societies that really are divided by ethnic conflicts. The Russian language is nearly universally spoken, at least in the parts of Kazakhstan where Russians reside. In fact, knowledge of the Kazakh language among Kazakhs is so limited that the country would no longer function if speaking Russian were to be suppressed. Russians seem to have plenty of economic opportunities in Kazakhstan. In marked contrast to the self-segregation of Slavs and Albanians in Macedonia, Kazakhs and Russians mingle easily in shops, restaurants, workplaces, and neighborhoods.

Both nationalist and religious extremism —

So why worry about Russian nationalism and separatism? In part, the rationale for Russian political extremism is similar to that for Islamic religious extremism, although the groups that find these two forms of extremism are quite different. In both cases, individuals respond to an argument that says:

1. We are a special group.
2. We are being oppressed, denied opportunities and discriminated against precisely because we are special.
3. This oppression is unjust and illegitimate, and as long as the existing rules and authorities are in place, we will continue to be oppressed.
4. If we act together as a group, we can do better for ourselves.
5. This is so important that any means (including violence) may be justified to correct the situation.

—say “we are a special group—

Russians believe (correctly) that they are bearers of one of the world’s great civilizations. Many believe (incorrectly) that they are responsible for bringing civilization to Kazakhstan in the first place. Some still believe that Kazakhstan has no right to exist as a country. More probably believe that there is no reason why the parts of northeastern Kazakhstan that have historically been populated by Russians had to belong to Kazakhstan rather than the Russian Federation when the USSR disintegrated in 1991.¹⁰

—that is being oppressed because we are special.”

Have Russians been discriminated against in an independent Kazakhstan? It is likely that many former members of the nomenklatura believe they have been. Before independence Russians and Kazakhs occupied different sections of the ruling elite. Ethnic Kazakhs were more heavily represented in the higher ranks of political, Party, and government institutions. Ethnic Russians, by contrast, predominated in the economic sphere, within the directorate of the large state-owned (particularly Union) enterprises. After independence, the two portions of the nomenklatura went different directions. The Kazakhs were able to hold onto their political power. At the same time, they could use their connections in the privatization process to translate that political clout into economic control.

Ten years ago Russians lost power and status —

After the USSR collapsed and as a new economic system began to take shape, the Russian former “red directors” were unable to keep their gigantic enterprises afloat. They lost out to the new cohorts of politically connected Kazakh entrepreneurs. The primary asset still held by the old Russian-speaking economic-based nomenklatura was social capital, informal linkages and ties to Moscow-based enterprises and businessmen. For this former economic elite, then, the Russian Federation appeared to offer far more opportunities than

¹⁰ See the summary of the arguments and analyses of Russian sociologist Vladimir Barsamov, in Henry E. Hale, “Kazakhstan and the Logic of Post-soviet Irredentism,” at www.fas.harvard.edu/~ponars/HaleKazak.html; and Jean Houbert, “Russia in the Geopolitics of settler Colonization and Decolonization,” *Round Table* no. 344 (October 1997): pp. 549-562.

remaining in Kazakhstan. Watching the upper levels of the economic elite flee for Russia may have led middle level Russian specialists and skilled workers to believe they had no future in Kazakhstan either, especially since they were more likely to work in the large enterprises and industries that were hurt most badly during the first years of economic transition.

— and now they mistakenly think it is because they are Russians.

In such circumstances, it might be easy for some Russians to conclude that they and their fellows were suffering because they lacked the right connections, or because they were not Kazakh. Because they were Russian. Was this an accurate perception? In part it was: everyone in Kazakhstan observes that family, clan, and regional ties matter very much in distributing the spoils of one's position. But this exclusion was not directed specifically against Russians as Russian, since other Kazakhs without the proper clan and family connections were similarly excluded. The absence of pervasive discrimination against Russians in Kazakhstan can be seen in the fact that many Russians have moved directly into the economic spaces vacated by those who emigrated to Russia. More tellingly, as Kazakhstan's economy began to improve in the late 1990s, more than 100,000 Russians returned to Kazakhstan from Russia, where they had not managed to flourish.

Nationalists haven't attracted much support from Russia—

It is possible that many overt protests by Russians over their oppression in Kazakhstan have been directed not toward the Kazakhstani governmental authorities, or even toward other Russians in the country who can be mobilized behind their cause. Some protests may have been directed toward the ears of Russian authorities in Russia. When Kazakhstan and the other former Soviet Republics became independent, many feared that Russian nationalist demagogues would try to obtain political power in Russia by appealing to the abuse of Russians in the "near abroad." The government of the Russian Federation would thus be drawn into protecting the rights of mistreated Russians stranded outside of the Federation. If this was the strategy, it did not succeed. The 1990s was a decade of relative indifference of ordinary people and political leaders in Russia toward their brothers in neighboring countries. This was true of Russians abandoned without citizenship and complete economic and political rights in Latvia and Estonia. It was true of Russians who were fairly well integrated into the economy and society of Kazakhstan.

—but will continue complaining—

Facts are facts, but in matters of ethnic discrimination perception is reality. So long as ethnic Russians feel they are suffering because the rules of politics and economics penalize those who are Russians, there will be a potential for Russian nationalist extremism. That potential seems unlikely to erupt into violence, however, so long as they continue to have ample opportunities for a better life economically and so long as they are not treated in a demeaning manner by the state. Thus it is not surprising that few Russians in Kazakhstan expressed much sympathy or solidarity with the Ust-Kamenogorsk conspirators. Some Russians in Kazakhstan complained that the punishment of those plotters who were convicted was too severe; the government accordingly reduced the sentence for most of them.

— **in part because of the logic of extremism.**

Return to the logic of extremism that drives both the fundamentalist Islamic and Russian nationalist versions.

**Table 1:
The Logic of Religious and Political Extremism**

Structure of argument	Islamic extremism	Russian nationalist extremism
1. We are a special group	The true faithful	Bearers of great civilization
2. We are being oppressed, denied opportunities and discriminated against because we are special.	Believers not allowed to worship properly, Muslim countries mistreated by secular and Christian West.	Russians are denied jobs or government positions; Kazakh language could be given special status.
3. This oppression is unjust and illegitimate, and as long as the existing rules and authorities are in place, we will continue to be oppressed.	Discrimination against the faithful is unjustifiable, and a government dominated by non-believers and by Western countries cannot possibly implement Islamic law.	Predominantly Russian areas shouldn't be part of Kazakhstan, and as long as clan-oriented Kazakhs run the country, Russians will be excluded from opportunities.
4. If we act together as a group, we can do better for ourselves.	Muslims can cooperate with others in Kazakhstan, and with other believers from around the world.	Appeals can be made to ethnic Russians in Kazakhstan and to the government of the Russian Federation.
5. This is so important that any means (including violence) may be justified to correct the situation.	Neither a corrupt government nor non-Muslim outside powers will give up power without violence.	Kazakhs will not sacrifice their power without a struggle.

—**Refuting extremist arguments may be less effective—**

How can these potential eruptions of extremism be prevented? Efforts to convince individuals that important components of their identities are not special are certain to backfire. They will be seen as further efforts to disrespect and demean those who already feel oppressed. Likewise, trying to prevent Muslims or Russians from cooperating with one another to change what they consider to be unjust rules or rulers will also risk increasing the appeal of nationalist or religious extremists.

—**than expanding opportunities for everyone.**

More fruitful will be to ensure that all groups feel they possess a wide range of opportunities to better their lives. In so doing, it will be possible to remove sources of grievance and discontent for many. It also will be important to channel discontent into peaceful and legitimate forms of political activity. This is the opposite of Uzbekistan's approach, which is to make criminal virtually all opposition to the existing government. Only by making political activity (both for and against the existing authorities) open and subject to clearly defined rules will it be possible to achieve President Nazarbayev's goal of not encouraging a violent response through the use of violence.

The drug trade thrives on the factors that contribute to extremism —

Kazakhstan is unlikely to avoid another threat to its stability: the risk of large-scale political corruption connected to the drug trade. The profits that can be realized from drug trafficking dwarf the salary any government or law enforcement official can hope to be paid legally. Bribery is unavoidable where drugs flow, and this weakens the state. This is all the more reason why small corruption should not be tolerated, so that the grand corruption that enervates the very fiber of the state will be easier to spot.

— including chaos and disorder—

What can most jeopardize the security of Kazakhstan is that smugglers require disorder to survive. Preventing the flow of drugs requires secure borders, peaceful and cooperative relations between international neighbors, incorruptible officials. In 2001, it seems clear that Albanian thugs involved in smuggling drugs, arms, and women across the border of Kosovo and Macedonia became convinced that normalized relations and demarcated borders between Kosovo and Macedonia would disrupt their illegal trade. To prevent these conduits from being obstructed, they contributed to a near civil war in Macedonia. Other cases of drug smugglers feeding upon chaos can be seen from Colombia to Burma.

— which indicates the threat of a union between drug traffickers and extremist agitators—

It is easy to imagine drug traffickers through Kazakhstan manipulating the grievances of fundamentalist Muslims for their own purposes. Illegal activities such as smuggling or violent crimes provide a form of work for the underemployed men who are perhaps the most dangerous targets of religious extremism. It is interesting to note that the Wahhabi missionary uncovered in the Uralsk penal colony was an ethnic Tajik imprisoned for drug smuggling.

— all appealing to the desperately poor.

This implies that part of the strategy to defuse drug trafficking as a national security threat will parallel the strategy to defuse religious and political extremism as security threats. Make decent jobs widely available in order to drain the reservoir of potential recruits to violent illegal activities. Try to reduce large pockets of poverty, particularly in places where people are likely to blame the government and other officials for their misfortune. In this way, it will be easier to keep drug trafficking limited to a manageable challenge to the health of Kazakhstani society and individuals, and not allow it to turn into a fundamental security threat.

Kazakhstan's most important critical vulnerabilities are political—

A final set of threats identified by President Nazarbayev is probably the most important, although not necessarily for the reasons he thinks.

We must be on watch for forces attempting to seize the power by unconstitutional methods. Yes, we will probably commit mistakes. Only future historians will be able to evaluate our age objectively. But there is one truth that has been formu-

lated in a similarly crucial time: "the road to the Hell is paved with good intentions." To start internal conflicts when the country is in a very fragile and unstable environment is a way to Hell. Anyone who wants to understand this can look at our neighbors' tragic experiences. Or look at the past, where there are plenty of examples of national breakdowns. We will not commit the same mistakes.

Throughout the world a recurring pattern during social crises and complex humanitarian emergencies is a breakdown of order and an attempt by armed groups to overthrow the government.

—resulting from ambiguous rules of the game—

The problem is in the word "unconstitutional." A constitution defines the basic rules of the political game. One of the basic elements is the terms of competition for political power. While it may appear to be chaotic or worse, competition is vital for a healthy open political system. Political competition stimulates the articulation of new ideas and policy innovations. It permits an open airing of grievances rather than allowing them to fester underground, the source of secretive plots. Competition is what holds authorities accountable for their actions, and exposes corruption to the light of day. The constitution tells political participants how competition is to be carried out, and what is the object of competition. It tells the populace what are improper or illegitimate forms of competition and how these improper forms should be prevented. Some of the themes that a constitution defines include:

- ⇒ Succession from one office holder to the next. How should officials be chosen, and when?
- ⇒ Scope and purpose of elections
- ⇒ Division of powers between various offices and branches of the government.
- ⇒ How to recognize and punish corruption by government officials.

—which can contribute to extremism—

None of these issues are clearly defined, complain many who observe and who participate in Kazakhstani politics. Without this basic definition, it is impossible to determine when a political player is legitimately and lawfully seeking political power and when this player is trying to overthrow the regime. One implication of this lack of definition is that some individuals and groups feel they have been unjustly excluded from political competition and thus have no stake in operating within even the loosest rules.

—especially when everything can be acquired through politics.

This situation gets more dangerous when access to certain valuable resources comes only through possessing political power or connections to those with power. This can mean participating in privatization of state assets, or obtaining well paying employment, or acquiring permission to worship according to one's faith. When the power of the state is clearly defined and limited, the exclusion of groups from political competition is problematic, particularly for a system that aspires to be a democracy. But when political power is apparently the only means to prosper or even survive, exclusion from competition can be dangerous and intolerable.

The result elsewhere is violence—

In many parts of the world, this poorly defined yet very high stakes competition for political power has grown deadly, especially as the means of violence have been decentralized and more widely distributed. A relatively small group that is dissatisfied with its place in the political system has no difficulty acquiring a very large number of weapons. It requires little specialized knowledge or skills for terrorists to kill large numbers of people and to inflict irreparable damage to society and the economy.

—as seen next door in Uzbekistan.

It is clear how dangerous is the threat President Nazarbayev identifies. The threat of unconstitutional struggle for power is magnified greatly by the unconstitutional nature of politics in general. When the rules are not defined, almost any challenge to the existing powers is seen as an unconstitutional threat to the very bases of order. The result of such a situation are apparent next door to Kazakhstan, in Uzbekistan, where dissenters of many varieties are inexorably pushed toward extremists. In such conditions, information itself becomes a valuable weapon in political struggle, rumor replaces news, and bad decisions are assured.

The danger is not too much political competition, but rather too little.

4. Troubling Blind Spots about Potential Domestic Crises

Respected and influential outsiders foresee for Kazakhstan—

Some of the world's most respected Central Asian experts from two of the leading research institutes in the United States were commissioned by the Joint Chiefs of Staff of the US armed forces to conduct a *Strategic Assessment of Central Eurasia*.¹¹ In order to highlight the dangers facing Kazakhstan and its neighbors, they laid out several possible scenarios, series of events that might occur in the near future. The pictures are not pretty. "The Breakdown of the Tajik/Uzbek Order" foresees chaos from Afghanistan destabilizing Uzbekistan and Tajikistan. "Widening of War in the Caucasus" predicts countries in the region being sucked into war between Armenia and Azerbaijan. But these may not be the most pessimistic of the scenarios outlined.

—a "nightmare scenario"—

Because of the stature of the researchers and their institutions, and because this assessment has already begun shaping the thinking of the American military, it is worth reproducing in its entirety their nightmare scenario, "The Disintegration of Kazakhstan."

The Disintegration of Kazakhstan

An economic crisis in Kazakhstan, as it approaches a presidential election, consolidates the opposition, mainly Russian, around former prime minister Kashegeldin or a similar figure. Nazarbayev wins the election with massive fraud denounced by international election observers. Riots begin in Almaty and in Russian cities in the north, egged on by reckless nationalist politicians. The Kazakh army and police disintegrate along ethnic lines (as in Bosnia); many weapons end up in the hands of Russian and Kazakh ethnic militias and criminal gangs. As in Bosnia, ethnic cleansing begins in the Russian and Kazakh controlled areas. People are dying from sniping, rocket attacks and massacres (all reported by CNN). Russian and world opinion is aroused: it looks like Bosnia 2,000 miles wide. Russian volunteers cross the border, disavowed by the Russian government but with the known complicity of the security police, domestic intelligence (GRU) and some provincial governors. A "Russian Republic of North Kazakhstan" is proclaimed at Öskemin (Ust-Kamenogorsk). President Nazarbayev calls for US intervention, and the party out of power in the United States clamors for it.

Such a model of national disintegration in Kazakhstan corresponds to the "ethnic idea" in debates on the future of Russia: that is, the notion that Russia should not be a multinational state, but should unite the Slavic populations in the former Union Republics. It repeats a pattern displayed in Croatian Krajina, Bosnia, Transdnier, Abkhazia, South Ossetia, Prigorodniy Raion of North Ossetia and Karabakh. The ubiquity of this pattern under different cultural and political conditions suggests that it is latent in post-communist societies where there is ethnic

¹¹ Charles Fairbanks, S. Frederick Starr, C. Richard Nelson, and Kenneth Weisbrode, *Strategic Assessment of Central Eurasia* (Washington: Atlantic Council and the Central Asia —Caucasus Institute of Johns Hopkins University, 2001).

conflict, competition over privatized resources and disintegration of the state in the presence of strong interested powers that do not wish to intervene openly. It might not require Russian planning or inspiration from the beginning to take place.

The essence of Russia's role in this scenario can be understood by recalling the Serbian strategy in Bosnia. International opinion and the disintegration of the Yugoslav National Army did not allow a classical invasion. The solution — which was happening spontaneously anyway — was propaganda from Belgrade to exacerbate ethnic hatreds, followed by the formation of Serb militias in Bosnia and Croatia, reinforced by semi-criminal armed extremist groups, weapons and professional officers from Serbia proper. Because the militias had limited capabilities to carry out regular warfare or to take prisoners, and because of ethnic hatreds and simple greed for the apartments and possessions of their neighbors, the war's main modality was the ethnic cleansing of non-Serbs from Serb plurality areas. In Abkhazia, the ethnic cleansing of the plurality nationality was carried out by one of the smallest minorities.

Now transfer this pattern to northern Kazakhstan. The Russian (or Slavic) community, essentially equal in numbers to the Kazakhs and used to ruling on an all-Union scale, finds itself displaced from power, treated unequally in employment, privatization and identity issues, and threatened over the long run with a kind of slow ethnic cleansing. The increasingly authoritarian rule of Nazarbayev is denying the Russians the voice that even a minority has in a democracy. The economy is as bad as in Bosnia, creating an incentive to plunder neighbors. The Kazakh army, which has been plagued by recurrent problems of discipline, looting and desertion, is too weak to cope with mass disorder in the north. About 25 percent of the officer corps, including most of the professionally trained officers, are ethnic Russians with ties to local, largely Russian communities. If the army were ordered to shoot down Russian protesters in the streets, it might fragment into ethnic components that would join ethnic militias or give their arms to them, as in Bosnia and elsewhere.

The most important thing, though not the only thing, that has been lacking for such a scenario to develop has been the Russian government. The Russian political elite, though exploiting the issue of Russians abroad rhetorically, has had little interest in their real fate — but also has not yet been presented with a serious challenge along these lines. The scenario assumes an authoritarian Russian government that has embraced the “ethnic idea,” perhaps after disappointments with current experiments in “state” reintegration. Russia already has the resources that are necessary to win. There are plenty of skilled officers, equipment and ammunition; when liberated from the decaying carcass of the Russian army and engaged in a genuinely popular struggle, both groups of Russians will show their qualities more effectively. Russia has already organized or aided militia wars in Transdnier, Abkhazia, South Ossetia, Prigorodniy Raion, Karabakh and Tajikistan; only in the first stage of the Chechen war was there a total failure. Vicious paramilitary groups of the (Serb) Arkan type, such as Barkashov's Russian National Unity, exist. Russia has the hidden connections on the ground and with the other sides that were used by Serbia to manipulate the war. Russia does not have to be better armed or organized to carry out this type of policy.

Whatever the outcome, this scenario would pose major dilemmas for the United States. Both the Russian and Kazakh publics would demand the unconditional

sympathy of outsiders and would be bitter if it were withheld. There probably would be sympathy with the Kazakhs elsewhere in Central Asia, and perhaps elsewhere in the Islamic world, leading to Islamic fundamentalist volunteer forces as in Afghanistan, Bosnia and Chechnya. The numerous atrocities and populations at risk would engage Western sympathy, but attempting to translate that sympathy into policy would face all the difficulties of Bosnia, with the addition that Russia is a much larger power than Serbia and that the geography is even more problematical. As in earlier “near abroad” interventions, the Russian role would be deniable. The party most responsible, the Russian government, would also have the greatest power to create (or obstruct) a settlement.¹²

A frightening future indeed, although at least some of the authors of *Strategic Assessment of Central Eurasia* could be even darker in their imaginings.¹³

—made up of all too plausible elements—

Part of what is distressing about this possible future, the authors make clear, is that each piece is all too imaginable. We have witnessed spiraling ethnic conflict in what once was Yugoslavia. We have seen around the world how economic crisis contributes to dissatisfaction and crisis. Opportunists and demagogues frequently try to take advantage of unstable situations. Russia has been observed fomenting ethnic and separatist movements elsewhere in the former USSR.

—that lead to a cascade of crisis.

Equally disturbing is the logic of instability building on instability to set off a chain reaction. Once individuals are rioting in the streets, violence may seem like the only way to restore order. But violence used by the state can provoke violent responses from various groups in society, especially if they think they have to defend themselves and their families. Instability in Kazakhstan will open the door to outside powers (including the United States as well as Russia) to try to protect their interests, even if it means continuing rather than defusing the crisis. By this time, little can be done to stop the cascade of crises.

But in such bleak predictions too much lies outside Kazakhstan’s control—

In this nightmare scenario, however, Kazakhstan seems too helpless, too much a victim of forces outside its control. Perhaps clean elections would have prevented this particular crisis, but perhaps not. Grievances by the Russian minority in Kazakhstan seem strong and apparently are simmering independently of how the government counts votes. Worse still, the government of Russia appears to be lurking in the wings, ready and eager to take advantage of any disturbances to the South.

—which can result in defeatism and despair.

What could the government of Kazakhstan have done to avert this possible future? Maintain even tighter repression, perhaps, not allowing even the openness of a rigged election.

¹² *Strategic Assessment of Central Eurasia*, pp. 68-69.

¹³ See, for instance, S. Fredrick Starr’s 1995 article, “Gloomy Thoughts: Scenarios for a Meltdown in Central Asia and the Caucasus,” at <http://www.sais-jhu.edu/caci/Publications/Gloomy%20thoughts.htm>.

Prevent ethnic Russians from going into the streets where their protests might spiral into destabilizing riots. Even if these preventive measures were to have been taken, the authors still assume that powerful forces in Russia are going to try to take advantage of any weaknesses. There seems to be little room for cooperative strategies. It's a relief that the authors recognize that this scenario is "admittedly extreme and unlikely" ... but all their recommendations targeted at American military and political leaders assume that this scenario should be treated as likely to occur in reality.

Although the external threats are very important—

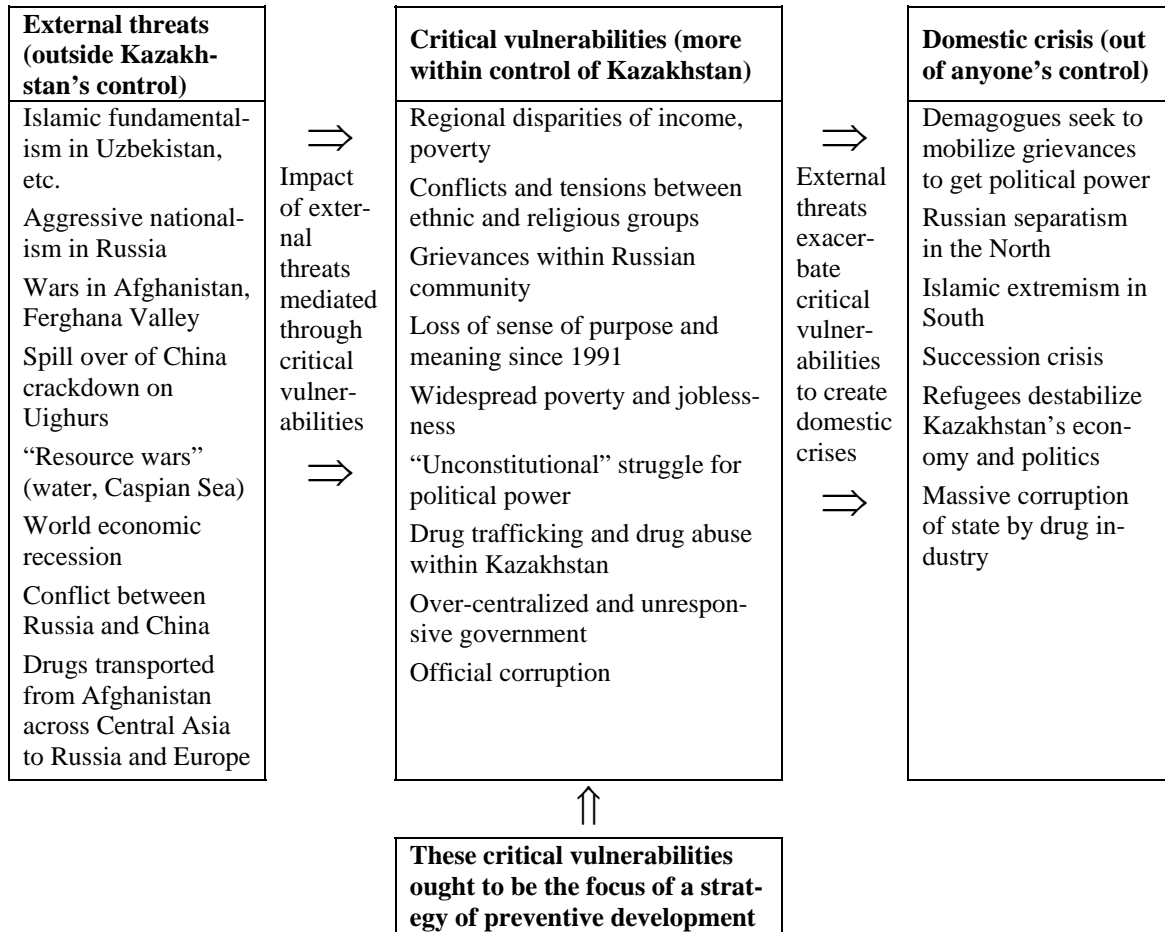
We propose a different way of looking at Kazakhstan's challenges and choices. It is indeed vital to look at the external threats facing the country with a clear eye, even if they are not within Kazakhstan's control. If it emerges as a potent political force, aggressive Russian nationalism in Moscow will have little to do with the policies of the government of the Republic of Kazakhstan. There will be little Astana can do to prevent (or probably to provoke) the Chinese government to crack down on Uighurs and other minorities. How much could Kazakhstan have done to prevent the attacks on September 11, or to have changed the retaliation of the United States against those who were responsible?

—and the possible domestic crises truly frightening—

Once they have started building on each other, domestic crises can be difficult to stop. The authors of the *Strategic Assessment of Central Eurasia* have ample examples from around the Balkans or Central Asia that illustrate the sort of escalating disaster they think might happen in Kazakhstan. In fact, these examples are what make the domestic crises so vivid. We have seen them happen even in Bosnia, before communism's collapse a more prosperous and to all appearances more stable society than today's Kazakhstan.

—focus on the critical vulnerabilities towards which action can be directed.

There is a crucial middle piece of the story that links external threats and pressures to the possibility of domestic crises rolling out of control. External threats will not sweep across Kazakhstan like invading armies. They will place stresses on domestic weaknesses and fragile elements of the social order. External stresses will lead to crises if a weak government is too rigid to respond to these stresses with imagination or courage. They will provoke social disorder if a significant portion of the population of Kazakhstan feels itself excluded from opportunities for better lives, and if they blame other groups for excluding them from these opportunities.



Kazakhstan's problem results in part from its government's blind spots—

This model of external pressures and threats mediated through critical vulnerabilities appears to inform the government's understanding of the potential crises it faces. This is good. Such a model draws attention toward factors that can and must be addressed seriously to prevent crisis. Unfortunately, for several reasons the government of Kazakhstan seems not to understand properly the dangers it is facing. It seems in fact to possess blind spots, features of reality that it cannot or does not want to look at carefully.

—about the causal mechanisms of these critical vulnerabilities—

One blind spot results from the sheer complexity of how external pressures and threats can be transmitted through the country's critical vulnerabilities. This is not necessarily surprising, these are complicated questions that are not well understood by social scientists. The risk is that even raising these questions itself seems threatening or dangerous.

—and about what it means to be an "insider"—

An example of how posing questions about Kazakhstan's critical vulnerabilities can seem dangerous is the issue of who are insiders and who are outsiders. One of the reasons Kazakhstan has experienced so little social conflict in its ten years of independence is because the Nazarbayev government has worked so hard to make ethnic Russians feel that Kazakhstan is their country. Likewise, citizens are (with the exception of adherents of the "new religions") allowed to worship as they wish, whether they are Muslim or Christian. Anyone who follows the rules and is willing to be tolerant of other groups is welcome to be a full fledged member of Kazakhstan. This is an admirable effort to be inclusive. But it does not allow an examination of those grievances and discontents felt by Russians or Muslim fundamentalists in Kazakhstan.

—or an “outsider.”

It thus becomes easy to marginalize discontents, to treat those who are unhappy with the current situation as outsiders, perhaps even as outsiders who threaten the stability and security of Kazakhstan. In this way very important questions are excluded, such as how some individuals have lost a sense of meaning and purpose since the collapse of communism and the Soviet Union. Thus it becomes much more difficult to understand the possibly extremists beliefs and ideologies that might fill such a void.

The severity of possible crises—

There can be no doubt that the stakes for Kazakhstan are serious. The authors of the *Strategic Assessment of Central Eurasia* are correct: if things start to go badly, they will be difficult to turn around. Ethnic conflict, regional separatism, violent conflict over governmental succession, the rise of narco-terrorism and massive corruption because of the large amounts of money involved in the drug trade These and more crises could be in store for Kazakhstan if it adopts wrong-headed policies.

—is used as an excuse *not* to address critical vulnerabilities.

In particular, fear of possible crises seems to be a reason to open the political system to greater competition. To do so might spark overt expressions of ethnic resentment or hatred, or might lead to violent conflicts as political rivals used any means available to achieve their goals. Decentralizing political authority to local levels could lead to separatist pressures as Russians and other ethnic minorities demand even more control over their political fortunes. Fear that demagogues might try to whip up popular outrage over official corruption can be an excuse not to try to clean up the government.

That blind spot may have become much more dangerous after September 11.

Chapter 3

Changes in Kazakhstan's Security Environment Since September 11

Summary

September 11 changed the world dramatically, as the US began to redefine the geopolitics of Central Asia in order to defeat extremists posing a threat to all regimes in the region, albeit at the risk of provoking further instability from refugees or fanatic warriors dislodged from Afghanistan. The long-run consequences remain uncertain for Kazakhstan.

Change #1: *America has noticed Central Asia.* After a decade of relative neglect, the United States suddenly cares about Central Asia—which can be dangerous if its interest in the region shifts and it leaves disorder behind. The US is expected to behave in new ways: first, by showing compassion and empathy; second, by creating new order out of chaos; third, by contributing to international law that will govern this new world; and fourth, by providing justice to groups whose conflicts may be irreconcilable. If the US walks away from a damaged region, the governments and people of Central Asia will reap the consequences.

Change #2: *A new US-Russian partnership?* Russia emerged as an important partner in the American coalition, complying with American desires in other areas as well, perhaps foreshadowing Russia serving as an American proxy in Central Asia. Resentment by Russian hard-liners in some ways resembles Muslim fundamentalists' anti-Americanism, but it cannot change the reality of American power. The US role in the region will depend on decisions made in Washington, not Moscow or Central Asia. The exact nature of Russia's junior partnership depends on whether and how the US leaves the region.

Change #3: *Resource war as a continuation of pipeline politics by other means?* Energy resources may not have caused the war, although oil certainly is an issue, especially for Kazakhstan. The new pattern of alliances may change the US government's preferences that pipelines from Kazakhstan bypass Russia, although Washington's initial warming to Iran quickly chilled. Kazakhstan may benefit slightly from the change in pipeline politics, but it will still be vulnerable to power calculations of outsiders.

Change #4: *Ferghana Fragility?* The Americans singled out the Islamic Movement of Uzbekistan in order to encourage Karimov's cooperation. Some feared the war in Afghanistan would make the Ferghana Valley less stable because of an influx of al Qaeda fighters fleeing the American onslaught. The death of Jama Namangani and the loss of its Afghan support framework may cripple the Islamic Movement of Uzbekistan, unless the government again drives its opponents into the extremists' camp. Increased American attention may prove a mixed blessing for the Karimov regime, one that decreases stability in the Ferghana Valley.

Change #5: *Drug Disruptions?* The Central Asian drug trade will change as opium production in Afghanistan may revive, or shift to Tajikistan or Kyrgyzstan. The international community must at the same time provide alternative

crops for farmers, punish warlords who encourage poppy cultivation, reduce demand for heroin in Europe, and disrupt transportation networks across Central Asia. But the result could be increased governmental corruption.

Change #6: *The redefinition of Islamic identities.* Even though Western leaders said they were not waging a crusade against Islam, anti-American feeling in much of the Muslim world has increased. This need not translate into Muslim extremism in Kazakhstan, where political and economic factors will matter much more.

Change #7: *China's uncertain place in Central Asia.* China's response to American actions has been quiet, and it has seen its friends falter while its rivals gain. It has been eclipsed by the US in Central Asia, in part because American actions may make it easier for China to handle its Uighur problem later. This could eventually complicate matters for Kazakhstan.

Change #8: *Shifting Balance between Kazakhstan and Uzbekistan?* Kazakhstan's rivalry with Uzbekistan concerns whether regional problems are approached cooperatively or unilaterally, by competitors. The US tilted toward Uzbekistan before September 11, and might find itself embroiled in conflicts made worse by Uzbek actions. The Americans do desire moderation from Uzbekistan and may not be opposed to multilateralism ... for other countries.

Uncertainty about all these changes may seem bewildering, but two factors matter most for Kazakhstan's external environment. First, will the US remain engaged in Central Asia over the long term, or will it withdraw from the region, whether to pursue more military campaigns elsewhere, to celebrate the fruits of victory, or (if things go badly) to protect its interests at home? Second, have the disruptive abilities of extremists been broken or strengthened?

These two variables yield four possible futures for the region.

- Future I: Political stability and economic growth, with discontent driven underground.
- Future II: The "Afghanization of Central Asia" results from strengthened extremists and American withdrawal.
- Future III: A Thirty Years War on Terrorism would require a strong coalition that might itself be destabilizing.
- Future IV: "The Great Game Reborn" could see a destabilizing manipulation of local politics.

Which future is most likely? Probably the "Great Game Reborn."

Does it matter? The future Kazakhstan faces matters a great deal, but not in terms of basic policy orientation since these factors concern external threats and pressures which will effect Kazakhstan through the mediation of its critical vulnerabilities. An important question is why it does not address these critical vulnerabilities.

I. Attack and Aftermath

September 11 changed the world dramatically—

From almost the very moment two jet airliners crashed into the World Trade Center in New York City and a third dove into the Pentagon in Washington, the people of Central Asia knew life would be different. The attacks were almost immediately blamed on Osama bin Laden and his al-Qaeda terrorist network, which meant that Afghanistan would be a target of American military might. For the people and states of Central Asia, the eventual outcome was and remains uncertain. Eventually, America's engagement in the region might bring greater security and prosperity. In the short run, only disruption and instability seemed likely. Yet even though one might expect these new circumstances would alter the strategic and security environment for Kazakhstan as dramatically, this might not be so. This chapter examines possible implications of the new world that began taking shape on September 11, and asks whether things have really changed for Kazakhstan.

—as the US began to redefine the geopolitics of Central Asia—

In preparation for the campaign in Afghanistan, the US began assembling a coalition of allies, former rivals, and countries with which it had barely been on speaking terms. West Europe, Pakistan, Russia, China, and India were critical components. Even Israel and the Palestinians were requested (in vain) to set aside their conflict in order to avoid allowing voices in the Muslim world to convince others that the Americans and Jews were waging a crusade against Islam. Their geographic location put the countries of Central Asia on the frontline of the war, and many former Soviet republics were courted to join the American coalition. Uzbekistan, with several strategically located military airbases, was the critical Central Asian ally. In exchange for Uzbekistan's cooperation, in his address to Congress and the American people, President Bush mentioned the Islamic Movement of Uzbekistan as one of the world's leading terrorist organizations. In so doing, he signaled to the region how much the US valued Uzbekistan's support.

—in order to defeat extremists posing a threat to all regimes in the region—

Although a majority of their countries' populations are Muslim, the leaders of the Central Asian states had no doubt which side they would support in this conflict. Unlike Pakistan, which supported the Americans even though the toppling of the Taliban would represent a crippling blow to its strategic interests in the region, the governments of Central Asia could only be happy with the possibility that violent Islamic fundamentalism would be crushed in Afghanistan. Muslim extremism contributed to Tajikistan's civil war, helped destabilize democracy in Kyrgyzstan, and justified the worst elements of Uzbekistan's authoritarianism. The threat of Islamic fundamentalism could be used as a pretext for Russia or China to interfere in Kazakhstan. If the Americans were to remove this threat, it would be good news for the region's leaders.

—albeit at the risk of provoking further instability from refugees—

Nevertheless, the costs of exterminating extremism were thought to be high. Even before

the bombing of Afghanistan began on October 7, thousands of terrified Afghans fled their homes, seeking refuge from the American retaliation they knew was coming. International aid workers predicted as many as seven million Afghans would become refugees and internally displaced persons. The countries of Central Asia prepared for the undesired flood across their borders. The abrupt seizure of Kabul by the Northern Alliance, resulting from a month of heavy bombing and the collapse of the morale of a large portion of Afghan Taliban fighters, was a stroke of good fortune for the countries of Central Asia. With the heaviest fighting completed, it is much more likely that the refugees will be cared for in Afghanistan, Pakistan, or Iran. Even if they don't cross the borders of Tajikistan and Uzbekistan into Central Asia, the eventual fate of these displaced persons and refugees remains a critical uncertainty for Kazakhstan and other countries in the region. With the Taliban, Pushtun "students" who were taught and indoctrinated in crude madrassas in Pakistan, the world was painfully reminded that refugee camps breed resentment and can contribute to extreme solutions to society's problems.

—or fanatic warriors dislodged from Afghanistan.

Even more dangerous could be the trained terrorists and guerrillas flushed out of Afghanistan, possibly seeking revenge on the allies of the United States. Only a few hundred men under arms had been enough for the Islamic Movement of Uzbekistan to destabilize democracy in Kyrgyzstan, or to come close to assassinating Islam Karimov in Uzbekistan. How much more havoc might be wreaked if they were joined by even more hundreds of angry al-Qaeda fighters?

The long-run consequences remain uncertain for Kazakhstan.

Despite the end of the fighting, there are still many more uncertainties about the future of the region. The external threats to Kazakhstan's security and stability that were discussed in the previous chapter have changed greatly. The problem is that the nature of these changes is very uncertain. Some threats have diminished, others have worsened, and for the foreseeable future no one will know which is which. This chapter lays out eight areas in which the threats to Kazakhstan have most likely changed, and attempts to assess where these changes may go in the coming months and years. It then presents four possible futures for Central Asia, four scenarios of the coming years for Kazakhstan. The two critical variables are:

- (1) whether Islamic radicalism has been broken as a threat to the region; and
- (2) whether the United States remains committed to rebuilding and stabilizing the region.

The possible futures range from regional chaos and disarray at one extreme to the establishment of the foundations for political stability and economic growth at the other. The least surprising future lies in the middle. This chapter concludes by asking whether the future that materializes in fact makes any difference for preventing crises in Kazakhstan.

Change #1: America has noticed Central Asia

After a decade of relative neglect—

Central Asia had been a relatively low priority for the United States. It has cared about oil and gas, of course. But developing the full potential of the region's energy reserves has been less important than preventing China or Russia from establishing dominance, or even than keeping Iran or Russia from profiting from pipelines crossing their territories. Many in the region believed that it was a very low priority for American decision-makers whether the region's natural resource abundance improved the lives of the vast majority of people living there.

—the United States suddenly cares about Central Asia—

After September, many Americans (both ordinary citizens and many policymakers) for the first time became aware of “the -stans.” For weak and poor countries, American attention can be a mixed blessing. If the US throws its efforts into reconstructing Afghanistan, this should be very good news for the rest of Central Asia. It will fill in the enormously destabilizing “black hole” that has been caused by the absence of order in that country, and thus can help prevent this disorder from spilling into neighboring countries. It can mean much greater flows of developmental aid and technical support. It can mean the presence of a powerful and disinterested arbiter and referee who can defuse many of the region's conflicts and tensions. The overwhelming might unleashed by the US military machine in Afghanistan was a reminder of American power ... for good or for ill.

—which can be dangerous if its interest in the region shifts—

Unfortunately, what many people in Central Asia remember about the US is its history of walking away from ruined countries, leaving behind more anarchy and ruin than had been before. The terrorists that inflicted such harm on the United States September 11 had formed a nest in the chaos resulting in part from American actions in the 1980s. Champagne bottles were uncorked in the basement of CIA headquarters in 1989 celebrating the withdrawal of the Red Army from Afghanistan. The US had funneled some \$3 billion of aids and weapons through Pakistan to the mujahadin in Afghanistan. With this humiliating Soviet retreat, the US considered its job to have been finished and turned its eyes elsewhere. While Americans sadly reaped the consequences of this decision September 11, the people of Afghanistan, of Tajikistan, of Kyrgyzstan and Uzbekistan had been living with the aftermath for years.

—and it leaves disorder behind.

The danger to Kazakhstan and other Central Asia countries today comes if the US loses interest as suddenly as it became aware of the region. At the end of the 1980s, the US left Afghanistan heavily armed, ideologically inflamed, and under the influence of outsiders (Saudi financiers, Muslim warriors from the Arab world and beyond, the Pakistani military and Inter-service Intelligence Agency) who had been allowed and encouraged to manipulate Afghan passions and interests. At the beginning of the 21st century now, its actions may have increased anti-American sentiment and strengthened resentful Muslim

identities. It may have created the potential for even more destabilizing refugee crises and civil war. Worse still, Central Asian governments have supported American military actions. If the US abandons them, they will face the discontents of their people alone.

The US is expected to behave in new ways—

In the first months after September 11, President Bush spoke often about the challenges facing the United States. He seemed to see these challenges primarily as possessing sufficient military force and the willingness to use this force to defeat terrorism. But the real challenges are much greater, and are necessary if the United States is to avoid playing into the hands of extremists. The countries of Central Asia and elsewhere hoped that the US would fully consider the implications of its actions in four large areas:

—first, by showing compassion and empathy—

In the short run, this meant being conscious of the human toll exacted by America's reaction. Every country around Afghanistan recognized the destabilizing effects of hundreds of thousands of new Afghan refugees pouring across their borders. The US was expected to provide for these displaced persons. Although the Bush Administration congratulated itself for dropping tens of thousands of meals for refugees, this addressed only a fraction of the problem. Even if all fighting in Afghanistan ends soon, which is unlikely, the problem of displaced persons and refugees will continue. In the longer run, this is part of a challenge to make people in the region and around the world see that the US is not retaliating against Muslims as Muslims. If it falters in meeting this challenge, many countries are likely to experience a rising tide of Islamist anger.

—second, by creating new order out of chaos—

The US was expected to leave Afghanistan with less chaos and anarchy than before it started dropping bombs on Afghanistan October 7. Creating the foundations for stability in such a divided and shattered society will be a difficult task, requiring a much greater commitment of resources than in, for instance, Bosnia or Kosovo. Yet the United States has committed to Afghanistan only a small fraction of the number of peacekeepers it initially sent to and still maintains in the Balkans. Many American and European policy-makers admit quietly that creating a stable and self-sustaining society in Kosovo may take fifty years. The American people are unlikely to wait that long for stability in Afghanistan. Nor are the Afghan people.

—third, by contributing to international law that will govern this new world—

Most observers around the world agree that this would be an excellent opportunity for the US to lead the international community to develop a legal and institutional structures for coping with humanitarian crises, terrorism and violence by non-state actors, failed nation-states, and so on. Despite its assembly of a coalition supporting its campaign in Afghanistan, however, the Bush Administration is unlikely to accept new international law that binds American actions. Its actions have reflected its proclivity to avoid multilateral constraints and to act unilaterally, or perhaps more accurately to come to bilateral informal agreements (with Pakistan, with Uzbekistan, with Russia, etc.) in support of its unilateral actions. Almost from the very beginning, legal issues have generated controversy. Was

this “war on terrorism,” for instance, to be governed by internationally accepted laws and norms of warfare? To what degree should the US be bound by the United Nations? And what of those Afghan and al-Qaeda fighters captured in battle. Should they be executed, knowing that this would greatly increase their prestige in the Muslim world as martyrs, and would damage the US in the eyes of its allies? Should they be exiled to a remote Pacific island, as some in the Bush Administration suggested? Should they be sent to rehabilitation and reeducation camps to be deprogrammed? There are no good answers. The countries of Central Asia have little choice but to accept American policies and actions. But some leaders in Central Asia are likely to use American actions against terrorism as a precedent for their own violent policies against terrorists (in the same way India and Israel have since September 11).

—and fourth, by providing justice to groups whose conflicts may be irreconcilable.

In exchange for supporting (or acquiescing) to American activities in Afghanistan, many countries and peoples look to the US to help resolve long-standing grievances and perceived injustices. Palestine and Kashmir are two of the most important of these issue areas. Many of these grievances are unlikely ever to be settled by the US, even if it commits itself fully to seeking settlements. Its amplified presence in Central and South Asia and in the Muslim world thus will increase already inflated expectations of the United States, which seems able to do almost anything whenever and wherever it wants. These exaggerated expectations are sure to be disappointed when the US does not provide aid or when it assists a group’s enemies. Injustices that persist despite the presence of such a powerful country that can apparently do whatever it wants must somehow be caused or blessed by that powerful country. This sort of thinking might take root in Central Asia as well as the Middle East.

If the US walks away from a damaged region—

Many in Central Asia fear that the US is acting as though it is in a Western movie. It forms a posse to ride out, hunts down the bad guy, strings him up ... then disbands the posse to ride off into the sunset. If this is how America acts, there will be less rather than more order in Central Asia. The consequences of peoples’ frustrated expectations for American-sponsored order, law, and justice in the future are uncertain, but it’s unlikely that as many nations will join the posse the next time America is attacked.

—the governments and people of Central Asia will reap the consequences.

Thus it is in the interest of the governments of Central Asia to encourage the US to remain engaged in the region, not only for protection against terrorists, or as a source of investment and aid. An America that leaves disorder behind it will weaken the popular support for region’s leaders, who would be seen as allying themselves with an unreliable and dangerous power.

Change #2: A new US-Russian partnership?

Russia emerged as an important partner in the American coalition—

From the first days after September 11, Russia was one of America's closest allies in the Afghan war. It shared intelligence about Afghanistan, the Taliban, and Osama bin Laden, gave America permission to its use military bases in Tajikistan and declined to interfere with the use of bases in Uzbekistan. Some observers found this cooperation surprising. They should not have: while Russia might have erected some obstructions in the way of the US becoming a sudden presence in Central Asia (particularly in Tajikistan, but not Uzbekistan), it would at most have meant a delay, not a halt. On the other hand, in aggressively attacking Islamic extremism, the US was securing Russia's southern flank.

—complying with American desires in other areas as well—

Perhaps more surprising was Russia's cooperative attitude outside Central Asia. The US-Russian partnership expanded in many ways in the next months. To a degree, this might be seen as *quid pro quo*. The US refrained from condemning Russia's brutal suppression of "terrorists" in Chechnya, while Russia muted its criticism of American plans to construct a national missile defense. The Putin government has gone along with American policies actions in many other ways. With a shrug, Putin said that American troops sent to Georgia to help Tbilisi's anti-terrorist campaigns was "not a tragedy." He has expressed resigned disappointment at the prospects of the Baltic countries joining NATO, an action previous Russian governments have called a virtual act of war. He seems to have accepted that the US will simply place its dismantled ballistic missiles and warheads in storage rather than signing a binding treaty with Russia to destroy them.

—perhaps foreshadowing Russia serving as an American proxy in Central Asia.

Optimists in the West and Russia hope that the tragedy of September 11 will remind both Washington and Moscow of the strategic interests they share. Ideologically driven non-state actors armed with the possibility of inflicting mass casualties threaten both countries. There may, these optimists imagine, be a division of labor between Russia and America. The US will have to take a large share of responsibility for funding economic development of the region if it decides this is the best way to combat terrorism. The Americans will likely bless Russia's increased military presence in the region, perhaps even going so far as to subsidize Russian expenses. The Foreign Policy Concept Paper released by the Putin government in summer of 2000 envisions a much more assertive presence for Russia in Central Asia, but obliquely admits that it lacks the financial resources to achieve this aim. Before September 11, who would have imagined the US might help pay to make Russia's dream a reality?

Resentment by Russian hard-liners—

Not everyone in Russia shares these optimistic hopes for a Concord of Powers in Central Asia. Through the first months of 2002, voices in the Russian military and the Duma have protested against America's apparent intentions to remain in the Central Asia long after the fighting in Afghanistan has ended. Even more disturbing from this point of view

than American troops settling for a long stay in Uzbekistan (which was a member of GUUAM) is the increasingly long-term appearance of American troops in Kyrgyzstan and the growing presence in Kazakhstan.

—in some ways resembles Muslim fundamentalists’ anti-Americanism—

Russian policymakers’ discontent with America’s presence in Central America is unlikely to go away. As with many Muslim extremists, it is an anti-Americanism based as much on what the United States *is* as on what the United States *does*. The anti-American sentiment motivating Islamic extremists is rooted in an abhorrence of godless American culture, which pervades the very homes of believers around the world. The anti-Americanism that is expressed by members of the Russian elite seems rooted not in culture, but instead in psychological factors. It is a sense that every day, in an infinite numbers of ways, and usually without any thought, Americans demonstrate their contempt for Russia as a great country. It is an anti-Americanism derived from a sense of relative impotence. The specific American policies about which both groups complain — for Muslim extremists: American military presence near Mecca and Medina, the sanctions on Iraq, support for Israel against the Palestinians; for the Russian elite: expansion of NATO into the Baltics, withdrawal from the ABM Treaty, US troops in Georgia and Central Asia — are very important. More important for the Russian side, however, is the ease with which the Americans accomplished in a matter of weeks what the Soviet Union could not in a decade.

—but it cannot change the reality of American power.

The cultural anti-Americanism felt by Muslim fundamentalists may differ in a basic way from the psychological anti-Americanism of the Russian elite. Hollywood and New York may well dominate the global culture many Muslims believe threaten the integrity of their culture and faith. But in this case, “America” is a symbol for a half millennium of secularization and modernization, of European colonialism and dominance, of Islamic cultural eclipse. Russia’s sense of relative powerlessness is rooted in something very real: compared to the United States, Russia really is nearly powerless.

The US role in the region will depend on decisions made in Washington—

In many respects, Putin has of necessity accommodated himself to the basic fact of the world: the US will do what it desires. He will try to gain whatever advantage he can within these constraints, and will try to push these constraints as far as possible. But for the foreseeable future, so long as the US remains engaged in the region, bargaining between the Kremlin and White House will matter less than the competition between Democrats and Republicans in the US Congress, or (more disturbingly for inhabitants of Central Asia) the vagaries of American public opinion.

—not Moscow—

Given these power realities, it is unlikely that any rational Russian leader would have responded to the events of September 11 much differently than Putin. None would have tried to join forces with other rivals to US hegemony to take advantage of America’s weakness and distraction. Most other leaders would accommodate themselves in other

areas such as missile defense and the Baltics. But resentment over Russia's powerlessness relative to an America that often seems to forget about its Russian "partner" will probably fester within the Russian military and segments of the government. If Russia's economy continues failing to improve life chances for a large part of the population, nationalist demagoguery is likely to become more prevalent. This cannot be good for Kazakhstan.

—or Central Asia.

The countries of Central Asia find themselves in a familiar position. Their fate is being decided by distant powers that care about many things more than they care about the security and well-being of people in "the -stans." Before 1991, that power was Moscow. Some within the region would say that ten years of independence from the dominance of any outside powers did not work out well for most of the people in the region.

The exact nature of Russia's junior partnership—

Important questions about Russia's room for maneuver remain unanswered. What will be the role of the Shanghai Cooperation Organization in Central Asia if the US decides it will take the lead role fighting terrorism in the region? What will be the function of the Collective Security Treaty binding Russia, Belarus, and Armenia to Tajikistan, Kyrgyzstan, and Kazakhstan when the US stations troops on bases in the three Central Asian members? If the US does decide to treat Russia as its proxy in the region, what will this mean? Will the relation be similar to the role the US has expected Japan to play in North-east and Southeast Asia, with a limited military component? Or might it be like that of Iran under the Shah, where a more prominent military role in the region contributed to domestic instability?

—depends on whether and how the US leaves the region.

The key question is whether the US turns its attention elsewhere. This will depend in part on the American perception of the threat to its interests in Central Asia ... which is a very different issue than the threats facing Russia from Central Asia, or the threats facing the peoples and governments of Central Asia. Russia's leaders may feel a diminished threat at this moment from extremists in the South, but they have no guarantee that this threat will not reemerge in the future. If the US does eventually shift its focus from the region, Russia may decide to assert and cement its interests more aggressively than it did in the 1990s, both to protect itself from the rise of Islamic extremism in the future and to ensure that it is not again crowded out by the United States.

Change #3: Resource war as a continuation of pipeline politics by other means?

Energy resources may not have caused the war—

Many critics in the US and elsewhere say the war in Afghanistan is no more than an exercise in “pipeline politics.” Some point at the support for the Taliban in the mid-1990s that came from some quarters close to the American government. The California company UNOCAL desired to construct a natural gas pipeline from the Caspian Sea, across war-torn Afghanistan to Karachi in Pakistan. The Taliban was viewed as the force most likely to impose the order that such a pipeline would require. These critics say that reviving the dream of this pipeline lies behind the American war efforts. Of course reacting to jets flying into skyscrapers on September 11 itself has little to do with a pipeline across Afghanistan.

—although oil certainly is an issue—

Other critics of the war have made the more vague charge that in other respects US policy is driven by the politics of oil. It is oil, they say, that leads the US to station troops in Saudi Arabia, to support Israel, and to impose sanctions on Iraq ... in other words, oil compels the US to pursue those policies that Osama bin Laden claims motivates his jihad against America. The fighting in Afghanistan seems to substantiate the predictions about conflicts in the future made in Michael Klare’s book, *Resource Wars*, published only months before September 11. This may stretch the notion of “resource war” to the point of tautology: most wars have an impact on some sorts of natural resources, and the calculations of decision-makers (military as well as political) will necessarily involve access to and control over resources.

—especially for Kazakhstan.

For Kazakhstan, however, the tautology is appropriate. Any war that it cares about will have an impact on resources. One of the most significant changes in Kazakhstan’s security environment since September 11 is the economic and political cost of getting its oil and natural gas to international markets. In February and March, officials in Astana began singing the praises of “the pipeline construction project of the century,” a pipeline running through Turkmenistan and Afghanistan into Pakistan. Many in Washington might support an Afghan pipeline as a way of channeling resources into that battered country. With some \$500 million of the project expected to be spent in Afghanistan, this has been said to “bring more cash into Afghanistan than any step short of legalizing opium.” This would be money for rebuilding the country that the US would not have to provide in foreign aid.

The new pattern of alliances may change the US government’s preferences—

It is more accurate to say that changes in pipeline politics are a consequence rather than cause of US engagement in Central Asia. Before September 11, the main priority of the US government was to block a reliance on pipelines that would carry Kazakhstan’s oil and gas across either Russia or Iran. (If pipelines across Kazakhstan into China made any financial sense whatsoever, this option would be opposed as well.) This explains Wash-

ington's strong support for the long, expensive, and insecure Baku-Tbilisi-Ceyhan (BTC) route for Kazakhstan's oil: under the Caspian Sea, then across Azerbaijan and Georgia to Turkey on the Mediterranean Sea. Azerbaijan and Georgia are among the least stable of the former Soviet republics, but have the advantage from the American perspective of belonging to GUUAM. Before September 11, some believed the US would prefer no oil from the Caspian Basin reach international markets rather than not have most of it flow across friendly countries.

—that pipelines from Kazakhstan bypass Russia—

A result of the warming relation between the US and Russia is likely to be relaxed objections to oil going through pipelines across Russia. Such may be Russia's benefits of junior partnership. From the American perspective, this northern option is better than sending the oil south. Russia is likely to be a more compliant and cooperative partner than Iran.

—although Washington's initial warming to Iran—

In the first weeks after September 11, it was conceivable that American objections to piping gas and oil into Iran may diminish. The government of Iran expressed some sympathy with Americans, and quietly supported the US efforts to aid the Northern Alliance against the predominantly Sunni Taliban (which had persecuted the Farsi-speaking Tajiks in Afghanistan and had brought the two countries to the brink of war when the Taliban executed a number of Iranian diplomats in 1999). Some in the Bush Administration thought Iran might support future American military ventures in the region, particularly against Iraq. Secretary of State Colin Powell shaking hands with the Iranian foreign minister at the United Nations was seen by many as a hopeful sign of a breakthrough in relations that, while lacking the personal warmth of Bush and Putin, might blossom in time. Or it might, at least, shelve American objections to Kazakhstan's oil and gas flowing to market across Iranian territory.

—quickly chilled.

Relations between the US and Iran had begun to grow icy even before President Bush included Iran with Iraq and North Korea in his "Axis of Evil." That speech confirmed what most observers already knew: it could be years before the American government would not punish any American company contributing to a pipeline that makes the most sense from Kazakhstan's point of view, from the Caspian through Iran.

Kazakhstan may benefit slightly from the change in pipeline politics—

Thus a likely outcome of September 11 may well be a more rapid development of access of Kazakhstan's oil and natural gas to world markets. However enthusiastic some in Kazakhstan or the US might be about a pipeline across Afghanistan, it would still be vulnerable to sabotage from warlords or disgruntled Taliban members. Executives from oil companies interested in such a pipeline insist that they would want to manage the operation themselves rather than trusting Afghans. They also believe it would be best protected not by the government but by private security forces ... yet another private militia added to the mix in Afghanistan. If Kazakhstan benefits, then, it is more likely that the flow will

run across Russia rather than south through Iran or Afghanistan.

—but it will still be vulnerable to power calculations of outsiders.

On the other hand, in the longer run if the American campaign increases rather than defuses the strength of radical Islam and anti-American sentiment in places such as Chechnya or Iran, this advantageous development for Kazakhstan might be lost. An increase in the dollars flowing through the region in oil and gas revenues will surely increase the efforts by outsiders to manipulate pipeline politics to their benefit. As more resources are invested in the BTC pipeline, the Turkish government may work even harder to ensure that oil from the Caspian flows toward Ceyhan rather than north or south in order to justify its investment. More disturbingly, Iran has been accused of paying tribal leaders to destabilize the situation in Afghanistan to ensure that “the pipeline construction project of the century” goes through Iran rather than Afghanistan. Kazakhstan could face similar manipulations of its politics by outsiders in the future.

Change #4: Ferghana Fragility?

The Americans singled out the Islamic Movement of Uzbekistan—

In his major speech to Congress after the attacks on September 11, the two dangerous terrorist organizations President Bush singled out for special attention were Egypt's Islamic Jihad and the Islamic Movement of Uzbekistan (IMU). The reason for focusing on the IMU was not necessarily because it posed a more serious threat to the United States than other organizations (although Bush claimed both groups possessed a "global reach," and after watching jets fly into New York skyscrapers, anything seemed possible).

—in order to encourage Karimov's cooperation.

In part, the IMU was highlighted to demonstrate the threat Osama bin Laden and his supporters posed to Central Asia, an incentive for the countries of the region to rally behind the forthcoming American campaign in Afghanistan. Directly mentioning the IMU was a concession to President Karimov of Uzbekistan, an indication of a commitment that, in exchange for use of Uzbekistan's airfields, the US would help exterminate the greatest challenge to the Karimov regime. This may have been more than a signal that American resources would be used to protect the Uzbek government. It may have been an implicit blessing for the repressive measures that the Tashkent government had been employing against its enemies, which were now acknowledged by the President of the United States of America to pose a grave threat to civilization itself.

Some feared the war in Afghanistan would make the Ferghana Valley less stable—

The irony is that many critics in the region blame Karimov's repressive policies for stimulating the growth of the extremist IMU in the first place. Permitting him even greater latitude could only make matters worse in this view. An expected wave of tens or even hundreds of thousands of refugees from the fighting in Afghanistan would cause more instability and uncertainty. The anticipated resulting economic dislocations would increase the number of jobless young men, the critical raw material for extremist organizations. And images of American bombs raining down on Afghan people could further enflame already highly agitated Islamic sensibilities.

—because of an influx of al Qaeda fighters fleeing the American onslaught.

It would be unsettling enough for the Uzbeks, Tajiks, Kyrgyzi, and other members of the IMU to return to the Ferghana Valley after the US began its attack in Afghanistan. But there could be even worse in store. From the beginning of the fighting in Afghanistan, an urgent question was where the hardcore members of the Taliban and the "foreign fighters" (the Arabs, Pakistanis, Chechens, and others who had come to Afghanistan to fight for Osama bin Laden and radical Islam) would go. These were thousands of the most committed and best-trained warriors, to all appearances fully willing to die for their cause. Needless to say, no neighbors wanted to play host. It would take only a few hundred of these angry, defeated, yet unvanquished guerrillas and terrorists to gravely disrupt the Ferghana Valley.

The death of Jama Namangani—

The apparent death in Afghanistan of the IMU's charismatic leader, Jama Namangani, surely will mark a change in the organization. Months after the announcement that Namangani had been killed, it should be noted, his remains still had not been shown to the public, and careful observers of the region refused to accept Afghan reports of his death at face value. Assuming that he was indeed killed, it is impossible to say what the consequences will be. There is too little known about the structure of the IMU, about the preparation of others within the movement to step into Namangani's role, about the future plans for the IMU in the changed environment of the Ferghana Valley and Central Asia as a whole, and so on. Namangani may one day be seen as the single indispensable ingredient, without which the entire movement collapsed. Or he may emerge as the martyr whose death inspired a surge in popularity and support for the IMU. Right now, we simply cannot know.

—and the loss of its Afghan support framework—

The death of its leader will mean less to the IMU than the loss of Afghanistan. For the past several years, the IMU has withdrawn from the Ferghana Valley to Afghanistan during the winter. That will no longer be possible. It will no longer have access to the al Qaeda training bases. It will no longer have access to the same sources of funds and weapons it had before. On the other hand, in the next few years the drug industry is likely to shift in the region—cultivation, processing, and transportation will probably relocate within Central Asia rather than disappear entirely—and there should continue to be ample funds that extremist organizations can siphon off for their own purposes. Likewise, there will be no shortage of arms available in the region, even though their previous sources of supply in Afghanistan have been cut off.

—may cripple the Islamic Movement of Uzbekistan—

Until they have a chance to regroup, the extremists in the IMU are unlikely to be able to carry out operations on the scale of those of the late 1990s. Even if a large number of their fighters escaped from Afghanistan to the Ferghana Valley, even if these fighters are able quickly to reorganize their sources of weapons and money, even if new leaders step into the void left behind Namangani, the region has changed enormously. The American military seems prepared to remain in Kyrgyzstan and Uzbekistan for some time, and the Russian troops stationed in Tajikistan may have a greater sense of purpose in combating extremists in the Ferghana than they had before.

—unless the government again drives its opponents into the extremists' camp.

What might be unfortunate is if the Karimov regime—and the governments in neighboring countries—interpret the crippled condition of the IMU to have been caused by repressive domestic policies. Many of the factors that led hundreds of young men to rally behind the cause of the IMU in the 1990s—a lack of decent job opportunities in the legal economy, a distaste for all pervasive official corruption, a sense of purposelessness and ideological drift, and so on—have not gone away. In fact, in other countries around the Muslim world, anti-American sentiments seem to have been increasing, and Islamic identities in the Ferghana may be strengthened rather than weakened. Some young men in the

Valley are likely to tell themselves that the forces of Allah were defeated not because they were mistaken in their faith. They were defeated because they didn't have enough weapons to defeat the enemy, and next time they will be better prepared.

Increased American attention—

What complicates predicting the future of the Ferghana Valley is that the Karimov regime will find it more rather than less difficult to continue pursuing the policies it did in the past. Support from the United States certainly strengthens Karimov's position, both against extremists using violence to topple the government and against non-violent opponents as well. But Western media scrutiny of repressive government practices in Uzbekistan has increased many times over since September 11. Consider two very different examples of how this media attention might shape American policy toward Uzbekistan. As the author of *Taliban: Militant Islam, Oil, and Fundamentalism in Central Asia*, Pakistani journalist Ahmed Rashid after September 11 became almost ubiquitous in the American and British press. September 11 caused Rashid and his publisher to rush into print a follow up book, *Jihad: The Rise of Militant Islam in Central Asia*. In addition to the most thorough English language explanation of the rise of the IMU, *Jihad* is a damning indictment of the Karimov regime's repressive policies, which Rashid compellingly argues are largely responsible for the IMU's strength. Thus, when tapped by the media to explain the situation in Afghanistan, the most experienced and insightful analyst of the Taliban would also discuss the themes in his current book, *Jihad*. His audience would assume (perhaps correctly) that if left unchecked, repressive policies in America's newest ally would bring about a Taliban-style regime in Uzbekistan ... this time with US troops in the middle.

—may prove a mixed blessing for the Karimov regime—

An increase in the attention to the possible consequences of Uzbekistan's repressive policies is not limited to the national and international press. Newspapers across the United States, in small towns and big cities, have carried letters to the editor warning about American support for the oppressive government of Uzbekistan. Every member of the American Congress and Senate have received many letters and e-mails warning that American support for Uzbek despotism could have disastrous consequences soon. This swelling of concern about a far-away country of which few Americans had heard months before is remarkable. It is the main reason why many of the high-level American non-military officials who visit Uzbekistan publicly declare the Bush Administration's desire for greater political openness and toleration of dissent, more democracy and fewer political prisoners.

—one that decreases stability in the Ferghana Valley.

Will this pressure from the US to be less heavy-handed in its treatment of opposition (extremist or not) influence the policies of the government of Uzbekistan? Probably. In response, the government has legally registered the country's first human rights group. Access to the world's media should embolden these and other activists to carry out their protests in the open. Will US pressure lead to a democratic government in Tashkent? Almost certainly not. That is why there may be greater instability. Opponents of the government

will be more aggressive and overt in their activities. Their expectations have been increased. And the government may feel constrained in its possible responses to this opposition. But eventually, it could feel its critics have pushed it further than it can go and may respond harshly. With a more organized and more confident opposition, with the world and American media paying careful attention, and with American politicians perhaps eager to use this issue for their own purposes, the Karimov government cannot expect repression to be as successful as it has been before.

Change #5: Drug Disruptions?

The Central Asian drug trade will change—

One certain outcome of the war in Afghanistan will be changes in the cultivation, production, and trafficking of illegal drugs in the region. What these changes will be, and whether they will improve or worsen the condition of the region are still uncertain. Opium was the main source of revenue for both the Taliban and their Northern Alliance opponents. The Taliban's announcement that it would no longer tolerate the cultivation of poppies seemed in part to be an effort to remove UN sanctions while drawing down stocks of opium in Afghanistan, not entirely a sincere attempt to get out of the drug business all together. Any reduction in the amount of drugs flowing out of the nine-tenths of Afghanistan controlled by the Taliban was compensated by increased flows from the valleys controlled by the Northern Alliance.

—as opium production in Afghanistan may revive—

Whatever government emerges in Afghanistan is certain to be pressed by the US and the international community to stop producing and exporting opium. But there is too much money involved in trafficking narcotics for this to be easily accomplished. At least part of the opposition to the Taliban within Afghanistan was from local leaders who resented the centralization of power to Kandahar and the imposition of local control by Taliban representatives. Whatever shape the new government in Kabul finally takes, the result will likely be decentralization, increased power for warlords and other leaders. This will lead to more opportunities to profit from the drug trade.

—or shift to Tajikistan or Kyrgyzstan.

Even if opium production is halted in Afghanistan, poppy cultivation will probably simply shift to Tajikistan, just as it shifted from Iran to Pakistan in the early 1980s, and from Pakistan to Afghanistan in the early 1990s. For countries downstream in the drug river, this will mean little change at all.

The international community must at the same time—

International organizations committed to ending the drug trade will have a much greater presence in Afghanistan than under the Taliban, and peacekeeping troops in the country could inhibit some production. But this will not be sufficient to stem production and transport across Central Asia. The crucial factors in deciding the future of the illegal drug industry in Central Asia will be the commitment of the US and the international community to:

1. providing Afghan and Tajik farmers viable alternative crops
2. punishing local warlords and tribal leaders who encourage and tax poppy cultivation
3. disrupting the network of transport channels across Central Asia, and
4. reducing demand in Western Europe.

The problem is that all these challenges must be attacked at once.

—provide alternative crops for farmers—

Everyone agrees that it is unrealistic and unfair to ask farmers in Afghanistan to give up the one crop that seems to offer them a chance to provide a living for their families. Many aid workers in Afghanistan will invest much of their efforts to help farmers adopt these alternative crops. But it may not be possible. Much of the country's infrastructure has been destroyed by war. A drought has lasted years and shows no sign of breaking. Moreover, one of the effects of a generation of Afghans growing up in refugee camps is the loss of considerable farming skills and knowledge. There may be no crops immediately available that can sustain the rural population as well as poppies.

—punish warlords who encourage poppy cultivation—

For more than two decades, "taxation" on the cultivation of poppies and the transportation of opium have provided the resources for many tribal leaders and warlords to maintain and increase their power and security. These "protectors" as well as the farmers and couriers they protect will have to be the target of international efforts to eradicate the illegal drug industry in Afghanistan and Central Asia. Unfortunately, many of these warlords possess the ability to disrupt and even topple the government that will eventually take power in Kabul. They have the means of violence at their disposal to inflict damage on aid workers in Afghanistan. Successfully challenging these powerful forces will be difficult.

—reduce demand for heroin in Europe—

The high demand for heroin in Europe provides the large amounts of money flowing through Central Asia that ensures that employment in the drug trade will pay everyone better than almost any alternative. Except for rhetoric, there seems to be no serious effort to cut the European demand.

—and disrupt transportation networks across Central Asia.

Given the low probability that the drug trade in Afghanistan and Central Asia will be greatly reduced in other ways, the key may be to reduce trafficking by interdiction of drugs being transported across countries such as Kazakhstan. The broader struggle against terrorism in the region may make a contribution to the government of Kazakhstan improving its abilities to monitor and disrupt the flow of drugs from Afghanistan and Tajikistan to Europe. Tighter border controls intended to prevent the flow of arms and the infiltration of extremists can also catch drug smugglers. Greater cooperation among the countries of the region in the name of preventing violence can mean preventing the quiet transshipment of opiates.

But the result could be increased governmental corruption.

The problem is the same amount of money will be available to finance drug transshipments. Tighter controls could mean even greater rewards for those who can bypass the tighter controls. This increases the chances that government officials (at all levels) in Kazakhstan will be subject to greater temptations. Without a different reward structure for

officials combined with a changed institutional culture within the government, the serious problems of corruption and official abuse of power in Kazakhstan could get worse.

Change #6: The redefinition of Islamic identities

Even though Western leaders said they were not waging a crusade against Islam—

From the very beginning, Western political leaders such as George W. Bush and Tony Blair sounded almost like Islamic theologians as they sought to reassure Muslims that their fight was with perverted and heretical strands of the true faith. Lists of terrorist organizations that would receive special attention always included at least one non-Muslim entity, to ensure that the war was understood truly to be against terror, not Islam. Even President Bush's controversial "Axis of Evil" included North Korea.

—anti-American feeling in much of the Muslim world has increased.

But many Muslims around the world viewed these assertions skeptically and, with the beginning of the bombing of Afghanistan, violent protests erupted across the Arab world, Pakistan, and Indonesia. It was unfortunate timing, but all too predictable perhaps, that the war in Afghanistan coincided with the steadily escalating violence between Palestinians and Israelis. Images from Afghanistan and Palestine have been beamed by al-Jazeera television across the Muslim world, and have probably contributed to an increase in anti-American sentiment. Part of this spirit of anti-Americanism has been present for a long time. It was only after September 11 that Americans began seriously to ask themselves, "Why do they hate us?" It was, in other words, only after nineteen men killed themselves and three thousand other people that many Americans began to notice what large parts of the rest of the world had been saying.

This need not translate into Muslim extremism in Kazakhstan—

Resentment of American power or policies does not necessarily lead to Islamist fundamentalism. For that matter, Islamist fundamentalism does not mean support for extremism or violence. It remains to be seen whether Muslims view the war in Afghanistan and the campaign against Osama bin Laden and his network becomes seen as yet another humiliating defeat for Islam at the hands of the West. If so, this will probably enhance the appeal of fundamentalism. On the other hand, the severity of the attack on the US and the response in Afghanistan could be sobering for many who might have flirted with the idea of radical Islam.

—where political and economic factors will matter much more.

The American war against al-Qaeda and other threatening groups and states is likely to push many Muslims in countries such as Indonesia toward a more radical Islamic identity. It is still possible that the Pakistani government's support of the American effort will provoke an Islamist coup. But the impact on Kazakhstan is uncertain. Some day analysts may well say, "September 11 (or October 7) was a defining day for strengthening fundamentalist Islam in Kazakhstan." It will depend on factors such as disruptions of regional economies, political openings and crackdowns, the nature of the long-term American presence in the region, and developments in Uzbekistan.

Change #7: China's uncertain place in Central Asia

China's response to American actions has been quiet—

The Chinese government's response to the American war in Afghanistan was muted. Its ability to prevent the US from pursuing whatever actions it desired was limited, perhaps even more than it had been when the Americans bombed Serbia in 1999. Even more than Russia's cooperation after September 11, China's refusal to take advantage of American distraction and possible weakness (for instance, in the Taiwan Straits) is noteworthy.

—and it has seen its friends falter while its rivals gain.

China has seen its budding friendship and potential future alliance with Russia abruptly preempted by Russia's junior partnership in America's anti-terror coalition. It saw Pakistan, its closest ally in South Asia, stripped of its primary client in the region, the Taliban. The loss of the al-Qaeda bases in Afghanistan cost Pakistan its main field for training pro-Pakistani Islamic extremists in Kashmir. This meant that China's main rival in the region, India, was much stronger. By making the concessions the US demanded of it, Pakistan shifted its primary allegiance to America rather than to preserving its friendship with China. Yet the United States formed a closer friendship with India at the same time.

It has been eclipsed by the US in Central Asia—

Its loss of influence in South Asia was paralleled by losses in Central Asia. Suddenly China could look not too far past its borders to see American soldiers in some nineteen military bases in Central and South Asia. American policymakers have repeatedly assured their Chinese counterparts that these troops are intended only for Afghanistan and the war against terrorism. The Chinese respond that the military bases in Uzbekistan now being used by the Americans were originally constructed by the Soviets possible for military actions against China ... and they might be used that way by Americans in the future. Likewise, the intelligence gathering facilities in Kyrgyzstan being used by America against the remnants of the Taliban and al-Qaeda were originally built by the USSR to spy on China. Thus China finds itself encircled by Americans to its west. Neither China nor Russia was any longer the most powerful force in Central Asia. Now every country would look first to the US before making important decisions.

—in part because American actions may make it easier for China to handle its Uighur problem later.

Once it became clear that Russia would not obstruct American use of military bases in Central Asia, China had no way of influencing American activities. The Chinese government quietly supported the American campaign in Afghanistan, seeing similarities with its struggle with Uighur terrorism. Some fear this might embolden the Chinese to launch a crackdown on Uighurs or Tibetans with the tacit blessing of the United States, much as Russia apparently feels it has a freer hand to deal with the Chechen rebellion as it sees fit, without American criticism.

This could eventually complicate matters for Kazakhstan.

A Chinese crackdown on its Muslim and Turkic-speaking minority could be destabilizing for Kazakhstan, home to several of the largest and most active Uighur Diaspora groups. China could also diminish stability in Central Asia if it feels excluded by the blossoming American-Russian friendship, and thus seeks out new channels of influence in the region. While China's new strategic thinking about Central and South Asia may add a factor of uncertainty to the region, it is not yet dangerous.

Change #8: Shifting Balance between Kazakhstan and Uzbekistan?

Kazakhstan's rivalry with Uzbekistan—

Perhaps the most significant and least well understood change in Kazakhstan's stability since September results from the new and as yet uncertain role for Uzbekistan in regional security matters. Uzbekistan and Kazakhstan can be seen as the yin and yang of Central Asia. For ten years, they have used very different means as they vie for regional leadership. At a superficial level, Kazakhstan has emphasized its economic clout while Uzbekistan has played to the military strength it inherited from the Red Army. The differences between the two, however, are much deeper than their respective comparative advantages, and extend to fundamental visions they have of themselves and of Central Asia.

—concerns whether regional problems are approached cooperatively—

Kazakhstan's position bordering both China and Russia has meant that it not only wishes to get along with all of its neighbors ... Kazakhstan is particularly eager that all of its neighbors get along with each other. Whenever there is a political question or a regional dispute or an economic challenge, almost as a matter of reflex Kazakhstan proposes a multilateral solution such as a regional forum or collective security organization. These calls are rarely heeded unless Russia or China supports them, as has been the case with the Eurasian Common Market or the Shanghai Cooperative Organization.

—or unilaterally, by competitors.

How different it is for an aspiring Central Asian power that borders neither Russia nor China. Uzbekistan, which fears none of its militarily less potent neighbors, favors unilateral approaches. It is reluctant to join binding international organizations that might constrain its freedom of action. Part of the reason why the Karimov government joined GUUAM was to allow it to resist Russian constraints. It was under pressures from the Islamic Movement of Uzbekistan that the military help of Russia and China was sought, but even this was in order to preserve and enhance Uzbekistan's scope for unilateral military action.

The US tilted toward Uzbekistan before 11 September—

Even before September 11, Uzbekistan was America's closest friend in the region. It was part of the American organized counter-Russian organization, GUUAM. Uzbekistan was the most enthusiastic participant in the CENTRAZBAT (Central Asian Battalion) joint exercises with NATO that began in 1997. US Special Forces have trained Uzbek "spetsnaz" in counter-insurgency and other military tactics. In exchange for his support in its Afghan campaign, the Bush Administration has promised to support Karimov's regime against any terrorist attack. This promise could eventually embroil the US in Uzbekistan's civil war. It could embolden Karimov to repress further his dissidents at home, and to carry out unilateral actions on the territory of Uzbekistan's neighbors, all in the name of fighting terrorism.

—and might find itself embroiled in conflicts made worse by Uzbek actions.

In short, the Bush Administration may discover that it has inadvertently encouraged Uzbekistan to carry out those policies that have already proven destabilizing for itself and for its neighbors. The stability and economic development of Central Asia depends on Kazakhstan's multilateral and cooperative approach. Tilting the balance in the region toward Uzbekistan could wind up being very dangerous.

The Americans do desire moderation from Uzbekistan—

As was argued above, Uzbekistan's partnership with the US will bring it under increasing pressure to treat opposition in a more restrained manner. This pressure will come from international human rights organizations, from American politicians who feel they must answer to their constituents about their support for authoritarian governments, and from Bush administration officials who fear that harsh actions against dissent could backfire, and thus bring dangerous consequences for American interests.

—and may not be opposed to multilateralism, for other countries.

As many observers note, the United States before September 11 displayed a proclivity toward unilateral action that has not changed since. This does not mean that the Bush Administration would sabotage or discourage multilateral action by other countries in Central Asia. Its preference for unilateralism, in other words, does not mean it thinks all countries should act unilaterally. The Americans, for instance, have not opposed meetings of the Shanghai Cooperation Organization since September 11. But as long as the United States remains interested in Afghanistan and Central Asia, it will be the crucial factor, not regional organizations. As Kazakhstan learned from its efforts to initiate regional initiatives without the blessing of great powers such as China or Russia, few are likely to go along with the multilateralism of minor powers. With the United States engaged in Central Asia, all powers become much more minor.

II. Possible Futures for Central Asian Security

Uncertainty about all these changes may seem bewildering—

Some consequences of September 11 clearly improve Kazakhstan's security. If the "black hole" of Afghanistan is stabilized, the entire region will be much better off. But increased instability in Uzbekistan could make Kazakhstan's security more precarious. If the brewing rivalry for influence in the region between Russia and the US is replaced by cooperation between the two powers in order to promote regional economic development, Kazakhstan and everyone else wins. But it is more likely that Russia and the US (if it continues to pay attention to the region over the long run) will emphasize military-minded solutions to Kazakhstan's vulnerabilities. As the previous chapter argued, military problems are secondary to Kazakhstan's more serious challenges, which are political and economic. The increased stability for Central Asia resulting from the defeat of the Taliban and the dismantling of al-Qaeda's bases in Afghanistan will have less direct impact for Kazakhstan than for its neighbors that are currently facing armed extremist movements, although the improved environment for Kazakhstan will be significant. What is crucial, however, is that this improvement could be fragile. It could be easily broken, by a loss of interest by the Americans, or by a series of bombs in Tashkent, or by a massacre in Afghanistan.

—but two factors matter most for Kazakhstan's external environment.

In this discussion of Russia and China, Islamic identities within and outside of Kazakhstan, drugs and Uzbek unilateralism, two factors continually reemerge. What kind of interest does the United States have in the region? And how likely is it that fundamentalist extremism has been decisively crippled by the US-led war in Afghanistan? The answers to these two questions will shape everything else in the region.

First, will the US remain engaged in Central Asia over the long term—

Many American policymakers and analysts have become convinced that the chaos in Afghanistan—and the consequent ability for al Qaeda to establish training nests within this disorder and ideological extremism—resulted from the United States losing interest in the region after it had contributed to the defeat of the Red Army in 1989. They believe that it is vital for the US to commit the economic and military resources needed to help rebuild Afghanistan. More than that, the US has to do the same for the countries of Central Asia. This is required, they say, if the threat of fundamentalist extremism remains a powerful threat. Walking away in that case would undo all the efforts in the region since October 7, and would create the possibility of September happening all over again. But, they say, it is equally important that the US remain engaged in the region even if terrorism and extremism have been eradicated. Only a continuing American military presence will prevent terrorists from reestablishing themselves. Only American-led investment and developmental aid will lead to the economic development in the region that will make it no longer an appealing career path for young men to enlist in radical movements.

—or will it withdraw from the region—

Perhaps an even more powerful strain of thinking within the Bush Administration sees an American role in Afghanistan and Central Asia that is much more limited, both in ambition and in its time horizon. If the war on terrorism has been as successful as members of the American government hope, say these policymakers, there is hardly a need to remain in Afghanistan, and even less of a need to establish a permanent presence elsewhere in Central Asia.

—whether to pursue more military campaigns elsewhere—

The military and economic resources are going to be needed elsewhere, according to some. They might be required pursuing al-Qaeda elsewhere, such as Sudan, Somalia, or Yemen. Or they might be necessary if the US decides it is going to topple regimes from “the Axis of Evil” that threaten the US with weapons of mass destruction. Going after countries such as Iran, Iraq, or North Korea will be much more difficult than fighting the Taliban, and thus make it irrational to tie up large commitments where there is no longer a pressing threat.

—to celebrate the fruits of victory—

Other who say America should not commit itself to a lengthy stay in Afghanistan and Central Europe are inclined to believe it is not the American role to build nations, much less to try to restore failed states. This ought to be the job of international agencies. Having performed its necessary duty of clearing out the threat to the US and global society posed by al-Qaeda, the US should return home. To do otherwise would force the US to make commitments it cannot afford to keep, commitments (say some) that could lead the US down the path toward an imperial domination that it does not want and that other countries would not tolerate.

—or (if things go badly) to protect its interests at home?

If the war on terrorism goes badly, many voices in the US will advocate withdrawing from the region. American lives are being lost, they say, for the sake of local wars fought in the name of causes Americans do not share or understand. The US should withdraw before being trapped in a Vietnam-like quagmire in which victory is not possible. The US should withdraw—many, many will say—if more large-scale acts of terrorism are carried out on American soil: fighting abroad exposes us to the hatreds of outsiders. Moreover, it will be said, the most important defense ought to be of lives and interests at home.

Second, have the disruptive abilities of extremists been broken—

A second question, independent of whether America accepts the responsibilities of a long-term engagement in Afghanistan and Central Asia, concerns the consequences of the American-led war on terrorism. Half a year after September 11, many believe that the ability of Osama bin Laden and his organization to carry out operations has been decisively shattered. They no longer possess the training bases, the financial structure, or the planning network they possessed before. This may not mean there are no longer Islamic fundamentalists who resent the power of the West. It only means that grand-scale terrorist

activities are no longer something the US must fear. Likewise, war carried out by extremist groups such as the IMU are no longer a threat to the countries of Central Asia.

—or strengthened?

By contrast, extremists may have been strengthened by the events after September 11. Al-Qaeda may have been struck hard, this line of reasoning goes, but there is no reason to think it cannot regroup elsewhere. Nor is there any reason to believe that similar, perhaps even more deadly, groups will not emerge. As mentioned earlier, anti-American sentiment in the Muslim world has probably increased since October 7, and as the Israelis are discovering, there may be no end to the number of young individuals willing to kill themselves and others for the sake of their beliefs and their hatreds. September 11 demonstrated to the world that great harm can be inflicted by any group possessing sufficient patience, discipline, and ruthlessness.

These two variables yield four possible futures for the region.

Combining these two factors gives four possible futures for Central Asia. In the first, most optimistic future, the US has been successful in its fight against extremist terrorism and chooses to remain engaged in the region to ensure that another Afghanistan does not again emerge. The most pessimistic scenario foresees the opposite: the US actions result unintentionally in a stronger and more virulent terrorist threat to the US and the countries of Central Asia. Facing a war it cannot win in the region and serious attacks by terrorists at home, the Americans retreat from Central Asia, leaving Afghan-like chaos behind. A third, less pessimistic but still troubling future anticipates terrorism and extremism remaining strong, yet the United States maintains its commitment to fight its foes, even if the battle lasts years or decades. In this case, Central Asia becomes the frontline of a long-term war between an American-led coalition and a dangerous, persistent enemy. A final, less pessimistic scenario has the US victorious over extremism, and withdrawing from Central Asia in triumph. In this case, the region is likely to be the scene of many outside (and some inside) powers competing for influence and dominance in the vacuum left behind by the Americans. Let's examine each of these possible futures.

Possible Futures for Central Asia after America’s War in Afghanistan

US remains engaged
in Central Asia

<p>III</p> <p>Frontline of Thirty Years War on Terrorism</p> <ul style="list-style-type: none"> • Concert of Powers: US tries to maintain anti-terrorism coalition • Authoritarian regimes in region tolerated by US if they help against terrorism • US presses governments in region to adopt social policies that defuse appeal of Muslim extremists • Russian military presence in Central Asia subsidized by the US 	<p>I</p> <p>Economic Growth and Political Stability</p> <ul style="list-style-type: none"> • Political stability because region’s governments no longer threatened by extremists • US presence reassures foreign investors, helps integrate region into global economy • Russia and China may resent dominating American presence, but accept stability and try to benefit economically • Extremism doesn’t disappear, but is driven underground where it feeds on resentment about inequalities and cultural pollution • Poverty could still be a big problem for long-term stability
<p>Extremism strengthened</p>	<p>Extremism broken</p>
<p>II</p> <p>Afghanization of Central Asia</p> <ul style="list-style-type: none"> • Chaos throughout region in wake of American retreat • Some countries (Kyrgyzstan, Tajikistan) in danger of breaking apart • Russia and China veer between asserting their power in the region to stabilize and withdrawing to protect themselves; possibility they might disagree about how to stop extremist threat • Many ethnic Russians flee Central Asia, those who remain assert Russian nationalism as a form of protection 	<p>IV</p> <p>The Great Game Reborn</p> <ul style="list-style-type: none"> • Intensification of 1990s struggle for influence and dominance in the region by China, Russia, Iran, other powers • Outsiders seek to manipulate domestic politics for own benefit, could lead to instability • Countries in and around Central Asia uncertain if extremism might return, so seek self-protection • Rivalry between powers economic as much as political or military, seek maximum slice of business pie • Without urgent threat of terrorism, hard to form cooperative institutions such as the Shanghai Organization, could hurt region’s economic development

US withdraws
from Central Asia

Future I: Political stability—

The most optimistic scenario predicts that the US will be successful in its war against terrorism in Central Asia, and remains economically and militarily engaged in the region after its victory. This is a future of political stability in the region in part because governments are no longer threatened by the Islamic Movement of Uzbekistan or similar groups. This does not mean that, lacking a pressing threat from extremists, the governments of the region automatically become democracies. The US may wish that democracy would flourish. But in the absence of the challenge posed by destabilizing violent extremists, it is likely that the Americans will tolerate “ordinary” authoritarianism so long as it does not seem to be provoking a resurgence of extremist opposition.

—and economic growth—

Commitment to the region by the United States means more than continuing to station troops to insure against a return of extremists. It means providing aid to poor economies. More important than aid is investment. The continued presence of the United States combined with the end to destabilizing movements will be reassuring to foreign investors, which should help Central Asia to integrate into the global economy. Kazakhstan ought to benefit most of all in this respect. Foreign investment will flow most enthusiastically toward its energy resources. Political stability in the region will make it likely that various pipeline projects are initiated and completed, allowing the country's oil and gas to reach international markets. While Russia and China may resent American dominance in the region, it hardly makes sense to challenge the situation when they can benefit both from the absence of violent movements in the region and from the economic opportunities made possible by American hegemony.

—with discontent driven underground.

This is not to say that this future is a perfect utopia. Just as there is no guarantee that governments in the region will choose democracy, there is no reason why they will choose policies that widely distribute the fruits of foreign investment, developmental aid, and economic growth. Some governments may opt for growth-oriented strategies that assume that the economic pie can be more equally distributed later, after the pie has become much bigger. Other governments may take advantage of the region's stability to enrich the leader's family and cronies, feeling secure that any opposition can be bought or frightened off. (This strategy echoes that pursued in Indonesia until 1997.) Poverty could still be a problem, in spite of rapid economic growth. Discontent, in short, is pushed underground, out of sight where it may fester for some time.

Future II: The “Afghanization of Central Asia”—

The opposite of this optimistic scenario of growth and stability under American hegemony foresees a nightmare for the region. The Ferghana Valley could be the first to crumble. Unstable governments beset by well-armed terrorist opponents, the possible disintegration of already fragile states such as Tajikistan and Kyrgyzstan, the rise of assertive Russian nationalism as a form of self-defense by those ethnic Russians who cannot or will not flee the region ... things fall apart.

—results from strengthened extremists—

Al-Qaeda-style terror networks not only survive Osama bin Laden's ousting from Afghanistan but also are reconstituted in a more virulent form. Bin-Laden or a successor survives in the terror underground, demonstrating the ability to inflict ongoing and sometimes large-scale attacks on U.S. or allied civilians and economic infrastructure while unlocking ever-growing support among Muslims. Militant Islam's terror base shifts to an already or newly radicalized state elsewhere in the Middle East or Central Asia, possibly including Saudi Arabia after the collapse of the House of Saud or Pakistan after a perceived humiliation of the Musharraf regime by India.

—and American withdrawal.

Far from prosecuting the War on Terrorism from the skies and with proxy ground forces, the U.S. and its coalition face military scenarios of immense difficulty, involving multiple allied adversaries, large-scale threats to global oil supplies, and possibly the use of weapons of mass destruction (WMD). Afghanistan proves unreliable as a base of U.S. operations not only because of its poor military infrastructure but also because of its collapse once again into factional violence. A sense of "open season" against U.S. interests spreads to unrelated parts of the globe as U.S. military and intelligence capabilities strain to their breaking points in Central Asia and the Middle East. Faced by an increasingly hostile world, allies that blame it for the escalating crisis and enemies that grow ever more brazen in their attacks at home and abroad, the US adopts a bunker strategy, focusing its military power and economic resources on protection at home. In its wake, in Central Asia, Russia, and China swing between forcefully asserting their power in order to stabilize a region that is very dangerous for them and imitating the American strategy of withdrawing from the region in order to ensure stability and order at home.

Future III: A Thirty Years War on Terrorism—

Since September 11, the Bush Administration has promised that it would wage its war against terrorism even if it takes years to win a decisive victory. This may happen. Al-Qaeda forces may regroup in Afghanistan, Pakistan, or even around the Ferghana Valley. While it might turn to other fronts as well, American troops would still require bases in Afghanistan, Uzbekistan, and Kyrgyzstan. The US and other wealthy countries would be likely to pump economic aid into the region, believing that poverty and underdeveloped social policies contribute to support for extremist Muslim groups.

—would require a strong coalition—

A focus of American diplomacy in this scenario will be to maintain its coalition. It would need to maintain access to the military bases in the region. It would need to maintain a close partnership with Russia, particularly if it becomes necessary to use the Russian military as a subsidized proxy if American forces need to turn their attention elsewhere around the world.

—that might itself be destabilizing.

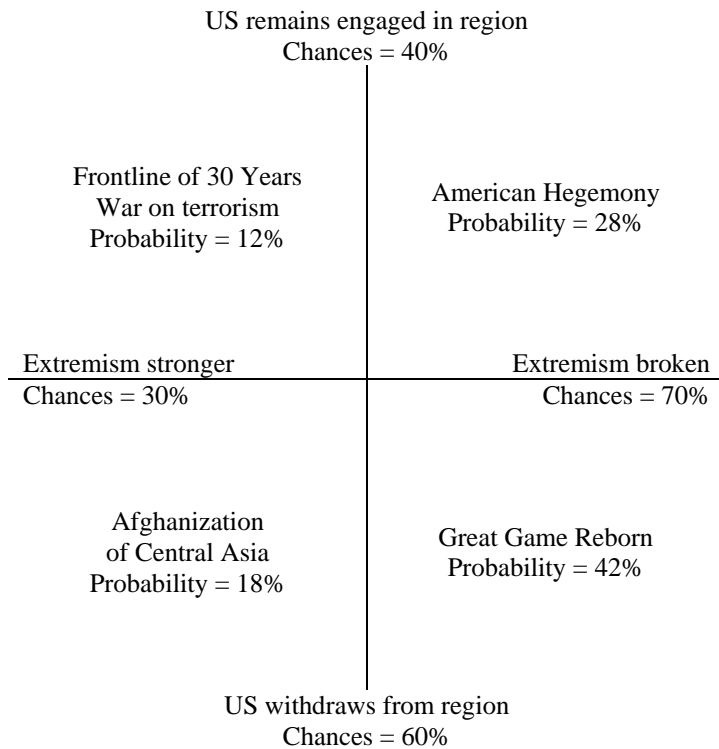
The US could adopt a deeply inconsistent, perhaps even contradictory stance toward the governments of the region. On the one hand, it will likely tolerate repressive authoritarian regimes. It could not afford to alienate allied governments whose bases and support are needed to wage the war. Moreover, if a repressive government seems effective in combating extremists, the Americans might be willing to turn a blind eye to abuses of human rights. On the other hand, governments whose heavy-handed policies seem to contribute to the strengthened appeal of militants and radicals could come under pressure from the US to open up and behave more moderately. In this case, Central Asian governments could find themselves pressured to open up and close off dissent at the same time.

Future IV: “The Great Game Reborn”—

An American withdrawal after successfully breaking the ability of extremists to destabilize the region would leave a vacuum comparable to that left behind the collapse of the USSR. In the 1990s, many observers expected a more aggressive competition for influence and dominance in the region among Russia, China, the US, Iran, Pakistan, Turkey, Saudi Arabia, and other powers. Following the withdrawal of a victorious United States, this competition could reemerge at a much more fevered level. Countries in the region could fear that extremist organizations might reconstitute themselves in the face of American neglect, and thus seek to protect themselves by exercising influence over local governments. This rivalry could be over military and security issues as well as over economic advantages.

—could see a destabilizing manipulation of local politics.

Rather than commit their own militaries to conflicts, rivals in the regional game will try to influence and control local governments. This sort of rivalry may not be very violent, but it also does not lead to very much cooperation among countries in and around Central Asia, and the regional economy will thus suffer. Without an overriding threat as from terrorist extremists, and without the leadership of a dominant power such as the United States, cooperation may be ad hoc and haphazard at best.



Which future is most likely?

Informal polling of ten experts on Central Asia and international security produced a consensus mainly that no one would know which was more likely—US engagement or withdrawal, terrorism broken or strengthened—for several years. When pressed for an answer, there was a relatively strong belief that US activities have probably broken Islamic extremism as a destabilizing force; and a slightly weaker belief that the US would not remain engaged in Central Asia for the long-term.

Probably the “Great Game Reborn.”

The probability on this very imprecise calculation is perhaps forty percent that Central Asia will see a rebirth of the Great Game, of regional and other powers jockeying for power and influence in the void left behind by an America that has left the region in triumph. These experts see perhaps a one in four chance that a triumphant US will remain in the region as a benevolent hegemon. They see almost a one in five chance that the region will eventually descend into chaos, and only a little more than a one in ten chance that the US will remain in the region in a long-term struggle against persistent terrorists and extremists.

Does it matter?

Perhaps not.

III. Does September 11 Matter for Kazakhstan?

The future Kazakhstan faces matters a great deal—

The people of Kazakhstan ought to care very much which of these possible futures emerges as the actual present some day. Of course regional stability and economic growth is preferable to Afghan-style chaos and disorder. This chapter has argued that September 11 set off chains of events that are extraordinarily important, and will not be clearly understood for years or decades. Everything really has changed for Kazakhstan and for Central Asia.

—but not in terms of basic policy orientation—

Yet in a basic way, nothing has changed for Kazakhstan. Virtually everything discussed in this chapter concerns external events outside Kazakhstan's control. Before September 11, there were a set of policies it should pursue; today it should pursue the same set of policies. We believe that no matter which future eventually comes to pass, those policies will continue to be the same. Chapter 5 discusses what those policies are.

—since these factors concern external threats and pressures—

Consider the external forces and threats Kazakhstan faces in each possible future. In Future I, its external threats are minimized. Much more important is the continued existence of poverty and inequalities within Kazakhstan. These might provide groups in the future with the raw material to destabilize the country. In Future III, the "Thirty Years War on Terrorism," Kazakhstan has to worry about a different set of pressures and threats: powerful and active extremist groups try to topple the government, at the same time that the US places contradictory pressures on Kazakhstan to reform politically. In Future IV, "the Great Game Reborn," external pressures result from the various countries and powers that seek to manipulate Kazakhstan's internal politics for their own advantage. Everything goes wrong in Future II, and Kazakhstan faces virtually every threat and pressure one can name.

—which will effect Kazakhstan through the mediation of its critical vulnerabilities.

All these threats and pressures will shape Kazakhstan's fate because of the critical vulnerabilities identified in Chapter 2. No matter which future happens, Kazakhstan will do better with sound and transparent governance. Kazakhstan will be more stable if the benefits of economic growth and security are widely rather than narrowly and unequally distributed. What is clear is that the additional dangers and potential insecurity resulting from September 11 make it even more essential for Kazakhstan to address its economic and political problems. Again we are reminded of how important it is to act decisively before problems spin out of control into full-fledged crises and complex humanitarian emergencies.

An important question is why it does not address these critical vulnerabilities.

Kazakhstan's problem is that its government and citizens appear to misunderstand the

political challenges they face. They seem to be under the influence of several myths that are impeding crucial reforms that are needed to prevent the vulnerabilities we have been discussing from erupting into full-blown crises. These myths are discussed in the following chapter.

Chapter 4

Myths that Impede Institutional Reform in Kazakhstan

Summary

The dangers Kazakhstan faces are not secret, so why doesn't someone do something? The government and people of Kazakhstan are misled by myths that result from the country's advantages, but will eventually lead to ever more serious problems.

Myth #1: Revenues from energy resources will eventually solve most of Kazakhstan's problems.

The lesson that Kazakhstan's resource abundance can be a curse was learned when oil prices fell, but was quickly forgotten when prices rose. The government has tried to prepare for prices to fall again, but has not reduced oil's dominant share of exports or foreign investment. Kazakhstan is becoming a "rentier state" that cannot reform even if the government says it desires change. The "Dutch disease" of overvalued currency is less of a danger than not needing to tax its people, which would require the government to be accountable and would penalize corruption of government and citizens. Resource abundance can seem like a magic wand able to solve all problems, but the problems will be worse when the magic fails.

Myth #2: Economic growth will eventually improve the quality of life for everyone in the country.

The "resource curse" reinforces misconceptions about poverty, which has increased greatly during Kazakhstan's independence. Some hope poverty is a temporary consequence of the transition, but the sectors of the economy that are growing cannot provide enough jobs, while some sectors may never recover as workers in these sectors become less employable every year ... no matter what the government says it wants. Kazakhstan's oil-driven poverty could persist for years and across generations if the government does not act decisively.

Myth #3: Economic growth will be sufficient to defuse social tensions.

A growing economy might not only mean some people remain poor. It can lead to violent instability as those who have less are reminded about that fact constantly, and are likely to erupt when the economy sours.

Myth #4: With privatization, the most important part of Kazakhstan's economic transition is completed.

Privatization was crucial at the time of independence because the few state-owned firms that dominated the economy needed outside assistance very badly. With initial resistance to privatization, a combination of vouchers and foreign capital have led to public dissatisfaction and legal challenges. Privatization in the all-important energy sector has failed to produce many benefits, as is also true of utilities. Foreigners blame the central government,

although poorly defined property rights are more complicated than that. Privatization could be ordered from the top, but important reforms now require local initiative, which is not easily mandated from the central authorities.

Myth #5: As the economy grows and citizens gain maturity, Kazakhstan will become a democracy.

Perhaps time and money will bring democracy to Kazakhstan. If it simplistically assumes a country must be wealthy to be a democracy and democracy requires experience to work, Kazakhstan could be mistakenly optimistic about its democratic political future. Oil and democracy do not mix elsewhere. Democracy requires genuine decentralization, an assertive citizenry, an independent news media, and proper political parties. All these will be necessary to overcome the myths that impede reform and they will not take root easily or automatically.

The dangers Kazakhstan faces are not secret—

Kazakhstan faces a wide array of potential crises that, considered in isolation, may seem either extremely unlikely or not particularly serious. The problem is that they can cluster together, reinforce one another and perhaps spiral out of control. To make matters worse, since September 11, the external security environment may have become much more dangerous. Even if the external environment has not become riskier for Kazakhstan, the critical vulnerabilities that can translate external pressures into domestic crises have not changed at all. The basic reforms that will resolve these critical vulnerabilities are needed today as badly as they were a year ago. Everyone knows this.

—so why doesn't someone do something?

That these problems continue more than a decade after Kazakhstan's independence is not because no one wants to give them sound advice. As in all countries undergoing the transition from communism, there are many international organizations in Almaty, Astana, and even smaller cities eager to tell the people and government of Kazakhstan what to do. Kazakhstan can look at the successful transitional countries of Central and Baltic Europe to see what works best, and can look at other countries in the former USSR (including those just across its border) to see that an absence of reform does not work. There are critical voices among the people of Kazakhstan that would like to tell the government what it should do. Very intelligent people work within the government of Kazakhstan. The government itself repeatedly declares its intentions to address the problems that it is facing, and often launches campaigns to root out corruption, or end poverty, or decentralize power. And yet the problems remain, and even get worse.

The government and people of Kazakhstan are misled by myths—

We think an important part of the problem is a basic complacency among government officials, citizens, and the international community in Kazakhstan. While some people recognize the severity of the risks the country faces, few realize how difficult it will be to prevent crises from erupting. There are, in fact, a number of myths that get in the way of thinking clearly about the challenges. These myths are obstacles to devising new solutions and to designing strategies to implement these solutions. This chapter critically examines some of these myths.

—that result from the country's advantages—

Although anyone who lived through the first ten years of Kazakhstan's independence knows how hard the transition has been, in many ways Kazakhstan has been fortunate. Its giant neighbors have been too preoccupied with other issues to want to disrupt Kazakhstan's stability. The Republic of Kazakhstan entered independence with the goodwill and at least tacit support of almost all who found themselves living there. Its leaders have demonstrated themselves to be moderate and flexible. Most fortunate of all, every year that has gone by has revealed that Kazakhstan possesses even more natural resource riches than had been expected. With these advantages, perhaps it is not surprising that Kazakhstan has avoided the worst.

—but will eventually lead to ever more serious problems.

In many ways, these advantages could prove to be Kazakhstan's undoing. People in the country think they either now have or will have in the very near future two special assets: time and money. They think that because they have apparently avoided the worst dangers, because the economy finally seems to be growing robustly, they will eventually be able to grow out of their problems. Time is on their side, they think. Many countries in transition believe that their problems will take care of themselves as the country, its people, and its leaders mature. Kazakhstan's optimism in this regard is bolstered by the vast natural resources with which it has been blessed. Its oil and natural gas will eventually provide it with everything it needs to solve all its problems. This myth might be disastrous for the country.

Myth #1: Revenues from energy resources will eventually solve most of Kazakhstan's problems**The lesson that Kazakhstan's resource abundance—**

Surely one of the most common views in Kazakhstan is that some day the country will receive enough money from its natural resources to solve most of its problems. Kazakhstan today possesses proven oil deposits of 2.2 million tons, with oil deposits forecast to 10 billion barrels. Explored natural gas deposits are some 2 trillion cubic meters, which might be increased with Caspian Sea resources that are still unexplored. Given all these riches, the country should be able to pay its way out of most difficulties. The money could be used for many different purposes. It can be devoted to research and development. It can pay to feed and house the needy. It can be invested in other desirable industries that will provide jobs.

—can be a curse—

Thinking imaginatively about socially useful ways to spend energy revenues is a good thing. What is a problem is the assumption that diversifying the uses of revenues once they start pouring into the country's coffers will be easy or automatic. The reality is that almost every country endowed with the abundance of natural riches that Kazakhstan possesses finds them to be not a blessing but a source of difficulties. We call it a "resource curse." Possessing large supplies of natural resources distorts the economy, it distorts the way government officials and ordinary people view the world, and in the end it distorts the institutions that are required to address the serious problems facing the country.

—was learned when oil prices fell—

To see how Kazakhstan's resource curse operates, let's look at how the economy has performed in recent years. Following a sharp fall in output during the early transition period, Kazakhstan's economy started to recover in mid-1996. This positive trend continued in 1997. The economic situation in 1998 turned out to be radically different from what was expected. Kazakhstan was hit by a series of large external shocks, not the least of which was a fall in the prices of oil and other primary commodities. During 1998, the price of oil on international markets fell by nearly 40 percent while prices of nonferrous metals declined by between 20 and 40 percent. Between the fourth quarter of 1997 and the fourth quarter of 1998, the decline in the terms of trade was estimated to amount to 14 percent. The GDP growth that had resumed in late 1996 came to an abrupt end in the third quarter of 1998. The fall in output continued in the fourth quarter of 1998 and the first quarter of 1999. But the sectors that fared the worst in 1998 were not the ones hit by the price reductions. They were agriculture and industry. In light of external developments, fiscal policy was tightened in order to adjust to the loss of oil and gas revenues. Toward the end of 1998, in the period immediately preceding the presidential elections, public expenditure was expected to surge. As a result, the budget deficit for 1998 reached nearly 8 percent of GDP. The country was in crisis.

—but was quickly forgotten when prices rose.

But it was a crisis that was quickly forgotten. The gloom that followed the August 1998 financial collapse gave way to euphoria in 2000, when the price of oil almost tripled from the levels seen at the end of 1998. Kazakhstan entered its first oil boom cycle. High oil prices have sent the economy into a high-speed growth (8 percent for 2000 and projected for 2001 at 14 percent). For the first time in years, industrial production is growing at double-digit rates. Taxes collected on burgeoning oil sales have also eased fiscal problems. Meanwhile, the tenge's weakening against the dollar has made Kazakhstan's companies much more competitive against foreigners. Together, higher oil prices and the weak tenge have done much to contribute to the growth of the country's economy. Most in the government are eager to see this combination continue. The budget deficit for 2000 was reduced to 2 percent of GDP. Some estimates suggest that budget revenues in Kazakhstan increase by 0.2 percent of GDP for every 10 percent increase in the oil price.

The government has tried to prepare for prices to fall again—

Could this trend continue? Who could complain if it does? What are the potential dangers? One of the lessons of dramatic changes in 1998-2000 is that the possession of vast amounts of natural resources can be both a blessing and a curse, depending on how the oil wealth is managed. For Kazakhstan, sustainable fiscal management of oil wealth is therefore a crucial issue. To prepare for the eventuality of a commodity price decline, the government realized that it had to maintain tight fiscal management and accelerate structural reforms to increase robustness in the face of external shocks.

—but has not reduced oil's dominant share of exports—

It will be hard for Kazakhstan to get off the natural resource train, even if it so desired. The country is heavily dependent on natural resources. It is estimated that oil, gas, iron and non-ferrous metals account for approximately 80 percent of total exports of Kazakhstan in 2000. This is even higher than Russia's 50 percent. According to World Bank classification, a threshold of 10 percent of GDP and 40 percent of total exports qualifies a country as an oil exporter or a petro-state. In 2000, it is also estimated that some 40 percent of Kazakhstan's total budget revenues came from special taxes on natural resources, privatization of companies that produce oil, gas, and non-ferrous metals, and licensing fees. This is nearly as high as Indonesia's 66 percent, Nigeria's 51 percent, and Venezuela's 62 percent.

—or foreign investment.

Foreign direct investment is also largely directed at this sector. Four of the five oblasts that accounted for 50 percent of total investment in Kazakhstan in 2000 are centers of oil production. From 1995 to 2000, 40 percent of total foreign direct investment occurred in Atyrau, the most important oil-producing region. By contrast, the traditional industrial centers of Pavlodar, Karaganda, Northern Kazakhstan, Dhambul and Southern Kazakhstan kept falling further behind, receiving hardly any investment.

Kazakhstan is becoming a "rentier state"—

So, an economist might say, foreign investment goes where it is most productive, and the government is fortunate to have such a lucrative source of revenue. Why is this supposed to be a problem? The answer lies in the composition of state revenues. It actually makes a big difference for economic development how the government gets its money. This was noticed with pre-revolutionary Iran in the 1970s when its government became known as a “rentier state.” Economists define rents as the “appropriation of revenue without the input of any factors of production, or without the direct performance of any service in return.” Economically speaking, such revenue from the sale of commodities largely represents “undeserved” wealth.

—that cannot reform—

Money for nothing, who can complain about that? The danger for an economy such as Kazakhstan is that the expected income from rents will discourage the country from making adequate efforts of its own to render its economy competitive. Becoming a rentier economy poses a serious threat in the long-term, because it blocks socio-economic development. The prospect of rents could provide a false sense of security and enables governments to delay hard decisions about implementing reforms. An abundance of oil and gas can buy time, postponing change. As has been seen repeatedly in countries in transition, reform delayed can be explosive when delay is no longer an option.

—even if the government says it desires change.

In view of these developments, a growing chorus of critics has been warning oil- and gas-rich countries in Central Asia against their lopsided economic policies in favor of natural resources. In August 1998, President Nazarbaev declared publicly that Kazakhstan was going to shift the focus of economic policy from promoting the exploitation of raw materials to enhancing industrial production. There have been some attempts to diversify output and exports. The increase and diversification of exports was the aim of the Law on Free Trade Areas of January 1996. A number of measures have been taken to boost loans to small and medium-sized firms. The liberalization of customs and currency regulations as well as the introduction of tax incentives as stipulated by the 1997 law “On the State Support of Direct Investment,” were supposed to promote investment activities in industry and agriculture. Nevertheless, Kazakhstan’s exports and output are still dominated by raw materials, in spite of all the measures adopted so far.

The “Dutch disease” of overvalued currency—

Economists talk about resource rich countries running the risk of catching the “Dutch disease.” In the 1960s, discovery of large reserves of natural gas in the North Sea set off an economic boom in the Netherlands. The large quantities of energy revenues flowing into the country led the guilder to become overvalued, damaging the competitiveness of Dutch agriculture and industry. After the price of gas fell and the boom ended, it took decades for the Dutch economy to recover. The economist’s solution to the Dutch disease is relatively simple: “sterilize” the potentially destabilizing flush of new funds, for instance by setting them aside in a separate fund. Kazakhstan has done this with its National Fund.

—is less of a danger than not needing to tax its people—

But the resource curse is far more dangerous than overvaluation of the domestic currency. It is not what revenues from natural resources can do to the tenge, but what they can do to the state. Resource rich states are tempted to rely for their budgets on money from resource extraction. They don't have to tax their citizens. What, the citizenry may ask, is wrong with foreign oil companies and consumers paying for the government's activities? When it taxes citizens for productive activity, the government is forced to explain why it needs the money, and how it will be used.

—which would require the government to be accountable—

This kind of taxation forces the government to be accountable, and that is very important. As the old slogan goes, "No taxation without representation." The American colonists rebelling against Britain refused to pay taxes unless their interests were adequately represented in parliament. But the obverse can be true: If a government does not need to collect taxes from its people, it also does not need to provide them with representation. "No representation without taxation" is the problem a rentier state faces.

—and would penalize corruption of government—

The government does not have to be accountable to its people in the same way for taxes on oil revenues. In fact, this source of funding is prone to secrecy and even corruption. The temptations are plentiful, both for companies that might want to use shortcuts and for government officials who control the gates to these shortcuts. Companies that pay for access to oil, or for access to the government officials who might be able to provide access to oil, desire secrecy. But it is not only corrupt companies that seek secrecy. Honest businesses also wish to protect proprietary information about their business dealings. But in the atmosphere of money apparently sloshing through officials' private accounts, even the companies that would like to remain honest may feel they cannot do business without bending the rules. And in this atmosphere of secrecy and rumors of payoffs, officials may become convinced that "everyone does it," and that they will be fools not to take advantage of the situation. Without accountability, corruption becomes a self-fulfilling suspicion.

—and citizens.

Resource abundance can be corrupting of more than just government officials, however. When a state has at its disposal large amounts of money, it can "bribe" discontented groups in society. Again, it might seem like a good thing for the government to use its resources to fulfil the demands of its people. The danger is when its people demand substantive political reforms, when they call for more democracy and a greater control over their lives. The government can avoid reforming itself by, in effect, paying off its noisiest critics.

Resource abundance can seem like a magic wand able to solve all problems—

This aspect of the "resource curse" creates a society that is both dependent on and demanding of the government. When they see billions of dollars flowing into the country,

perhaps accumulating in the National Fund intended to inoculate the economy against the “Dutch disease,” people’s demands for a piece of the action increases. The money, they say, belongs to the country and should go to addressing the country’s needs. Providing for the poor, upgrading infrastructure, building hospitals. Perhaps subsidizing worthy groups that feel they have been damaged by the transition such as teachers, doctors, or unemployed industrial workers. When ever-larger amounts of money seem to be flowing into the country, it is perhaps understandable that people view it as a sort of magic wand. And it perhaps becomes easier for some individuals and groups to clamor for money from the government than to invest in becoming more productive and competitive.

—but the problems will be worse when the magic fails.

All this can come to a crash when society’s increasing expectations clash with the inevitable fluctuations in market prices for commodities such as oil and gas. At the end of the boom, the government has not developed the institutional capability to respond responsibly to its people’s demands. The people have lost the ability to distinguish between the things the government should do for them and the things they should do for themselves. And hearing a government that was supposed to possess unlimited riches say that it is too poor to provide what people believe are their entitlements provokes anger and a demand that those corrupt officials who brought about this disgraceful situation be punished.

Myth #2: Economic growth will eventually improve the quality of life for everyone in the country.

The “resource curse” reinforces misconceptions about poverty —

The combination of wishful thinking and governmental weakness resulting from the “resource curse” leads to the first myth standing in the way of Kazakhstan adopting the institutional reforms needed to prevent its potential problems from turning into crises. This sort of thinking informs a second destructive and dangerous myth among policymakers and the public. “A rising tide lifts all ships.” Without growth of the economy, the lives of people in Kazakhstan will not improve. There is no reason not to expect Kazakhstan’s economy to continue growing into the future. Its natural resources will continue to attract foreign investment. It has an increasingly solid banking system. Surely everyone in Kazakhstan can expect their standards of living to improve as the economy grows?

—which has increased greatly during Kazakhstan’s independence.

Perhaps not. One thing the experience of poor and unstable countries from around the world shows is that not all patterns of economic growth are created equal. As we have discussed, the country’s ten years of independence have seen the emergence of widespread poverty. During the period of strong economic growth in 2000 and 2001, poverty rates have fallen, but they still remain distressingly high.

Some hope poverty is a temporary consequence of the transition—

An optimistic reading of the past two years of economic growth would say that the increase in poverty since 1991 has been a temporary consequence of Kazakhstan’s transition. All former communist economies suffer from a sharp depression and “hyperstagflation” as the old institutions are dismantled and the new are constructed. Those who did worse were those who were poorly prepared for the transition: the poorly skilled, workers in noncompetitive state-owned industries and farms, and so on. As the new capitalist economy takes root and grows, these people will again be in demand, although perhaps not in the same slots they occupied in the Soviet-era economy.

—but the sectors of the economy that are growing cannot provide enough jobs—

Two broad sets of problems with this optimistic assumption lead us to a different conclusion. The first concerns the particular shape of Kazakhstan’s transition. The sectors of the economy that were badly hit by the transition have barely recovered, and some may never. The recovery in industrial production of the last two years has been driven by oil and metals production, sectors that have limited ability to absorb many from the ranks of un- and under-employed workers in Kazakhstan. Oil production is concentrated around the Caspian Sea and tends to employ relatively small numbers of highly skilled (and often foreign) workers. Many of the semi-processed metal producers that have recovered, such as the steel producer Ispat Karmet in Karaganda, are dominant employers in their region and do not offer much possibility for hiring new workers from around the country.

—while some sectors may never recover—

Light industry in Kazakhstan has all but disappeared. Although between a fifth and a quarter of the workforce is on the farm, agriculture production has not begun to recover. These sectors are receiving little investment. Some might say that the reason these portions of the economy continue to do so poorly is because they have yet to be reformed. It is true that the government has avoided agricultural reform and has implemented privatization of farm property badly, and that much of industry still must be restructured. Perhaps when these reforms are finally embraced, these sectors of the economy will finally experience a burst of growth comparable to those sectors connected to energy resources.

—as workers in these sectors become less employable every year—

It is hard to be optimistic about booming light industry and agriculture lifting out of poverty the large number of adults who lack decent (or any) jobs. For many, it has been years since they were regularly employed, and they have suffered a decay of their skills. They previously worked at jobs that will no longer exist, and will need to make their way in a still rapidly changing economy. If they were unprepared for the economic transition ten years ago, there is no reason to assume they will be better prepared next year.

—no matter what the government says it wants.

Worse still, these sectors of the economy may never recover. For years, the government of Kazakhstan has publicly committed itself to diversifying the economy, to reducing its dependence on energy extraction. And yet every year, this dependence increases. Simply restoring the parts of the economy capable of employing a large part of the poor requires more than statements of intentions from the government. In this sense, we may be seeing another aspect of the governmental weakness that results from the “resource curse.” Even if the authorities wish for the economy to diversify, it cannot.

Kazakhstan’s oil-driven poverty could persist for years—

This is a serious problem because of a second set of reasons why the widespread poverty in Kazakhstan is not merely a temporary consequence of the transition. Based on the best available data from around the world, economies based on oil and other extractive resources produce severe and intractable poverty. A recent study from Oxfam America¹ chillingly and convincingly argues that:

- Oil dependent states are exceptionally vulnerable to economic shocks, which disproportionately hurt the poor.
- Overall living standards in oil dependent states are exceptionally low, much lower than they should be given their per capita incomes.
- Oil dependent states tend to suffer from exceptionally high rates of child mortality.

¹ Michael Ross, *Extractive Sectors and the Poor* (Boston: Oxfam America, October 2001), at <http://www.oxfamamerica.org/eireport/EIReport.pdf>.

- Oil dependence is also associated with high rates of child malnutrition; low spending levels on health care; low enrollment rates in primary and secondary schools; and low rates of adult literacy. The poor stay poor, and poverty reproduces itself across generations.

—and across generations—

In other words, far from making the lives of everyone in the country better off, the oil and extractive resource dependent course of economic growth upon which Kazakhstan is embarking could consign a large portion of the population to extreme poverty. This will mean not only workers who may never again be able to find decent jobs; it could even shape the fate of their children.

—if the government does not act decisively.

Believing that economic growth will eventually improve the quality of life for the poor is a dangerous myth. It obscures the need for government, society, and the international community to take action immediately to prevent the establishment of a sort of poverty that, once it takes root, might never be removed. From the point of view of preventing potential problems from leading to serious crises, however, an even more serious myth about economic growth may be misleading people and officials in Kazakhstan.

Myth #3: Economic growth will be sufficient to defuse social tensions.

A growing economy—

It may be easy for some to assume that the sorts of simmering social tensions discussed in this report are worrisome only because Kazakhstan is a poor country. Ethnic differences, a potential for Islamic extremism, the possibility that voters in the country will be swayed by demagogues promising simplistic and dangerous solutions to the country's problems, and so on. These vulnerabilities may never go away completely. But the wealthy societies of the West do not worry about going up in flames over these issues exactly because they are wealthy. Few in these societies would be willing to sacrifice their comfortable quality of life for the sake of religious or ethnic differences. Belgium may break apart or Scotland may become independent of the United Kingdom ... but this will happen peacefully and without bloodshed. According to this view, the concept of "preventive development" is redundant: all that is required is economic development, which will be necessary and sufficient to prevent social crises from erupting.

—might not only mean some people remain poor.

The discussion of the previous "myth" about economic growth emphasized that economic development produces winners and losers, and some forms of economic growth — those that rely mainly on natural resource extraction — result in a large number of very poor people. But history shows that very poor people do not often revolt or rebel. They usually suffer. So perhaps what will matter most is that Kazakhstan's economic growth will allow the government to use its resources to purchase the support, or at least the acquiescence, of the most critical parts of society, those that would be most likely to engage in violent actions.

It can lead to violent instability—

Even this rather cynical reduction in the ambitions of government and society—calculatedly targeted rewards rather than prosperity, and a focus on preserving social quiet rather than social justice—rests on a myth. *All* economic growth is destabilizing. Economic change inevitably produces winners and losers. What causes Kazakhstan's pattern of economic growth to be so troubling is that the instability of growth can spiral out of control. According to the Director of the World Bank's Development Research Group, a careful analysis of 47 civil wars since 1965 shows a distressing result:

The most powerful risk factor is that countries which have a substantial share of their income (GDP) coming from the export of primary commodities are radically more at risk of conflict. The most dangerous level of primary commodity dependence is 26% of GDP. At this level the otherwise ordinary country has a risk of conflict of 23%. By contrast, if it had no primary commodity exports (but was otherwise the same) its risk would fall to only one half of one percent. Thus, without primary commodity exports, ordinary countries are pretty safe from internal

conflict, while when such exports are substantial the society is highly dangerous.²

—as those who have less—

More than merely harming those who are not fortunate enough to work in the high-growth sectors connected to oil and natural resources, or those who live in the “wrong” regions of the country, Kazakhstan’s economic growth is likely to inspire resentment and discontent. For a few to profit so much from the nation’s resources, it may be said, is an injustice, a crime. The winners must be corrupt or unpatriotic to have sold the nation’s patrimony to foreigners. In such circumstances, demagogues could easily mobilize popular anger against the government, or against foreigners, or against Russians.

—are reminded about that fact constantly—

A skewed pattern of economic growth could be even more destabilizing by highlighting almost continually to those who feel they are losing that they are losers. The Soviet Union was a deeply unequal social order, with differences based primarily on access to political power or to scarce goods in the “shortage economy.” But perhaps in deference to the egalitarian ideology on which it rested its legitimacy, differences in consumption were usually concealed. Not so in a market economy. Consumption is carried out in the open, so all can see. Even worse, having opened itself to the world, Kazakhstan faces the fact that simply by turning on a television the poor can see a style of living and spending they will never be able to achieve.

—and are likely to erupt when the economy sours.

The economic transition in Kazakhstan has led to a devaluation of the skills and assets of a large part of the population. It has raised unrealistic expectations for others in society. It has created the danger that the government will use revenues from the sale of oil and gas to buy the silence of disgruntled members of society. All this makes the energy-dependent economy’s fluctuations of rapid growth and sudden reversal particularly dangerous. What will be a problem is that Kazakhstan lacks the institutional infrastructure to prevent serious economic downturns when the energy sectors fall on hard times. This is related to a fourth myth.

² Paul Collier, “Economic Causes of Civil Conflict and Their Implications for Policy,” at <http://www.worldbank.org/research/conflict/papers/civilconflict.pdf>.

Myth #4: With privatization, the most important part of Kazakhstan’s economic transition is completed.

Privatization was crucial at the time of independence—

When the Soviet bloc first collapsed, many in the East and in the West concluded that since the primary economic difference between capitalism and communism is private ownership, privatization would be the main component of economic reform. It turns out to be much more complicated than that. The story of privatization in Kazakhstan is instructive for many reasons. Mainly conducted in the first half decade of the country’s independence, in some ways privatization may have exhausted the government’s (and the people’s) enthusiasm for reform. If so, this is unfortunate since many of the most important economic changes that might help prevent the emergence of crises in the country remain to be adopted and implemented.

—because the few state-owned firms that dominated the economy—

The enterprises that comprised the primary industrial sectors of newly independent Kazakhstan were true behemoths of Soviet-style industrial development, supporting much of the local social infrastructure and frequently accounting for much of the budget of their respective local administrative districts. A very few companies comprised an entire industry. The alumina industry, for example, consisted of the single alumina plant in Pavlodar (which at one time provided a fifth of the USSR’s total) and two bauxite firms that supplied it. There were just two major copper producers, six principal oil enterprises, three oil refineries, one chromite-producing enterprise, and one integrated steel mill. Kazakhstan’s industrial sector was also heavily dependent on enterprises elsewhere in the former Soviet republics to process and refine its primary outputs. Sustaining the complicated connections among enterprises often thousands of kilometers apart required central direction, and output declined precipitously in many sectors following independence.

—needed outside assistance very badly.

Initially after independence, those companies remained state-owned, controlled from newly independent ministries. The collapse of communism and what was expected to be a rapid move to a market economy confronted state enterprises with formidable challenges: confusing structures, obsolete technology, inadequate capital, extensive environmental damage, idle assets, and a complete lack of knowledge and skills needed for a market economy. Most of the large state enterprises were on the verge of bankruptcy. Employees worked without pay or were laid off, fueling social tension. Most agreed that ownership change and foreign investment was the solution. A contract for a large company was greeted with enthusiasm. Newspaper headlines such as “Pavlodar Aluminum Plant: A Second Life” and “Privatization Brings Stability” accompanied the announcement of new arrangements. The new investors and managers often announced plans to pay backlogged wages and launch major investments, and high government officials made widely publicized visits to the firms. By the end of 1994, with output of alumina at 75 percent of its former levels, the government placed the Pavlodar plant

under a five-year management contract with Whiteswan Ltd., a British company. Under terms of the management contract, Whiteswan was required to settle immediately tax and other debts to the national budget of approximately \$10 million and revive output. In 1997, President Nazarbayev and Prime Minister Kazhegeldin traveled to Pavlodar to meet with the president of Whiteswan to discuss the company's investment plans, inspect the production facilities, and celebrate the beginning of a new plant.

With initial resistance to privatization—

Ten years after the massive sales, how efficient are the enterprises? How successful was privatization in Kazakhstan? Kazakhstan began its privatization program in 1991, revising it in March 1993. Between 1991 and 1992, more than 6,200 state-owned small- and medium-sized companies mostly in trade, service, transportation, and construction were privatized. 3,000 joint stock companies were formed. At this initial stage, privatization was hampered by a number of factors. Little interest was shown on the part of the population in the privatization of small businesses because of the reduction in buying power. Attempts were also made on the part of the management and workers to discourage selling of their(!) companies. One way was to inflate the initial asking price, or the representatives of the company would participate in the auctioning and call higher prices so that an outsider could not pay. A refusal to pay the named price would result in removal of the company from sale until the next auction. Local authorities often obstructed privatization, fearing the loss both of the businesses and of their share of the profits.

—a combination of vouchers—

Like Russia, Poland, and the Czech Republic, Kazakhstan also adopted mass privatization. Equal conditions were created for all the people living in Kazakhstan by way of providing them with privatization investment coupons. Through the creation of the system of Investment Funds, the investment risk was diminished for the population. 170 investment funds were established, 65 of which were concentrated in Almaty. The population invested into the investment funds over 60% of the total amount of received coupons. The investment funds exchanged coupons for the shares of the joint stock companies. Mass privatization involved the sales of shares of over 2,200 joint stock companies. These sales took place on the Central-Asian Stock Exchange in Almaty, established in April 1995 with the assistance of USAID. Active privatization of the state agricultural enterprises was also conducted in the agro-industrial complex. About 2,350 agricultural enterprises were privatized in 1992-1994.

—and foreign capital—

Perhaps more than any country in the former Soviet Union, Kazakhstan turned to foreign companies to assist in restructuring management and to provide new investment in the generally very large enterprises comprising its mineral and mineral fuels sectors. Virtually all of the major industrial enterprises were placed under foreign control, either through management contracts, joint ventures, or sales. To a remarkable degree negotiations were concentrated in the comparatively short period of 1995-1997 when Akezhan Kazhegeldin was Prime Minister. An initial examination of foreign investment

and the sales of enterprises reveals that the results are mixed. Kazakhstan's fiscal proceeds from privatization are the largest of any of the countries in transition, spurred mostly by sales of large primary industries in the latter half of the 1990s. These higher privatization proceeds enabled Kazakhstan to finance its large budget deficits. But to the extent that fiscal needs drove privatization, the quality of privatization may have suffered. As many observers of economic transition in Kazakhstan have noted, most of the enterprises were not the result of public tenders. And even when the tender itself was public, the winner often was awarded the right to conduct exclusive negotiations to complete a contract. The sales prices were relatively low, but the contract terms included commitments to pay salary and other enterprise arrears, as well as to make substantial investments. In return, investors usually obtained a controlling interest in the enterprise, either immediately if the negotiation was an outright sale, or within a year or two if it were a management contract.

—have led to public dissatisfaction—

Recent anecdotes suggest that many of sales have been subject to much more criticism. Headlines now read “Foreign-Owned Enterprises Owe the Republican Budget” or report disputed contract changes. Employees of the Mangistaumunaigaz enterprise threatened a disruptive strike when in 1996 the government first announced a tender for the sale of a controlling interest. They argued that there was no need to sell the firm; it had remained both productive and profitable. Similarly, the chairman of Kazakhstan's Independent Trade Unions Confederation, Leonid Solomin, argued that, instead of saving the small towns that had been built around specific enterprises, the sale of leading enterprises to foreign investors had created “ghost towns” throughout the country. He identified 56 towns where enterprises had been closed under new ownership. Many voiced a concern that the enterprises had been sold at “give-away” prices. Others argued that if local managers had been given the same terms granted to foreigners in their management and sales contracts (exemption from taxes, clearing of all former debts of the enterprises, reduced rail tariffs, and so on), they too could have successfully revived many of the large enterprises.

—and legal challenges.

The above-mentioned Pavlodar Plant, now Alumini Kazakhstan, remains embroiled in legal battles. In January 1999, Kazakhstan's Supreme Court ruled that Whiteswan had inflicted considerable damages (\$102 million) on Kazakhstan's economic and financial interests through its dealings with the country's industry. The foreign investor countersued in courts in the UK to regain these assets. It seems likely that the case will remain in courts for many years. President Nazarbaev noted that some mistakes and shortcuts were inevitable, while carefully adding that Kazakhstan was not disenchanted with privatization as an important component of economic reform. He also noted that enterprises had been sold to unproven investors, some of whom he accused of seeking to abrogate previous investment pledges, and employing cunning ruses such as transfer pricing and offshore accounts to evade taxes.

Privatization in the all-important energy sector—

The sale of enterprises in the oil sector would seem to be among the least successful of the natural resource sales. In 1991, there were already six principal production associations: Aktobemunaigaz (also known as Aktyubinskneftegaz), Embamunaigaz, Mangistaumunaigaz, Tengizneftegaz, Uzenmunaigaz, and Yuzhneftegaz. They accounted for more than 75 percent of oil production in Kazakhstan. The Tengizchevroil is the largest joint venture. Share packages in Aktobemunaigaz and Uzenmunaigaz were sold to the Chinese National Petroleum Company. Kazakhoil was created to manage the residual state interests in the oil and gas sector. Kazakhoil's first president was Nurlan Balgimbaev, former Minister of Oil and Gas.

—has failed to produce many benefits—

A closed tender to sell the largest of the individual oil-producing enterprises, Mangistaumunaigaz, whose producing fields are at Kalamkas and Zhetybau, was announced in June 1996, but never completed. The president and employees staged a protest when the prospective sale was announced, arguing that production was increasing, the firm was profitable, and hence did not require new ownership. Company officials and employees also argued that they be given the right to participate in determination of the terms of any sale. Eventually the tender was canceled. By 1997, however, the situation at Mangistaumunaigaz had worsened significantly and wage and budget arrears were increasing rapidly. A tender was announced for the sale of 60 percent of the firm and in April 1997 the Indonesian firm Central Asian Petroleum Company won the exclusive right to negotiate a purchase. Negotiations to complete the purchase took more than nine months, during which time the situation at Mangistau deteriorated further. Overall, Mangistaumunaigaz ended 1997 with considerable debts; expenses were estimated at \$329 million, while income was only \$122.5 million. Although completed, the sale did nothing to improve the situation. In 1998 the employees were still organizing an unauthorized picket demanding that salary arrears of 11 months be paid.

—as is also true of utilities.

Kazakhstan's utilities — primarily the power and telecommunications sectors — were in an equally unfavorable position. More than 80 percent of the electric generating capacity of the country was sold, several regional electricity distribution networks were sold, and the telecommunications monopoly and the national electric grid companies were each sold at least once, although contracts for neither sale ultimately were successful. The speed with which the reorganizations were carried out and sales made has meant that transactions have been controversial in many of the same ways that characterized the sales of the large natural resource sectors. Privatization and sale of the utilities have been uniquely controversial because the restructuring meant that services that essentially had been provided free to all citizens were converted to paid services. In consequence, the new managers of power stations were almost immediately placed in adversarial roles in the local community whenever they demanded payment for services when none had been demanded before.

Foreigners blame the central government—

From the viewpoints of foreign investors, the principal reason that the terms of their contracts had not been fulfilled was because the government of Kazakhstan had not met its obligations. The series of very public disputes between the government and foreign investors significantly damaged Kazakhstan's reputation among donors and in the foreign investment community, making it all the more difficult to attract future investors.

—although poorly defined property rights are more complicated than that.

It is very clear that Kazakhstan, like most other transition economies, suffers from a damaging uncertainty about property rights. The earlier system of property rights defining the command economy has eroded, but a new market-based system of well-defined property rights is still largely non-existent. If it is to achieve the balanced economic development needed to prevent its simmering problems from breaking out into full-fledged conflicts and crises, Kazakhstan will need to push through a set of reforms that may prove even more difficult than privatization. These include implementing effective competitiveness policies, combating corruption at the lowest levels of the economy, making banking and financial services available to small and medium enterprises, revising employment and labor market rules, strengthening the legal environment for all businesses ... the list can go on indefinitely.

Privatization could be ordered from the top—

Part of the difficulty is that privatization was an easy policy to push from above. It could be sabotaged by local officials and complicated by anxious workers, but when the central government threw itself behind the policy, it was essentially accomplished between 1995 and 1997. This was an advantage of an economy that was so centralized, so concentrated in a few enterprises. When the central government accepted that it could not directly run the economy as the Moscow had tried under Soviet socialism, it could decide to devolve these enterprises into the private sector. Of course, it would be unrealistic to expect a central government that was powerful enough to force through privatization would give up its economic power. As it turns out, not owning assets whose property rights are ambiguously defined is no impediment at all to continued power in the economy. Government officials still had the power to grant (or not grant) permission for large enterprises to undertake new ventures. They could provide credit directly or indirectly, they could allow or not allow foreign investors to provide money to the large enterprises. Great influence could be exercised through personnel as well as personal politics. All this could prove to be much more rewarding than for the state actually to own the country's largest assets.

—but important reforms now require local initiative—

Pushing reform further, however, is much more of a bottom-up endeavor than privatization from the top down. Further reform will require coordinating the efforts of a wide range of actors: businesses, of course, but also NGOs, local government officials, academics and experts, and international advisors. If done well, these reforms should contribute to energies being unleashed from below. We can imagine coalitions of local governments, businesses, regionally rooted NGOs, and provincial universities devising innovative approaches to providing credit for small and medium sized enterprises, or

rural unemployment, or attracting foreign investment outside of Almaty, Astana, and the oil sectors. In fact, it is difficult to imagine Kazakhstan thriving *without* these sorts of coalitions.

—which is not easily mandated from the central authorities.

But local initiative is difficult when people are accustomed to looking toward Astana for guidance and permission. A local government official cannot be expected to risk losing his job by trying new ideas that his superiors did not approve. The problem does not have to be that local initiatives threaten to take away power from officials at the center, who then will sabotage the initiatives. It is only necessary that central government officials not understand an innovation, or think that it looks strange ... in that case blocking the change becomes a simple and prudent course of action.

Myth #5: As the economy grows and citizens gain maturity, Kazakhstan will become a democracy.

Perhaps time and money will bring democracy to Kazakhstan.

Some might think that relying on the top for reform initiatives is a temporary distortion for Kazakhstan, a result of its sudden and often traumatic thrust toward independence. According to this view, as reforms already adopted become better rooted, the center will no longer be indispensable for reforms to take place. This view is related to a fifth myth impeding the institutional development of Kazakhstan: democracy will be easy or automatic.

If it simplistically assumes a country must be wealthy to be a democracy—

Look at a list of the world's richest economies: almost all are democracies. The poorest? Virtually all are various forms of dictatorship. This correlation is one of the tightest known in comparative political economy, and it has inspired dozens of possible explanations. Many people assume that democracy is something of a luxury good, the sort of thing rich countries can afford to indulge in after they no longer have to worry about feeding and clothing their people. After they have acquired basic consumer items, this interpretation goes, members of the middle class (who are most likely to have knowledge of and experience in Europe and North America) will demand a greater say in the country's political life. This seems to be the historic pattern in countries as culturally dissimilar as Southern Europe and East Asia.

—and democracy requires experience to work—

An important lesson for most former communist countries—as well as countries in Africa, Latin America, and South Asia—is that sustainable democracy is difficult to create immediately after the collapse of a despotic government. It takes time to develop the experience and expectations necessary for democratic government to work. Political leaders have to be certain they will not be punished if they leave office after losing an election. Citizens have to be convinced they will not be punished for criticizing their representatives' actions. Even the mechanics of democracy take time to learn. Establishing parties, holding elections, counting votes, and so on all require years to learn properly.

—Kazakhstan could be mistakenly optimistic about its democratic political future.

Kazakhstan seems on its way to becoming a country whose prosperity is fueled by its energy resources ... surely it can afford to adopt democracy. And its people are gradually becoming accustomed to the fact that political life in the Republic of Kazakhstan has so much greater openness than did life in the Soviet Socialist Republic of Kazakhstan. But optimism may not be warranted. What matters for Kazakhstan is that the correlation seen elsewhere between wealth and democracy can contribute to one of the most dangerous forms of complacency. There is no reason to think that democracy will come easily or automatically. In fact, many of the trends and tendencies seen in Kazakhstan resulting

from the “resource curse” and resulting directions of economic development lead us to think that achieving democracy will be more difficult than anyone believes.

Oil and democracy do not mix elsewhere.

The classic counter-examples to the correlation between wealth and democracy are the countries of the Middle East. When social scientists control for factors such as Islamic religion, colonial background, ethnic composition, and so on, they are left with the conclusion that possessing oil leads to a strong predisposition for governments to be authoritarian. Glancing at the oil-rich countries in Africa or Southeast Asia seems to confirm that having oil is bad for a country’s democracy, and the more oil the country has, the smaller are the chances that a health democracy will take root. This does not mean that democracy in Kazakhstan will always be doomed, or that its only way of implementing a democracy is to refuse to pump oil out of the ground. It only points to a powerful fact about political reality: possessing oil wealth diminishes rather than increases the chances of becoming a democracy.

Democracy requires genuine decentralization—

We can identify several things that will be needed for democracy to take root in Kazakhstan, and can highlight why they will be unlikely to occur without concerted efforts by the people and the government of the country. Genuine decentralization means both the devolution of power from Almaty and Astana to lower levels across the country and a relaxation on the center’s grip on power within the national government. This is a frightening prospect for many. It threatens to ignite latent tribal, ethnic, and religious tensions that have been suppressed by the center. Even critics of the existing government express this fear. As we have argued, to a certain degree these tensions are worsened rather than only suppressed by the centralization of power. The longer these tensions are kept bottled up without means for expression in open discussion and for competition for power and policy influence, the greater will be the chance that they will spin out of control in the future. A wide range of powerful interests at the center of the government are unlikely to welcome the decentralization required by a healthy democracy.

—an assertive citizenry—

Democracy requires self-confident citizens. We have talked to no one in Kazakhstan who believes this has developed. In fact, one of the worst consequences of the “resource curse” is that it produces a sense of dependence on the government as distributor of the largesse brought by the country’s mineral and oil wealth. Unless the people of Kazakhstan demand democracy, they are unlikely to gain it.

—an independent news media—

The news media has not yet reached the level of maturity an open democracy requires. In part, this is a product of the concentrated ownership structure of press outlets. It is also a result of a lack of experience with finding the balance between reporting news objectively and making non-slandering criticisms of the government. Kazakhstan sometime exhibits a pattern common to many weakly institutionalized democracies. Its news media have traditionally been constrained by open censorship or (more often and

more insidiously) by covert pressures to inhibit criticism of those in power. When those constraints are loosened through policy choice or through neglect, reporters seem particularly aggressive, even irresponsible. In part, this is because they are not accustomed to reporting and criticizing openly; in part, it is because no one else is accustomed to hearing open reporting and criticism. All this leads the government to clamp down even more tightly with the assertion that the news media lacks the responsibility or maturity to operate without controls.

—and proper political parties.

Political parties seem to exist primarily as vehicles for distributing patronage and spoils, not as institutions that develop new ideas and seek to implement these ideas into policies. This will be difficult to change in the context of abundant funds available from Kazakhstan's mineral and oil wealth. Even when parties arise that believe they are genuinely articulating new and better policies for the country, the assumption shared by most in the country could be that these newcomers are only seeking the same thing all politicians are assumed to be seeking. Power, spoils, corrupt funds.

All these will be necessary to overcome the myths that impede reform—

Political parties engaging in a competition about policies and ideas, an independent news media that seeks to inform the public, citizens who think for themselves and criticize their government without fear of consequences, local government officials and nongovernmental actors ... all these are needed for democracy. But even more, they are needed to ensure that Kazakhstan does not remain mired in the complacency brought about by these myths about their future.

—and they will not take root easily or automatically.

Chapter 5

Basic Goals for a Strategy of Preventive Development

Summary

Fundamental Goal #1: Fostering Coalitions for Poverty Reduction

Although they disagree about the precise definition, analysts try objectively to measure “absolute poverty.” This does allow them to assess the effectiveness of policies. But poor people live poverty subjectively, relative to other groups or to the past. Relative rather than absolute poverty is what produces social grievances, and can unleash an envy that might cripple the economy. Structural poverty results from multiple barriers to self-sufficiency that may become deeply rooted across generations. For the poor to view the world through a “poverty prism” can be destabilizing, but sometimes should be.

It is important to avoid the thinking inspired by “the resource curse,” and to see poverty reduction as part of economic development. Addressing joblessness partly requires helping the unemployed move to jobs, but even more it means moving jobs to the unemployed. Training and adult education are essential. Reducing poverty requires a coalition of government agencies, NGOs and international donors, domestic and foreign businesses, and educational institutions. Promoting coalitions at a regional and local level highlights the need to decentralize power.

Fundamental Goal #2: Institutionalized and Sustainable Economic Development

Economic development is not the same as preventive development, especially for countries facing a “resource curse.” For example, extensive environmental damage is a problem that becomes even worse when it causes social discontent and creates the potential for demagoguery. Poland demonstrates that the transition can produce a cleaner environment when it is based on strengthened market mechanisms, effective government regulation within a competitive democracy, and a robust civil society. It shows that economic development depends on governmental reform, but this will require an act of will from the center.

Fundamental Goal #3: Three Orders of Decentralization of Power

Political decentralization has three interrelated aspects of shifting power:

1. from the president’s office to other state institutions
2. from Astana to rayons and auls
3. from governmental to nongovernmental sectors.

Local devolution is necessary for preventive development—but many find it politically frightening because it can cause conflict, especially where minorities are vulnerable to the powerful. For local officials, decentralization can lead to “moral hazard” and increased corruption. Since poor regions can’t compete for foreign investment, the resulting regional inequalities can lead to discontent. A shortage of skilled personnel at the local

levels is compounded by a lack of proper training and education. Recently, decentralization has become a divisive national political issue, which means addressing these concerns must be a priority.

Clear legislation must define powers and accountability. Incentives should be structured to promote coalition building. There must be many monitors of local governmental performance, including news media and grassroots NGOs, as well as institutions that would make local elections really mean something. This highlights the need for these political changes at the national level.

Basic Goal #1: Fostering Coalitions for Poverty Reduction

Although they disagree about the precise definition—

Economists and other analysts disagree about the best measure of poverty. It ought to be comparable within as well as across countries. Thus as it targets its development resources, the government of Kazakhstan must know if poor people make up a greater percentage of the population in South Kazakhstan or in North Kazakhstan. Likewise, the international community, which must decide how to distribute scarce assistance resources, should know if poverty is a greater problem in Kazakhstan or in Kyrgyzstan. A measure of poverty should be consistent over time, allowing one to determine whether things are getting better or worse. The measure should not be too much influenced by changes in the price level, any more than it should by differences in currencies across countries.

—analysts try objectively to measure “absolute poverty”—

One possible objective measure of is often used by organizations such as the World Bank, which must make comparisons across more than a hundred countries. They ask how much of the population lives on less than one or two dollars a day. A more sophisticated approach asks what percentage of the population cannot afford a basic basket of goods that are needed to survive (food and shelter, as well as necessities). A still more sophisticated approach defines poverty as a constrained ability to live a decent life. The UNDP’s “human development index,” for instance, is a composite measure that looks at life expectancy, adult literacy, and per capita income. The first two examples try objectively to draw a line: those who fall below it are poor, those who are above it are not. The third example tries objectively to compare how a country compares to others in terms of the ability of its people to live a full life.

—which allows them to assess the effectiveness of policies.

These sorts of objective measures of poverty are necessary for policymakers. If social assistance is targeted to particular individual or groups in need, it is important to have a measure that says one person is entitled to support, while another is not. It also is vital that those responsible for helping the poor have a way to tell if their policies are having a positive effect. Even with objective measures of poverty, this can be difficult. For instance, as data collection improves over time, it may be necessary to refine and redefine measures of poverty so that they will provide more useful information. Similarly, as

countries undergo extensive social and economic transformations old measures are no longer meaningful. When Kazakhstan was part of the Soviet Union, unemployment was nearly nonexistent, basic social services were provided at little or no cost, and the state guaranteed basic needs. Poverty existed (even if for long periods of Soviet history it was not clearly discussed in public), but it was a very different sort of poverty than exists today. Soviet-era poverty called for different policy responses, and had to be measured with different tools. This complicates comparing changes in poverty rates over time in Kazakhstan and other former Soviet republics. Government officials may be tempted to manipulate the definition of being poor, employing statistical sleights of hand to claim policy success. In spite of these possible inaccuracies or abuses, objective measures of poverty are indispensable for policymakers.

But poor people live poverty subjectively—

Objective measures of poverty are also inadequate for capturing the information needed for preventive development. The way people in Kazakhstan feel about society and those in power does not always change when their incomes cross a line defined by economists in Washington or Astana. The crucial questions are not so much whether or not people **are** poor, but whether they **feel** poor, and whether or not they think it is just or legitimate that they are poor. Thinking about poverty in this sense is much more complicated than measuring individuals' incomes. A person's income does not change if the factory employing her neighbor goes bankrupt. The heightened sense of vulnerability and uncertainty may feel no less unsettling, and may be what makes appealing extremists' condemnations of foreigners or other supposed culprits.

—relative to other groups—

When people feel poor, it is in comparison to something or someone else. Poor compared to a neighbor, or a family member. Or poor compared to what another ethnic group seems to possess. Poor compared to the lifestyle that everyone sees being enjoyed in Almaty, or in the West. Each comparison perhaps assumed a different understanding of the causes of poverty. Each of these comparisons carries implicit or explicit judgments about whether being poor is fair or just. "Why am I poor and he is not? Why are we poor and they are rich?"

—or the past.

Another important comparison is with the past, or with what it is thought the present should be. At a time when neighbors lose their jobs because their factories have gone bankrupt, it is perhaps natural to recall with fondness the days of the Soviet Union, when unemployment was nearly nonexistent. The genuine achievements of Kazakhstan's decade of independence may make it seem that poverty is much greater than in the past. For instance, Kazakhstan is now open to culture, entertainment, and ideas from the outside world. But people in Kazakhstan feel that they have become very poor in the last decade simply because they are aware of the prosperity abroad (even if the images of prosperity piped into homes by the television may bear little relation to the reality of most people in these countries).

Relative rather than absolute poverty is what produces social grievances—

Demagogues and extremists might not be able to mobilize support simply by pointing out that people have fallen below an objective measure of absolute poverty. Far more effective would be to tell them that they are poorer today than they were a decade ago, and that they have become poor while another group has grown rich. Most effective of all would be to argue that groups in Kazakhstan are poor *because* others have grown rich, that this is wrong, and that something has to be done about it.

—and can unleash an envy that might cripple the economy.

Even if it does not increase support for extremists, a sense of relative poverty can lead people to demand that those who prosper should be penalized, perhaps because they are believed to have achieved their prosperity through illegitimate or corrupt means ... or simply because their prosperity causes their fellow Kazakhstanis to feel poor. Demands for this sort of leveling have elsewhere constrained innovation, encouraged those with ambition and talent to leave the country, and led the prosperous to conceal their fortunes. This may reduce the perception of a gap between rich and poor that is at the core of relative poverty, but it will not help anyone in Kazakhstan escape poverty.

Structural poverty—

Previous chapters observed that the dislocations caused by the sudden collapse of the old command-barter institutions and the slow establishment of new market institutions caused a large increase in poverty in all post-communist economies. All experienced what might be called “hyper-stagflation,” with a sharp and often prolonged economic contraction that threw a large part of the workforce into unemployment or all but unpaid underemployment. The other shock of hyper-stagflation was a burst of inflation that wiped out most people’s savings. Few members of society were prepared psychologically or economically. As the economy stabilizes and begins to grow, many people who had been thrown into poverty find new jobs and see their incomes increase. What they experienced might be called “transitional poverty,” poverty that lasted for the duration of the transition. They are the fortunate ones. Victims of “structural poverty” are not.

—results from multiple barriers to self-sufficiency—

Those experiencing structural poverty cannot adjust to the new economy. It is likely that they face several mutually reinforcing obstacles to adaptation. They may live in depressed regions that cannot attract new investment. They lack the skills and education demanded by the growing sectors of the economy, and lack the money that could pay for more training (if training were available in their region, which is probably not the case). Health problems may block them from finding new work, and they may lack the resources to pay for proper medical care that is now rationed by the market rather than being provided free of charge by the state. Add to this the fact that some of these people may have turned to alcohol or drugs as a way of numbing their personal transitions. In short, those experiencing structural poverty may be very difficult to help.

—that may become deeply rooted across generations.

The problem of structural poverty is even worse than this description of obstacles indicates. The children of the victims of structural poverty are more likely than others to remain poor over the course of their lives. They lack educational opportunities in many regions of Kazakhstan. They are driven to seek low paying work at an early age, and thus do not develop the skills that might help them find better jobs. Worse, they may acquire habits and attitudes that prevent them from escaping poverty. Thus Kazakhstan may be witnessing the coalescing of a permanent “underclass,” seemingly untouched by any economic growth and prosperity enjoyed the country as a whole. In fact, the growth and prosperity of the rest of the country touches the members of this underclass in a direct and painful way, reminding them that they have lost while everyone else has somehow won. In the experience of most countries, this is a very dangerous development.

For the poor to view the world through a “poverty prism” can be destabilizing—

While preparing materials for the *National Human Development Report, Kazakhstan 2000*, the Sange Agency conducted a series of focus group interviews with poor people from urban and rural rayons across Kazakhstan. The resulting study, *Listening to the Poor*, shows that many people view the world through what might be called a “poverty prism,” a lens that interprets or distorts everything in terms of its contribution to the person’s impoverished condition. The performance or honesty of the government, the relative prosperity of other groups, one’s sense of hope about the future ... all are viewed in terms of poverty. When viewed through the poverty prism, nothing looks very good. This can create a potential audience for extremists.

—but sometimes should be.

The existence of poverty *should* destabilize the status quo, especially when the causes of poverty can be addressed. The poor should expect to have their voices heard. This indicates the importance of political openness for preventing poverty since an absence of channels through which the poor can legitimately express their grievances increases the chances that they will turn to extremists of one variety or another. It’s likely that these extremists will promise remedies that are impossible or dangerous to fulfill, particularly in a country such as Kazakhstan, which possesses such an abundance of natural resources that the very existence of poverty can be seen as an indictment of an incompetent or corrupt political order.

It is important to avoid the thinking inspired by “the resource curse”—

If the government begins “listening to the poor,” it may hear many policies suggested that would be economically ineffective at best, and destructive at worst. The essence of the “resource curse” is that every group thinks that it is entitled to a share of the natural abundance with which the country has been blessed; the government thinks it can pay off the demands of these groups rather than implement difficult reforms. The result is that the country’s institutions are weakened, leaving its economy vulnerable to unexpected downturns and its politics vulnerable to demagogues and extremists. This can be a serious problem if different groups —farmers, teachers, workers, government officials, etc.—demand a share of the country’s wealth to bring them back to the standard of living they think they enjoyed a decade ago, or think they would now be enjoying if they had not ex-

perienced the dislocations of the 1980s and 1990s. The demands fed by the “resource curse” can spiral completely out of control when groups insist they be rewarded relative to other groups in society.

—and to see poverty reduction as part of economic development.

The “resource curse” can inspire groups to demand a share of the country’s mineral abundance to compensate them for losses they have experienced, either relative to other groups or relative to what they think their status ought to be in society. Rather than viewing it as a wrong or injustice that requires compensation, a more constructive view would see poverty as one of the most significant obstacles to institutionalized economic development of Kazakhstan.

Addressing joblessness—

A key aspect of poverty in Kazakhstan is that too few jobs pay well. This is different than mere unemployment. There are probably not very many able-bodied workers in Kazakhstan who want to find work yet can find nothing at all. Many poor people work at temporary jobs in the informal sector, others combine two or more low paying part-time or nearly full-time jobs. These forms of employment offer little chance of advancement, even to permanent formal employment status, to say nothing of advancing to higher paid or more secure positions.

—partly requires helping the unemployed move to jobs—

Part of the problem results from the regionally skewed pattern of development of Kazakhstan’s economy. Cities such as Almaty and Astana are experiencing a labor shortage at the same time that some rayons have unemployment rates of more than fifty percent. But it is difficult to move from the high unemployment regions to the cities where many employers are seeking workers. Those who seek jobs may now know anyone in the cities who can tell them where jobs are available, and how to obtain them. Housing and transportation services in the cities are already inadequate, and would be even more so after several tens or hundreds of thousands more job seekers move to the city. Besides, the jobs that are open in the cities are often temporary day jobs offering little pay or security. It should be a priority for the government to help un- or under-employed workers in depressed regions identify jobs in cities with labor shortages, perhaps by establishing an informational clearinghouse that would allow employers to announce job vacancies. At a low cost the government could provide vouchers for housing and transportation for workers to move to where jobs await them. In the longer-term, the government could work with these businesses to provide workers access to training. The purpose of these programs would be to seek low cost ways to smooth the functioning of the labor market: to decrease the cost of obtaining information, and to decrease the cost of relocation.

—but even more means moving jobs to the unemployed.

Moving workers from economically depressed regions to cities experiencing a labor shortage is a limited solution, in part because of the additional strain on housing and services in the cities, and in part because these jobs may only be temporary or seasonal. A better solution will be to attract investment in the depressed regions so that new busi-

nesses taking root will provide decent jobs. This has been difficult. Some argue that the government should itself invest in regions with high unemployment, perhaps by paying to reopen factories in the dozens of “company towns” where the sole employer has shut down. Others say the government should use its leverage over foreign companies that want to invest in the energy or other resource sectors: investment in oil, gas, or other resources would have to be matched by investment in economically disadvantaged regions far from oil and gas deposits. These strategies reflect the thinking that the “resource curse” encourages. It would be better to increase the investment-worthiness of these regions by repairing roads and railroads, developing the regional telecommunications infrastructure ... most importantly, improving the quality of workers that will be hired in the regions.

Training and adult education are essential.

Investors from Kazakhstan and from abroad can offer many reasons why they have avoided investing in economically blighted regions ... but they often do not appreciate the low quality of workers until they actually have invested there. Many workers were trained for state-owned enterprises that will never be resurrected, in industries that will never again flourish in Kazakhstan. They may have been disconnected from the labor market for several years, which has led their skills to deteriorate further. Preparing these workers for new businesses that might invest in their region is an important task for Kazakhstan’s regional universities, which should make adult education a leading priority.

Reducing poverty requires a coalition of government agencies—

Each of these approaches will fail if the central government is the only force pushing for an increase in the number of jobs that pay well. The key will be partnerships drawing on a wide range of organizations and businesses, and one of the government’s functions can be encouraging or brokering these partnerships. At least 112 ministries and agencies of the government of Kazakhstan are said to have some mandate to reduce poverty. The government’s Program for Poverty Reduction and Unemployment Control of 2000-2002 demonstrates a firm grasp of how these various bodies must work together to attack the different aspects of the problem. It is a solid program. What is necessary, however, is a better sense of how to increase the effectiveness of these governmental bodies by helping them partner with nongovernmental actors that are also committed to reducing poverty.

—NGOs and international donors—

A large number of the international donor organizations in Kazakhstan have as their primary focus the reduction of poverty. These include the Asian Development Bank, World Bank, UNDP and other members of the UN family, the US Agency for International Development, the EU. Many of these organizations do not define their poverty-reduction activities as permanent: they think that as Kazakhstan progresses in its transition from communism and consolidates the market institutions of capitalism, assistance from international donors will no longer be necessary. Thus the international community is working with nongovernmental organizations in Kazakhstan to prepare them to continue these efforts. A result has been the development of a cadre of well-educated, professional workers in the NGO sector, and this is a good thing. But another less positive result has been an over-reliance of NGOs in Kazakhstan upon international organizations as funders and

as the initiators of new ideas and programs. It becomes natural for NGOs to turn their attention to Almaty and Astana, in part because this is where they can find the most powerful government policymakers, perhaps even more because this is where they can find potential funders among the international organizations. The real locations of chronic and structural poverty are neglected.

—domestic and foreign businesses—

Real progress toward reducing poverty in Kazakhstan is most likely to come not from the government, or international organizations, or NGOs. A healthy economy that provides decent jobs will be the best reduction of poverty. Businesses—both foreign investors and domestic companies—must understand that it is in their interests that poverty be reduced in Kazakhstan. These companies will benefit directly from well-trained and productive workers. They will benefit from a broad range of prosperous consumers in the country. And they will find it much more secure to operate in an environment in which there is not a large number of disgruntled poor people forming a natural audience for extremists and demagogues.

—and educational institutions.

Kazakhstan's nation-wide network of universities and other institutions of higher education are an underutilized resource in the struggle to reduce poverty. Part of their role ought to be providing new entrants to the labor force with the skills they will need to succeed in the new economy Kazakhstan seeks to build. University leaders and officials from the Ministry of Education have begun working with international donors and advisers to transform the curriculum and teaching methods in the country's colleges (often under the pressure of competition with the private colleges and business schools that have popped up like mushrooms across Kazakhstan). Perhaps even more importantly for reducing poverty will be for these schools to provide workers with additional skills. In this task, existing institutions of higher education will need assistance: they are finding it difficult to adapt to preparing "traditional students" for the new realities of Kazakhstan, and it could be expecting too much for them to take on the needs of poor and poorly-educated adults. Valuable partnerships with businesses could help provide schools with information about the skills being sought by employers, with temporary or permanent employment slots for those who are being educated, perhaps even with instructors. In this respect, the Ministries of Labor and Social Welfare should be fully engaged in the transformation of higher and continuing education.

Promoting coalitions at a regional and local level—

Much of the important work in reducing chronic, structural poverty will necessarily take place outside of Astana and Almaty since that is where the economies are suffering, and that is where much of the coalescing underclass resides. Officials in the central government and in the international donor organizations tend to be well educated and completely committed to their work. They possess access to financial and technical resources that dwarf any available elsewhere in the country. Unfortunately, they lack information about the nature of particular communities' problems and about some of the unrecognized assets at the local level that might be mobilized to solve these problems. To make

matters worse, local officials and NGO activists are entirely accustomed to turning toward Almaty and Astana for assistance rather than cooperating with their counterparts in other oblasts, rayons, and auls. Until this situation changes, the emerging underclass will not be helped by most efforts to pull them out of chronic poverty.

—highlights the need to decentralize power.

The solution to chronic poverty in large part depends on preparing governmental and nongovernmental organizations to approach problems creatively. So long as power is monopolized in the president's inner circle, however, innovation by those outside the center is unlikely. An important basic goal for preventive development will be to prepare the way for decentralization.

**Basic Goal #2:
Institutionalized and Sustainable Economic Development**

Economic development is not the same as preventive development—

Some people argue that the concept of “preventive development” is redundant, that economic growth and development alone will prevent the eruption of potential crises and conflicts. But economic growth is inherently destabilizing because it shifts and upsets existing relations in society. Even if everyone wins, not everyone wins as much as others. Groups that were on top before are likely to find themselves dislodged by other groups that possess skills, resources, and social connections disproportionately rewarded in the changing new economic order. That is the best case; more likely, some individuals and groups will find themselves to be losers in an absolute as well as relative sense. To make matters worse, economic development may erode political institutions and arrangements that were previously effective for settling disputes between groups, without necessarily installing new institutions in their place.

—especially for countries facing a “resource curse.”

Kazakhstan’s “resource curse” will make these aspects of economic development even more destabilizing. Even if those who prosper most from the large amounts of money flowing through the country exercise restraint in flaunting their wealth, the economic losers will still be aware of how poorly they are faring. Hearing about how much the economy is growing and how badly foreigners wish to buy a share of Kazakhstan’s bounty will increase everyone’s expectations and demands. When the government chooses to pay off unhappy or insistent groups rather than implement institutional reforms, it will only increase the demands other groups press. When the economy is hurt by shifts in world prices for the country’s oil, gas, and other resources, social grievances will be even more loudly voiced. Economic growth in a society “cursed” by large amounts of natural resources rarely makes very many people very happy for a long period of time.

For example, extensive environmental damage is a problem—

The destabilizing side of economic growth can be seen in terms of environmental degradation. Kazakhstan began its independence as one of the most dangerously polluted countries in the world. The disaster of the Aral Sea, the nuclear waste left at Polygon, and the rapid depletion of endangered species of plants and animals in the Caspian Sea because of the high rates of pollution were only a few of the ecological dangers that attracted the most attention from the world. On a daily basis, Kazakhstan’s environmental problems damage the quality of life of many families and regions that lack adequate safe drinking water, that face soil erosion, that have to breath air that should not be inhaled.

—that becomes even worse when it causes social discontent—

In other societies, environmental problems can cause political discontent and even conflict. This can happen when particular ethnic or social groups believe that the government is neglecting their health and safety needs. They might blame foreign businesses for fouling the air and water, or blame the government for selling the country’s very soul. These

sorts of complaints are being heard in Kazakhstan today, and they are likely to get worse over time.

—and creates the potential for demagoguery.

Although many people might think that “greens” are on the Left side of the political spectrum, the issue of the environment is as often one that inflames nationalist passions on the Right. The future of country is being held hostage to the economic profit of greedy corporations, corrupt politicians, and indifferent foreigners. The market economy, global businesses, government corruption, ethnic minorities that seem suspiciously to be unconcerned about a clean environment ... all can provide easy targets for opportunists on the Left and Right in their efforts to whip up dissent.

Poland demonstrates that the transition can produce a cleaner environment—

When it embarked on its transition from communism, Poland was perhaps as polluted as Kazakhstan. Like Kazakhstan would a few years later, the Polish economy went into hyper-stagflationary free-fall when the Great Transformation was launched in 1989, and levels of most pollution fell sharply as well. Factories that were not manufacturing wasteful products were also not spewing out the noxious fumes and effluents that the communist political economy in Poland produced so much better than products. Most observers at the time thought that the Polish economy was simply too impoverished to make ecologically beneficial investments a priority. Besides, not a few of them believed, capitalism is at least as pollution-ridden a social order as communism. No one was surprised when levels of pollution fell along with levels of industrial production. What was a surprise was that pollution continued to fall even after the Polish economy and industry started posting the highest rates of growth in Europe, and rates of most pollutants continue to fall today. This is excellent news for Kazakhstan as well as Poland, but why has it happened?

—when it is based on strengthened market mechanisms—

Poland possesses the strongest market economy in the post-communist world. Most economists agree that well-defined property rights and functioning markets internalize costs rather than imposing them on society, and these result in less pollution. When energy and other input prices reflect their real costs, there is less waste and less pollution. Throughout Poland, large polluting factories are going out of business or are producing less wastefully. Poles are discovering that “green business” is big business, a billion-dollar-a-year industry that is expected to expand several-fold in the coming years.

—effective government regulation within a competitive democracy—

Democracy means transparency, and the dismantling of the Leninist party-state has meant that regulations are drafted, discussed, and implemented in the open. Today, operating in a market economy governed by independent regulatory authorities, pollution fees and fines actually shape producers’ behavior. Under communism, penalties for polluting were nonexistent or trivially small, and were usually ignored all together. Today, penalties for polluting in Poland are among the highest in the world, and they hurt. The fundamental conflict of interest that characterized the communist political economy — the state was both regulator and owner of the means of production — has been resolved for the boom-

ing private sector of the Polish economy. It even seems to be resolved for the large portion of the Polish economy that remains in the state's hands. The 1991 Law on the State Environmental Inspectorate created an office that is empowered to impose noncompliance fines, shut down dangerous polluters, impose environmental mitigation measures on new plants before they can begin operations, and ban the import and sale of environmentally harmful materials, fuels, and technologies. The Inspectorate has been very effective, so effective that large state-owned producers, the regional political authorities that depend on these state firms for jobs and revenue, and even Poland's ex-communist government have tried repeatedly and without success to close the office all together.

—and a robust civil society.

Poland has an active and influential civil society, a dense web of formal and informal groups acting outside the sphere of the state. Since the end of communism, hundreds of locally and nationally based ecological clubs and environmental NGOs have mushroomed across Poland. Some have contributed to the reduction of pollution by lobbying the government for stricter environmental laws. Others monitor the behavior of both regulators and the regulated, publicizing lapses of enforcement of the rules. Still others seek to educate the public and producers about environmental policies and practices. Environmental groups have managed to influence important political decisions. Polish environmental groups have proven to be very good networkers. Some cooperate with labor organizations or political parties, others with businesses.

It shows that economic development depends on governmental reform—

For someone worried about the destabilizing effects of political competition and electoral conflict, Poland's success may appear dangerous to imitate. Environmental issues become heated electoral issues, environmental NGOs file law suits against governments and businesses, the government sues corporations ... yet the very open nature of the conflict ensures that grievances not allowed to be expressed do not fester and provide fodder for demagogues. The good news for Kazakhstan is that Poland's success can be replicated. Those institutions of democracy, independent regulation, market economy, and civil society are all on the government's list of goals for itself. Moreover, these institutions will sustain the more general approach of preventive development.

—but this will require an act of will from the center.

The bad news is that the political authorities at the center of the government of Kazakhstan will have to be serious in their efforts to let go of power, to allow actors within the market and civil society and the political opposition to play the role of uncovering abuses and demanding their correction. This will require three order of political decentralization, and all three will be a challenge.

Basic Goal #3: Three Orders of Decentralization of Power

Political decentralization has three interrelated aspects of shifting power—

“Decentralization” and “devolution” are frequently mentioned these days as crucial components of economic development. This represents a significant change from the discourse of development two or three decades ago, when large-scale projects designed and implemented by the central government were preferred. Today attention is also focused on nongovernmental organizations and local governments. While this shift is a good thing, it is important to prepare newly empowered institutions and individuals to make sound decisions and to implement them effectively. To shift power away from the center without adequate preparation to new actors is to court disaster. At best, power will return to the center and efforts to decentralize power in the future will seem silly. More likely, power-holders outside the center will hold onto enough of their new control to continue to extract a share of corrupt rewards. At worst, inadequate decentralization without preparing power-holders will result in even more instability and potential chaos in the country, and the strategy of “preventive development” will have backfired.

—from the president’s office to other state institutions—

Decentralization of power has three aspects. First will be to transfer power from the president’s office to other institutions of the national state. Strengthening the Majlis is an important part, as is providing ministries with the independence and authority to formulate policy without interference from the center of power. The Majlis will become more independent when parliamentary elections become more significant as a way of selecting leaders, and when members of the parliament are forced to be accountable to their constituents for their decisions. This means that political decentralization depends on greater democratization of government in Kazakhstan.

—from Astana to rayons and auls—

The second aspect of decentralization might be defined as regionalization or localization of power. This received attention as part of the very limited local elections in Kazakhstan in October of 2001. As a step toward regional and local decentralization, this was a worthy experiment. But as long as oblast Akims are subject to removal at Astana’s decision, and municipal Akims are subject to removal by oblast Akims, this will never be anything more than a façade of a power shift. Genuine regional and local decentralization will require continued fiscal decentralization: local Maslikhats will need to be able to make independent decisions about their budgets, and in some cases greater discretion about taxation. More than power will have to be decentralized. Responsibility and accountability must be as well. It will not help solve Kazakhstan’s problems if Akims emerge as mini-despots, free to do what they want. Preventing this from happening will require strengthening a wide range of nongovernmental institutions such as the local news media, competitive political parties, and civic organizations that see their mission as monitoring the performance of their elected leaders.

—and from governmental to nongovernmental sectors.

This third shift of power, from the government to nongovernmental actors, is necessary both at the center and in the oblasts and rayons. The reason for this third type of devolution of power is to ensure that newly strengthened government officials perform effectively, to stimulate the articulation of new ideas and programs that will solve problems such as chronic poverty, and to foster local and national coalitions that can implement these solutions.

Local devolution is necessary for preventive development—

Consider the focus of the central administration's main political reform in the 2001, decentralization of power to local levels. Because they are closest to the problems most citizens face every day, strong and effective local governments are vital for a strategy of preventive development. Local officials can be more intimately aware of the grievances and discontents felt by those who are suffering. They can see the beginning signs of opportunists and extremists who might try to take advantage of these discontents. Citizens may be more likely to hold their local authorities accountable since they can see the effects of local policies in their towns and neighborhoods, and because they may know personally those who are responsible. Local authorities should know better than policymakers in Astana or Almaty what sorts of particular and unique resources can be tapped in their regions, and thus should be in a position to develop innovative solutions.

—but many find it politically frightening because it can cause—

Such is the promise of powerful local governments. The possible abuses of power by these governments, however, disturb some observers. Local non- and quasi-governmental institutions—political parties, news media, labor unions, regulatory structures, business associations—in Kazakhstan are weak and unprepared to perform a monitoring role to prevent conflicts from erupting or abuses from being inflicted on society.

—conflict where minorities are vulnerable to the powerful.

Granting more power to local authorities opens the possibility that they might use the power to settle clan or personal grievances. Nearly every aul, it is said, has one powerful family and one family that has historically been the enemy of the powerful family. Who will protect that weaker family? Who will protect ethnic minorities from ethnic majorities who are guaranteed a lock on power if they vote as a block?

For local officials, decentralization can lead to “moral hazard”—

Granting local officials more power creates a problem that economists call “moral hazard.” If they believe the central government will not allow local governmental units to go bankrupt, the leaders of these local governments will have no incentive to exercise fiscal responsibility. In the best case, they will pursue risky economic strategies, safe in the thought that if the strategies work their regions will prosper (and they will be reelected), while if the risky strategies fail, the authorities in Astana will bail them out.

—and increased corruption.

The worst case, it is feared, will be that local officials won't pursue strategies that if successful might benefit their regions. Instead they will simply use their power in any way, legal or illegal, that rewards themselves and their clans. Increased power will become a tool of domination and corruption, with abuses able to be checked only by a distant central government that has sacrificed its capabilities to punish local satraps.

Since poor regions can't compete for foreign investment—

Others worry that the already large economic gap between rich and poor oblasts could grow much wider when oblasts have greater control over their fiscal resources and greater responsibility for providing services to their people. Regions that can attract large amount of foreign and other investment—provinces rich in natural resources, for instance, or Almaty and Astana—will fare better than regions that must cut services and allow their infrastructure to deteriorate because of insufficient funds. This can set off a worsening spiral since poor communications, transportation, and education for workers make it even less likely that the regions will attract investors. Establishing fiscal and service decentralization removes from the central government's policy toolkit the means of transferring resources from rich to poor areas.

—the resulting regional inequalities can lead to discontent.

As they see their home oblasts and rayons decay while others become ever more prosperous, it is natural to think that local grievances will fester. In the case of poor regions with ethnic Russian majorities, this could lead to the belief that the province is suffering because its people are Russians, and that maybe it would be better to relocate the oblast to the Russian Federation. If this sense of ethnic dissatisfaction begins is articulated by the elected local political authorities, central government officials in Astana may crack down on local autonomy all together, believing it was a dangerous experiment that threatens to set the country down a path of separatism and fragmentation. Seeing their independence rescinded, ethnic minorities who form majorities in regions may become convinced they have no hope for control of their political and economic lives.

A shortage of skilled personnel at the local levels—

It is not only differing natural resource endowments and investment possibilities that could lead to a growing gap between regions and thus to the sort of discontent that might destabilize the country as a whole. Even before Kazakhstan became independent, the best and brightest young people in Kazakhstan were likely to seize the first opportunity to leave for Alma-Ata or Moscow in search of the best education and jobs. This drain of the most talented and ambitious has continued since 1991, perhaps even intensified by the lucrative chances for employment for those with a gift for languages or business in foreign companies or international organizations. Those are precisely the individuals who will be in short supply when local governments must take more responsibility for their finances, for the services they provide, and for the investment they can attract to their regions.

—is compounded by a lack of proper training and education.

Even if it were possible to convince the most talented young people to remain in their home provinces, this still might not be enough to ensure that local governments could adequately perform the new tasks assigned to them. Even officials in Astana sometimes complain that their staffs lack adequate preparation for the difficult technical requirements of public finance, health care provision, environmental regulation, and so on. How can it be expected that this training will be available to local authorities and their employees?

Recently, decentralization has become a divisive national political issue—

In early 2002, the “Young Turks” who formed Democratic Choice for Kazakhstan sought to make the demand of greater local decentralization and democratization their a platform for a challenge to the country’s ruling power structure. Many national leaders have seen this as a disturbing political development. It raises the possibility of an alliance between possible local political leaders and challengers for national power. The deals that might be cut in such an alliance, it is feared, could increase the tendencies toward fragmentation and separatism that have been kept in check during Kazakhstan’s first decade of independence.

—which means addressing these concerns must be a priority.

These various fears and anxieties about decentralization do not mean that it is unwise. Instead, it means careful steps must be taken to prepare the country for genuine devolution of power to democratically accountable oblast and local officials. This should not mean local reforms are carried out at the glacial pace that the easily reversible changes in a few regions were in 2001. It does mean that there should be a clear idea of what policies and institutions will be required for local governments to be effective in the very near future. This will require a strategy of what will needed to put those policies and institutions into place.

Clear legislation must define powers and accountability.

The Majlis and Senate should adopt more clearly defined legislation that sets a timetable for the strengthening of local governments. Officials need to know what they will be expected to do, and when. Local NGOs and citizens must know when to expect decisions to be made closer to home than Astana. Spelling out responsibilities and a schedule for their transfer will also let citizens know when powers are not being transferred as planned, and allow them to place pressure on the center to fulfill its commitment.

Incentives should be structured to promote coalition building.

Particularly skillful legislative crafting will be needed to structure the incentives for local governments to seek out problem-solving coalitions with businesses, NGOs, educational institutions, religious organizations, etc. They must have access to much better channels of information to locate and identify the resources and social interests that will help address the challenges faced by their regions. They may need help translating the “languages” spoken by these varying interest: not Russian and Kazakh, but rather the “language” of international business, the “language” of local merchants, the “language” of

researchers and academics, and so on. The central government officials can be of much help in circulating information and helping broker partnerships.

There must be many monitors of local governmental performance—

Avoiding local “moral hazard” and corruption will partly require a change of culture, and that can take a very long time. More immediately, it will require active and self-confident guardians of the public interest that see their role as preventing official abuses of power. This is the third order of decentralization of power, from governmental to nongovernmental institutions and actors. The most important of these watchdogs will probably not be regulators in Astana, in large part because of the fear that anti-corruption campaigns have largely been tools of those in power who want to punish and deter challengers. Local monitors are better positioned to watch every day, and to mobilize pressure to check abuses as they first appear.

—including news media and grassroots NGOs—

Perhaps the most important types of organizations to monitor local authorities are not political. News organizations need to be able to uncover and publicize examples of incompetence or worse. For newspaper and television reporters to do this requires a well developed set of journalistic ethics, training, and the confidence that results from knowing one will not be punished for pursuing the truth. It also requires a sense of restraint as the truth is uncovered rather than seeking attention through sensationalism. The journalistic profession in Kazakhstan is slowly developing these skills and abilities at the national level ... slowly because of the centralized ownership of much of the news media and because of the poorly enforced laws protecting journalists. Grassroots NGOs that will need to help monitor the performance of local government officials will have to rely on media coverage not only as a way of gaining publicity for official abuses or mistakes they uncover. Even more, they will need the publicity from an assertive news media for protection against retaliation from government officials who may resent being exposed or criticized. Part of the reason why Kazakhstan must encourage the development of an independent and professional news media in Almaty and Astana is so that the ethics and skills trickle to oblast and local news markets more quickly.

—as well as institutions that would make local elections really mean something.

Perhaps the most important check on local level abuses is healthy Akim and Maslikhat electoral competition. This will be the best way for citizens concerns to be articulated and heard, for wrongdoing to be exposed, for new ideas to be proposed. The experimental elections in October 2001 demonstrated that it is quite feasible to hold these elections; but the elections were held in carefully selected districts with little chance of the eruption of embarrassing scandals or nasty local conflicts. It is imperative to begin as soon as possible to institutionalize the infrastructure of elections: the technical and mechanical apparatus for country-wide voting as well as the trained and objective humans that can operate this apparatus, independent parties capable of addressing local as well as national issues, and so on.

This highlights the need for these political changes at the national level.

These institutional changes are of course required at the center as well as in oblasts and auls. In fact, discussing what is needed for hundreds of thousands of local elections to be held highlights how far Kazakhstan is from being able to conduct free and fair elections for an effective and independent Majlis or for President. Without the firm establishment of the institutions of democracy and openness at the center of the national government, no one should expect power to be meaningfully devolved to lower levels. Making that possible is perhaps the greatest challenge for a strategy of preventive development.

Chapter 6

Toward a Strategy of Preventive Development And How to Mobilize the Resources to Realize It

Summary

Although a strategy of preventive development could be imposed from the central government, this is the opposite of what is needed, which is an open discussion by all Kazakhstanis. A successful strategy for preventive development should not assume resource wealth is a solution. It should define stages that build on each other, and shift responsibility out of the center's hands. Transparency is the first priority.

How to Think about Preventive Development in the Short-run?

Greater transparency will eventually increase the public's trust in government and encourage new solutions. Research can contribute to more transparent public debates by increasing understanding of problems such as poverty, its causes and possible solutions.

How to Think about Preventive Development in the Medium-run?

Although greater transparency is a start, institutions must be strengthened, including Maslikhats, the national and local news media, and political parties. Wide and flexible problem-solving coalitions require that their component institutions are independent and capable.

How to Think about Preventive Development in the Long-run?

In the long run preventive development should be self-sustaining, not dependant on foreign assistance or constant prodding from the central government. Eventually, preventive development should stop being an issue.

Mobilizing resources for a strategy of preventive development will entail a flexible coalition of the central government (which can provide funds and a vision); the international community (which can offer funds and technical expertise); local NGOs; and business, both local and foreign.

A Framework for Thinking about Preventive Development

Although a strategy of preventive development could be imposed from the central government—

One way to think about a strategy of preventive development is as a comprehensive master plan for Kazakhstan. Having identified the external threats facing the country, and after identifying the most important critical vulnerabilities that might amplify external pressures into cascading series of domestic crises, this master plan would spell out what the government should do to prevent the problems should do. Tasks would be defined for

each ministry and agency. A powerful central government office would be charged with monitoring the implementation of the plan, holding the various ministries and agencies accountable for fulfilling their tasks, and if necessary punishing those government officials who fail to perform the duties assigned to them by preventive development plan. In this way the government will have anticipated the most serious potential problems, and will have taken the actions needed to prevent them from breaking out.

—this is the opposite of what is needed—

Rather than providing the government of Kazakhstan with a detailed plan, we propose a framework that will help the widest possible array of interests, groups, and individuals in Kazakhstan think about the problems facing the country, and devise innovative solutions to these problems. A successful strategy for preventive development cannot be imposed on the country from Astana. Nor is it something that can be thrust upon the country from an outside research institution.

—which is an open discussion by all Kazakhstanis.

A genuinely successful strategy of preventive development will emerge as a result of discussions of citizens and organizations around the country. The effectiveness of its implementation will be monitored not by a central government office; it will be watched by many NGOs, political parties, journalists, researchers, international organizations, and others. A central government that uses its dominant power to pursue a strategy of preventive development—no matter how well conceived the strategy or how well intentioned is the government—does not understand the real problem facing Kazakhstan, and will probably make matters worse.

A successful strategy for preventive development should not assume resource wealth is a solution.

First, thinking strategically about preventive development in Kazakhstan should avoid being misled by the myths obstructing reform that were discussed in Chapter 4. Kazakhstan's abundant natural resources do allow the country to address its problems in ways denied less well-endowed former Soviet republics such as Kyrgyzstan or Tajikistan. A successful strategy of preventive development recognizes that curse that accompanies resource abundance. It avoids seeing potential or actual revenues from oil and natural gas as a magic wand that can solve all troubles. Thinking clearly about a strategy also requires recalling that almost no country blessed with such large amounts of energy resources has been able to sustain democracy and to avoid debilitating and pervasive governmental corruption.

It should define stages that build on each other—

Second, a successful strategy for preventive development will be viewed as a series of steps or stages that build upon each other. Not everything can be done at once — thinking that it can is a symptom of the myths engendered by the “resource curse.” At the same time, reforms and changes will not happen automatically, as Kazakhstan grows richer or as its citizenry matures. In thinking about what they hope their country becomes during its next decade of independence, the people of Kazakhstan must be able to understand

what steps are required to reach this destination. Power must be decentralized and devolved, for instance, but shifting power too abruptly, without having constructed the checks against the misuse of their authority by newly empowered local government officials, is a recipe for abuse and mismanagement.

—and shift responsibility from the center’s hands.

Third, this requires new ways of thinking about accountability and responsibility. For the first ten years of Kazakhstan’s independence, power was nearly monopolized by the central government and by the President’s office in particular. The center took upon itself the responsibility for monitoring the performance of lower levels of government, of replacing officials who performed their duties poorly, and sometimes of prosecuting those who abused their powers. In reality, of course, this sort of top-down accountability becomes a source of abuse and corruption as the populace assumes that any prosecution of malfeasance is being carried out only in order to further the central authorities’ political interests, not in the name of good governance. At the same time, when abuses and incompetence persist in this top-down system of accountability, people assume it is because the central authorities charged with monitoring lower officials are somehow benefiting from the abuses. As was discussed in Chapter 1, this results in a widespread erosion of people’s trust and confidence in the government. A solution to this problem can be to decentralize the responsibility for monitoring the performance of government officials at all levels to institutions and groups outside of the government. As was discussed in Chapter 5, this means strengthening the capacities of national and local news media, NGOs, and political parties.

Transparency is the first priority.

Fourth, all this indicates that the main short run priority for a successful strategy of preventive development is not exactly an economic policy at all. It is to increase the transparency and openness of government at all levels in Kazakhstan.

How to Think about Preventive Development in the Short-run

Greater transparency—

Increasing the transparency and openness of government is a reform that can and should be implemented immediately. In the medium- and long-run, the Majlis should debate and draft a better legal framework ensuring citizens' rights to information, just as it needs a better legal framework to prevent corruption. But increased transparency can be started right away. Several crucial issues relating to preventive development require greater openness.

—will eventually increase the public's trust in government—

It is not succumbing to the myths associated with the "resource curse" to recognize that the government can target revenues from oil and gas to address problems associated with widespread poverty and unbalanced patterns of economic development. But if the people of Kazakhstan believe that the funds from the sale of the nation's resources are siphoned off for the personal and unrestrained use of a few top government officials, they are unlikely to support the uses of these monies that are indeed important and valuable. So long as high-ranking officials can arbitrarily decide how the funds are to be spent, it is unlikely that they will be used to foster innovative solutions to the threats and problems Kazakhstan faces.

—and encourage new solutions.

Many government officials in Kazakhstan resist an open discussion of the country's problems because they fear an uncontrolled discussion will lead to escalating complaints and demands by groups in society. This could spark conflict between ethnic groups, they worry, or could give a platform for extremist demagogues to destabilize politics. As this report has discussed, blocking the expression of grievances is all but guaranteed to make things worse. It can create popular sympathy for those radicals who are being persecuted or muzzled. It can as easily lead the public to believe that discussion is being closed because the government has something to hide. This is not to argue that opening the government to questioning and criticism from the news media or from citizens automatically serves as a safety valve that stabilizes the political system by releasing pressure. We argue that encouraging new and innovative solutions to problems requires clearly admitting and analyzing what the problems are, why they exist, and what can be done to prevent them from getting out of control.

Research can contribute to more transparent public debates—

Increased transparency and open discussion of the issues facing Kazakhstan will be necessary for another aspect of thinking about preventive development during this first stage. Kazakhstan requires much more careful research and analysis of its problems. This research should be conducted not only for the benefit of other researchers and government policymakers. It should inform public discussion of the choices before Kazakhstan. Much of the research carried out in Kazakhstan today is far less constrained than it was under the Soviet Union, and some excellent work is being done in the universities and in gov-

ernment offices. The results of this research and analysis now must be disseminated more widely; at the same time, the questions driving researchers should be refocused to illuminate some of the critical vulnerabilities the country faces.

—by increasing understanding of problems such as poverty—

Consider the example of research into poverty reduction. Most researchers working for the government and international organizations are trying to collect information about poverty that is as accurate as possible. But as Chapter 5 argued, knowing what percentage of the country's population falls below a poverty threshold or knowing how Kazakhstan's scores on a Human Development Index compare to its neighbors is important but insufficient. It does not tell us who in society feel poor, or whether they believe it is fair or just that they are poor, or if they think that extreme actions might be needed to correct the situation. Clearly understanding Kazakhstan's potential crises requires much more extensive research into the subjective or relative aspects of poverty in the country. Inserting the results of these inquiries into public debates should help clarify what is at stake in choosing a strategy of preventive development wisely.

—its causes—

Concrete policies designed to reduce poverty also require newly refocused research. Understanding the situation of those experiencing structural, long-term and multi-generational poverty ought to be a high research priority. As the various multiply reinforcing causes of this sort of poverty are clarified, this can become part of the public discourse about how to solve the problem of poverty and the conflicts poverty can exacerbate.

—and possible solutions.

More careful research into the nature of jobs and joblessness can also contribute to poverty reduction. This would go beyond identifying regions and groups that are badly hit by unemployment or by employment in low quality and low paying jobs. It would look, for instance, at the social networks people use to find employment in order to streamline the dissemination of job information or to supplement these networks with other means. New research should examine the gap between Kazakhstan's anticipated future workforce needs and its present realities in order to begin redesigning the country's systems of training and worker education.

How to Think about Preventive Development in the Medium-run

Although greater transparency is a start, institutions must be strengthened—

In the short-run, it is crucial to begin an open public discussion of the challenges and dangers facing Kazakhstan. The different possible solutions should be detailed and critically examined. By embracing a course of greater transparency, the government can start building the people's confidence in it. The focus of a strategy of preventive development in the medium-run—three to five years—should be to consolidate and strengthen the institutions needed for balanced and sustainable economic growth and for a stable democracy. These institutions will be particularly crucial as authority is decentralized to oblasts and auls, and as power is transferred from the President's office to a democratically elected Majlis and independent judicial system.

—including Maslikhats—

An example of a government institution that will need to be strengthened are Maslikhats, which will be important to check the arbitrary abuse of power by elected Akims. But several non- and extra-governmental institutions will be even more important in the medium-run. These include:

—the national and local news media—

The news media at both a national and regional or local level. A responsible press will be necessary to monitor the performance of newly empowered local government officials. As important will be the media's role in disseminating information about the nature of the problems Kazakhstan confronts, and in discussing possible ways to prevent these problems from turning into crises. Newspapers and television can help spread examples of innovative local solutions to issues such as poverty and economic development. Journalists in Kazakhstan are probably not prepared to fill this role today; developing that capacity should be a priority in the medium-run. In the short-run, the government should get out of the way of journalists independently covering the news; in the medium term, the ownership structure of television stations and some newspapers should be changed to increase the independence of the news media.

—and political parties.

Political parties have been stunted by the distribution of political power in the first decade of Kazakhstan's independence. This will have to change as power is shifted to other branches of the government and as democratically elected offices obtain more authority. Rather than viewing new political parties as signs of disorder and instability, the government should ensure that all political parties receive the training from relevant international organizations that will allow them to compete for offices in responsible and constructive ways. Political parties will be one of the leading means through which unhappy groups express their discontent; the goal in the medium-term should be to ensure that parties articulate that discontent in ways that lead to new policy solutions, not in ways that destabilize the political system or the country itself. Chapter 2 argued that Kazakhstan's problem is not that there is too much competition for power, but rather that there is too

little competition, at any rate too little of the right kind of competition. The medium-run priority should be making sure increasing political competition benefits the country.

Wide and flexible problem-solving coalitions—

Another type of institution that ought to be strengthened in the medium-run is actually problem-solving coalitions composed of different groups and institutions. Problems such as persistent poverty, environmental degradation, and unbalanced patterns of economic growth have many different causes. They thus require many pronged solutions. Consider the example of poverty reduction. Local governments may try to establish information clearinghouses through which potential employers can connect with those seeking work. Eventually these might evolve into the “one-stop shops” seen in North America and Europe: in a single place are located the means for unemployed workers to apply for benefits, to find out about job opportunities, and to receive training that will qualify them for better jobs. Elsewhere, these sorts of “one-stop shops” have almost always been more effective when local governments have the flexibility to tailor the services to the particularities of the city or region. This will probably be the case in Kazakhstan as well.

—require that their component institutions are independent and capable.

The coalitions that are most likely to succeed in reducing poverty, however, should not result only from the initiatives of governments, whether local or national. Businesses, colleges and other educational institutions, nongovernmental organizations, international organizations, even religious institutions should all be encouraged to form coalitions to solve the poverty of persistent and destabilizing poverty. This will require that these institutions be strong and independent enough to work with each other toward a common goal.

How to think about Preventive Development in the Long-run

In the long run preventive development should be self-sustaining—

The main priority for thinking about preventive development in the long-run ought to be that as much as possible solutions are self-sustaining. Self-sustaining has three important aspects:

—not dependant on foreign assistance—

Kazakhstan must prepare itself for life after the departure of the international donor community. This does not mean that the IMF, World Bank, the UN family, or other donor organizations will stop work in Kazakhstan entirely (although Kazakhstan should hope it outgrows USAID, at least). As the economy of Kazakhstan grows, donors will shift their funding to countries in more dire need. In fact, given its resources and its relatively sound financial institutions, Kazakhstan should expect to be a net exporter rather than importer of foreign aid and advice. Helping increase the stability and prosperity of its neighbors could be a valuable way for Kazakhstan to protect itself against regional insecurities.

—or constant prodding from the central government.

Preventive development for Kazakhstan should be self-sustaining in the long-run because the national government should no longer be the only or perhaps even the primary actor coordinating the strategy. Local governments and politicians, NGOs, educational institutions, domestic businesses and foreign investors, academic researchers and journalists are likely to form coalitions to solve the problems that might some day become crises. At first they may form these coalitions as an initiative from the central government, perhaps with funds distributed by the center. The goal should be for these institutions and organizations to be able to operate with their own funds. It should be for them to be confident enough of their mission and constituents to collaborate with one another without the permission or compulsion of the central government.

Eventually, preventive development should stop being an issue.

Finally, preventive development should be self-sustaining because, to use a metaphor introduced in Chapter 1, all the combustible materials have been removed. Kazakhstan will never achieve utopia, not even in 2030. There will always be poor people, there will always be frictions between ethnic and religious groups, and there will always be corrupt government officials. But these problems do not always have to be potential causes of a massive crisis that will tear Kazakhstan apart.

Mobilizing Resources for a Strategy of Preventive Development

When thinking of the resources that will be needed to implement a strategy of preventive development, it is important to think of more than “money.” And when thinking of the money to implement a strategy of preventive development, it is important to think beyond the usual suspects of the government in Astana and the foreign donor community in Almaty.

The Central Government

The central government will necessarily be the main force in implementing a strategy for preventive development. It will be the source of much of the money for programs. It may have to force local government officials to think independently of the center during the confusion of the decentralization of power. The central government has the responsibility for adopting and implementing such broad national policies as poverty reduction, regional economic development policies, corruption prevention, and so on. In some cases, even when local officials and NGOs seek their own solutions to problems, they will be doing so with funds granted to them from Astana.

It may be difficult for various organizations to approach problems creatively if they are entirely dependent on the center for their funds. A medium- and long-term priority for the central government ought to be to encourage local governments and nongovernmental organizations to develop their own sources of funds. As fiscal decentralization continues, local governments will become responsible for a greater portion of their own tax revenues. (A short-term priority for the central government must be to provide public finance training and assistance to local units to prepare them for this responsibility.)

One way of weaning both local governments and NGOs from relying on funding from the center is to provide funding in the form of matching grants. This ought to do more than encourage greater financial autonomy. It could foster coalitions between NGOs or local governments and local businesses.

The central government can provide more than money to implement a plan for preventive development. It will provide a national vision that will increase in significance as power is devolved to lower levels of government. The central government can play a unique role in collecting and disseminating information throughout the country.

Most importantly in the short run, no changes are likely place until the central government, and in particular the president’s office commits itself to the necessary reforms.

The International Community

It is tempting to look at the dozens of international donors at work in Kazakhstan, and to wish that their activities would be better focused and coordinated. Many of them seem to

overlap in their activities and programs, while some very vital issues in Kazakhstan are barely being funded. Donor coordination is difficult anywhere: different organizations have different missions and priorities, and few seem eager to submit themselves to the leadership of their peers. Loose coordination that goes beyond simply informing one another about projects and priorities ought to be pursued.

For years to come, international organizations will be major funders of many parts of Kazakhstan's strategy of preventive development. The Asian Development Bank and the UNDP will fund programs addressed at poverty reduction, the World Bank and USAID will promote good governance and the prevention of corruption, and so on. Overlap between programs can be a useful way of promoting coalitions among Kazakhstani organizations and institutions: different international donors have their own preferred organizations in Kazakhstan with which they prefer to work, and by trying to cooperate with one another, donors can encourage collaboration between their constituents.

International donors can contribute a set of resources that can be even more vital than funding. They can draw on the experience of nearly 200 countries, many of which have tried reforms similar to that envisioned by this analysis of preventive development in Kazakhstan. The international community can, for instance, inform local governments or businesses or NGOs about best practices concerning nearly every issue this report has discussed. Unfortunately, many NGOs and governments view the technical advice as part of the price of getting cash funding.

One of the most important resources the international community has provided has been training and education for a cadre of bright and dedicated Kazakhstani employees of these international donors. The donors should make a conscious effort to prepare most of these employees to return eventually to the public, private, or not-for-profit sectors in Kazakhstan. It hurts Kazakhstan when its most articulate and often most dedicated young people opt for a relatively lucrative career working in the international donor community.

Kazakhstani Nongovernmental Organizations

NGOs in Kazakhstan are not in a position to contribute many financial resources to implementing a strategy for preventive development. Their greatest asset is serving as mediators between local, national, and international perspectives; as translators between the languages of Kazakhstani businesspeople, Muslim activists, international agencies, researchers from the West, government officials in Astana, and so on. As a public discussion emerges of Kazakhstan's potential crises and strategies to prevent these from taking place, NGOs will play a crucial role educating the populace.

NGOs must strive particularly hard to preserve their independence both from Astana and from international donors. Particularly as part of a strategy of preventive development, they must shift their focus outside of Almaty and Astana to the regions and groups that have badly hurt by the transition.

Private Sector Businesses in Kazakhstan

A successful strategy of preventive development will depend in large part on the role played by local businesses. Businesspeople in Kazakhstan may be accustomed to talking to the government, but usually only as a way of getting special treatment. They must develop a voice that can speak more clearly about what is in the best interests of Kazakhstan's stability, security, and prosperity.

A crucial resource local businesses will bring to realizing a strategy of preventive development is jobs. Businesses have a particularly strong interest in working with educational institutions, NGOs, and local governments to ensure that they have a pool of skilled workers and a wide range of affluent consumers.

Local businesses can also become more active funders of local initiatives. Many people in Kazakhstan note that the country lacks a strong tradition of philanthropy. In this regard, foreign investors in Kazakhstan should assume the responsibility to help transmit the culture of corporate philanthropy common in Western Europe and North America.