

1

Introducing Kazakhstan

The distinguished Nigerian novelist Chinua Achebe's observations about his own country can easily be applied to the current situation in Kazakhstan.

The trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian character. There is nothing wrong with the Nigerian land or climate or water or air or anything else. The Nigerian problem is the unwillingness or inability of its leaders to rise to the responsibility, to the challenge of personal example, which are the hallmarks of true leadership.¹

In some ways, Kazakhstan was never as fortunate as Nigeria because it is a landlocked state that began independence with a seriously damaged environment. The legacy of colonial rule in Kazakhstan is much more uneven than that in Nigeria; at least it seems that way to someone who is not a serious student of Africa and who seeks to compare the horrors of the Stalinist system with the insufficiencies of British rule. Yet Kazakhstan began its existence as an independent country with many advantages, both human and natural.

My purpose in writing this book is to provide a window into Kazakhstan by offering an explanation for how and why its first president, Nursultan Nazarbayev, established Kazakhstan's family-based system of rule, as well as the likely consequences of his actions. My goal is to show how the failure of leadership in Kazakhstan came about. By describing the political,

economic, and social evolution of Kazakhstan during the first decade of independence and by providing a sense of how the country's population has viewed these developments, I show why the current system was not fore-ordained. This volume is for those interested both in Kazakhstan and in learning the details of its state-building efforts. It is also for readers who are concerned more generally with the process of transition from communism to independent statehood in the successor states of the Union of Soviet Socialist Republics (USSR).

Despite the absence of a strong democratic tradition in Kazakhstan, the country could have developed a pluralistic or quasi-pluralistic political system and a transparent market economy if its leaders had only shown the will to discipline themselves. In its first years, the country's ruling elite at least flirted with the idea of a transition to democracy and supported a thoroughgoing macroeconomic reform. But these promising beginnings were abandoned over time, and now the country shows every sign of developing into a family-run state. What is more, as in Nigeria, the United States and other Western powers are reluctant to press too hard for political and economic reforms for fear that their access to the country's valuable natural resources will be restricted. As I argue in this volume, however, the policy choices made in Kazakhstan over the past decade may destabilize local conditions and make long-term access to Kazakhstan's riches all the more difficult.

No single book can do justice to the complexities of state building in a country as large, as resource rich, and as ethnically diverse as Kazakhstan. In this volume I build on more than a quarter century's study of this former Soviet republic and its people. It is not my intention to reproduce or summarize my earlier writings on the history of Kazakhstan (*The Kazakhs*), or on the geopolitics of the area, which was the subject of *Central Asia's New States*.² Instead, I seek to bring to bear my more recent experiences in studying and traveling in the country and look in some depth at the past ten years of developments in Kazakhstan.

This book provides an introduction to the challenges that faced the leaders of Kazakhstan when the state gained independence a decade ago, why those leaders were reluctant to accept independence, how they tried to create a politically loyal population, what political institutions they used to do this, how they tried to manage the country's economic resources in the process, and what major social and political rifts developed over the past decade as a result of those policies. Finally, I look at what the next decade

in Kazakhstan might look like, and specifically at what may happen when President Nazarbayev departs the political scene, as he must inevitably.

Why Kazakhstan Matters

The West has been drawn to the Caspian Sea with its billions of dollars of oil and gas reserves that seem all the more important in the aftermath of the September 11, 2001, attacks on the World Trade Center and Pentagon. The war on terrorism unleashed by these horrific events makes global dependence on Persian Gulf oil reserves seem more problematic, and the new resources in the Caspian region and in Russia even more attractive. Western businessmen and politicians had already been interested in the fate of Kazakhstan, Turkmenistan, and Azerbaijan, where the bulk of the Caspian reserves are found.

Of the three states, Kazakhstan's reserves are likely to prove to be the most significant, and while the country produces some eight hundred thousand barrels of oil daily, the country's leaders hold out hope that Kazakhstan will turn into another Saudi Arabia in the next two decades. The country has 70.52 trillion cubic feet of gas reserves and at least 16.4 billion barrels of oil reserves. The latter figure is likely to triple and could even increase sixfold if the most optimistic estimates of Kazakhstan's offshore reserves are fully proved.³

Kazakhstan has been of interest to U.S. policy makers since its independence because it was the only non-Slavic post-Soviet state to have inherited nuclear weapons. It was also the site of a projected multibillion-dollar American investment. Independence meant that Chevron's project to develop the vast Tengiz oil field in western Kazakhstan, the first such project of its kind, would require permission from government officials in Almaty instead of from Soviet officials in Moscow, with whom the venture had originally been negotiated.

The level of international interest in this vast nation, which is two-thirds the size of the continental United States, has steadily increased over time. While the claims that Central Asia will be a second Persian Gulf may turn out to be vast exaggerations, the Caspian basin reserves remain a potentially enormous windfall for Western energy companies and, with Russia, could serve as an important alternative to the Persian Gulf. Caspian oil has been exploited for nearly a century, but when the Soviet Union was intact,

Western experts had limited knowledge of just how vast those reserves were and little expectation of being able to play an active role in developing them.

Now, large Western oil companies believe it is critical to secure a part of the Caspian reserves, especially because the governments in Kazakhstan, Turkmenistan, and Azerbaijan seemed more interested in Western investment in their assets than did the government in Russia. This meant that the conventional wisdom in Western policy circles concerning these states quickly shifted 180 degrees, as Azerbaijan and the Central Asian states went from being inconvenient additions to the international scene to being potential strategic assets. In 1991 the possible collapse of the USSR was viewed as a threat to global security until just weeks before it happened, in part because of what were seen as the “unstable forces” that might be unleashed. The new states of Central Asia and the Caucasus lay on the edge of the “arc of crisis,” a phrase frequently used in the late 1970s and 1980s to describe the area from the Indian subcontinent to the Horn of Africa.⁴ This area, said to separate the stable Western world from a non-Western Muslim one, was precisely where Samuel Huntington later saw an impending “clash of civilizations.”⁵

Instinctively, Western policy makers shied away from too direct an engagement in that part of the world, and so, initially, the international community was willing to grant Russia great latitude in the Soviet Union’s former domains. The USSR was not simply a continuation of the Russian empire; it was also a postimperial multinational state. The international community had viewed Moscow’s suppression of the empire’s various nationalities to be part of the general denial of basic political freedoms to Soviet citizens and saw the democratization of the USSR as the remedy for it. There was fear that the breakup of the Soviet Union would set a dangerous precedent and create new risks that outweighed the injustices of perpetuating the Soviet system. Once the Soviet Union broke up, however, the international community did not support the idea that Russia should attempt to reconstitute it. In fact, to avoid the risks associated with this, many diplomats initially argued that Russia had legitimate geopolitical interests in the contiguous former colonies and could realize these if it would behave “responsibly.”

Over time it became more difficult to interpret Russia’s actions benignly. The 1994 invasion of Chechnya served as a bloody demonstration of what Russia was capable of, if provoked. Although not behaving nearly as ruth-

lessly beyond its borders as it did within its boundaries, Russia still used heavy-handed pressure to induce reluctant states to join the Commonwealth of Independent States (CIS).⁶ While claiming neutrality, it unabashedly favored the Abkhaz secessionists over the Georgian government and helped the Armenians in their war against Azerbaijan. In this environment, Russia's attempts to dictate Kazakhstan's economic policy, especially in the oil and gas sectors, were seen by many in the West as overstepping the bounds of responsibility.

The Caspian region was described as vital to U.S. security. This stance was first made explicit by then U.S. Deputy Secretary of State Strobe Talbott in a July 1997 speech that he titled *A Farewell to Flashman*:

The United States has a stake in their success. If reform in the nations of the Caucasus and Central Asia continues and ultimately succeeds, it will encourage similar progress in the other New Independent States of the former Soviet Union, including Russia and Ukraine. It will contribute to stability in a strategically vital region that borders China, Turkey, Iran, and Afghanistan, and that has growing economic and social ties with Pakistan and India. . . . It would matter profoundly to the United States if [internal and cross-border conflicts] were to happen in an area that sits on as much as two hundred billion barrels of oil. That is yet another reason why conflict resolution must be Job One for U.S. policy in the region: it is both the prerequisite for, and an accompaniment to, energy development.⁷

U.S. commitment to Kazakhstan and Central Asia has grown with time, and Strobe Talbott's words seem more prescient after the United States dispatched troops to Uzbekistan as part of a military operation in Afghanistan. Still, the challenges of state building in Kazakhstan have not been made simpler by the greater strategic importance of the region or by increased international interest in its oil wealth. In fact, I argue the opposite is true. As with leaders of so many other resource-rich states, demand for mineral reserves has placed extraordinary temptations before Kazakhstan's rulers, making Western arguments for good government that much harder to sell. As I discuss more fully in the concluding chapter, this creates a conundrum for U.S. policy makers. Caspian oil will be a strategic asset only if continued access to it can be ensured; with inland deposits, this requires that the host country as well as the transit states all be stable.

Thus, U.S. policy makers face the constant challenge of balancing long-term and short-term policy interests: the need to remain on good terms with the current rulers of oil-rich states, while trying to prevent them from destabilizing their own societies. For the Clinton administration, the former task was the more important, and short- and medium-term interests were dominant. The focus became “pipeline politics” (that is, the fight over the routes this oil would take to market). Securing the independence of the Caspian states was termed a priority, and President Bill Clinton cited the signing of a four-state pledge to create an East-West (Baku-Ceyhan) pipeline as one of the most significant foreign policy accomplishments of 1999.⁸

Clinton’s message was quite different from that offered in late 1991 and 1992 when Secretary of State James Baker traveled the region trying to convince the Central Asian leaders to embrace the union of economic development and democratic principles. To make this point, when the USSR collapsed, the United States recognized the independence of all the successor states but authorized the immediate opening of only two embassies in the Central Asian region, in Kazakhstan and Kyrgyzstan. Certainly, the fact that Kazakhstan had nuclear weapons played no small part in U.S. decision making, but official U.S. statements emphasized that both Kazakhstan and Kyrgyzstan were being rewarded for their commitment to democratic and market reform.

Although embassies were later opened in all the newly independent states, the symbolism of the two-stage process by which the United States established full diplomatic relations was not lost on the leaders of the region. These actions implied certain preconditions for strong U.S. support. Independence had to be more than the mere transfer of power from Moscow to republic-level Communist Party officials, who by now had become national leaders. Power, and consequently a portion of the national wealth, had to be shared with the people.

This message, brought home in a range of ways during the first few years of independence, made all the region’s leaders somewhat uncomfortable. The international assistance that the United States and other donor nations offered to these states targeted projects designed to promote structural economic reforms that create the legal environment necessary for the rule of law and the protection of private property. Kazakhstan and Kyrgyzstan received a disproportionate share of this aid because commitment to a radical restructuring of society remained greatest in those two countries. It was also assumed that Russia would serve as a model for the states of Central Asia

because the Russians were seen as natural leaders in that part of the world and were assumed to be more deeply committed to the goals of economic and political reforms than were these new neighbors.

These early policies seriously underestimated the amount of social, political, and economic reconstruction that was necessary for any of the newly independent states to make the transition to sustainable statehood. It also underestimated the new states' suspicion of Russia, as well as Russia's lingering dreams of empire, or at least neo-imperial domination.

The subsequent change in U.S. and Western attitudes continues to affect the kinds of states that emerge in the region, and not necessarily for the better. In the short run it makes these states more likely to survive because Russia has effectively been warned not to become the neighborhood bully. Russia's potential influence in this region may always have been exaggerated. A U.S. military presence in Uzbekistan, however brief, seems certain to diminish any future military threats from Russia, although it may lead to a security void. In the long run the greatest sources of instability lie within the states themselves. Geopolitics alone does not dictate outcomes in the state-building process. If the income from the energy sector is not shared with the general population and if the region's leaders choose to use it primarily for their personal benefit, who will provide a buffer for them from their angry masses and from those neighbors who seek to be the patrons of disgruntled elements in the population? The George W. Bush administration may well find itself facing difficult choices in Kazakhstan and elsewhere in the Caspian region in the next few years.

There is much to the old adage that history would not keep repeating itself if we would only listen to it. It has taken the United States decades to recover from the damage done to relations with oil-producing states through its unsuccessful efforts to back those in power against the more radical forces that oppose them. The histories of both Iran and Iraq might have been much different had the U.S. foreign policies of the 1960s and 1970s been less focused on regime stability and more focused on the long-term political viability of these regimes. As we have seen in the Middle East, false steps with one state can have a serious impact on U.S. relations with an entire region and on the U.S. global strategy more generally.

The Cold War is at an end, and so too it seems is the post-Cold War. A new period of global vulnerability began the day terrorists brought down two of the world's tallest buildings by turning passenger jets into flying bombs. It is hard to imagine a more vivid example of the power of today's

radical forces—or of the new financial interests ready to bankroll them. Today Afghanistan is the battlefield, and a long-smoldering conflict there will only increase the likelihood that the regimes in Central Asia will also become targets for radical Islamists seeking to oust secularists.

Corrupt regimes stimulate the development and popularity of radical forces, and as I make clear in this book, some of the early auguries are disturbing. Still headed by a Soviet-era figure, President Nursultan Nazarbayev, the Kazakhs have yet to cope with the inevitable challenge of transferring power to a new post-Soviet generation.⁹ At the same time, the process of democratic institution building has all but halted in Kazakhstan after an initial phase in which Kazakh leaders had resigned themselves to taking such steps as the price of good relations with the West in general and the United States in particular. Over time the region's leaders have become more adept at rebuffing the implied conditionality of the early U.S. policy in the region, and U.S. pressure has also become less sustained, making these men less apologetic about their behavior. That the United States had to depend on the hospitality of Uzbekistan's strong-man President Islam Karimov to conduct a military foray into Afghanistan is likely to render democracy a harder sell to the region's leadership and to make the United States less vocal in its efforts to advance it.

All Central Asia's leaders, including President Nazarbayev, claim that the tradition and temperament of the Asian people make them little suited to democracy. This seems a gratuitous justification for consolidating power in the hands of the ruling elite. It is much more obviously the case that almost none of these men has any instinctive attraction to democracy; rather they seem to prefer replacing the grandiose public structures of the late Soviet era with new and more massive presidential palaces, mosques, and museums.

Independence has brought vast new temptations, and this is especially true in a resource-rich state like Kazakhstan. Kazakhstan's resources seem certain to be developed, but the conditions of corruption complicate the process. Promised tenders have often gone sour, and those who have seemingly won bids have sometimes been pushed into contractual default so that the Kazakh government can gain new concessions. Given the difficulties of shipping oil and gas from the region, the pace of development will be slower and more complicated than was initially predicted, leaving the United States continually to reevaluate its support for what could become an increasingly less attractive regime. The fighting in Afghanistan in the

winter of 2001–2002 simply highlights the deteriorating security environment in the region more generally, which seems certain to provide Washington with a never-ending series of policy challenges.

That the United States chose to establish a military outpost in Uzbekistan in late 2001 need not be indicative of how U.S. policy makers would respond to a deteriorating political or economic situation in Kazakhstan. After all, the United States was not responding to an appeal by the Uzbeks to help preserve their domestic stability, but rather Uzbekistan became a strategic asset for the United States to achieve its overarching goals.

The challenge before these states remains one of enhancing their own viability. The second-term Clinton administration demonstrated a strong concern for the fate of Central Asia, and the Bush administration seems headed for even greater engagement, but neither independence nor U.S. policy has yet to contribute much to improve the lives of the Central Asians. The long-term security of these states requires that independence be something more than a transfer of power from Moscow to the new national capitals. It must also entail a meaningful transfer of rights and responsibilities to the population itself.

The Soviet Union fell apart largely because Moscow failed to meet both elite and mass expectations for promised economic and political reforms. The leaders of Kazakhstan have inherited these same challenges, along with a responsibility to manage billions of dollars in resources. Those dividing the spoils must also deal with a socially and politically traumatized population. True, the leaders of Kazakhstan and the other newly independent states may claim that they have not caused these traumas, but with income disparities growing and the disenfranchisement of the people increasing, Kazakhstan's leaders are quickly coming to the end of whatever grace period the granting of independence afforded them. The nation's Kazakhs still have great pride in their new national homeland, but most other nationalities living in the country have little sense of political empowerment. Although foreign investment is steadily increasing and the economy may have already passed its worst period, dreams of vast national wealth have yet to be realized. What lies ahead is far from clear, but as I make explicit here, during the first decade of statehood Kazakhstan's leaders squandered much of their opportunity to quickly right old Soviet wrongs.

Blessed with Resources but Cursed by Geography

With vast untapped fossil-fuel reserves, substantial gold deposits, and rich unmined veins of copper, chrome, and aluminum, Kazakhstan is a state of enormous potential natural wealth. In fact, a Soviet geologist once boasted that Kazakhstan was capable of exporting the entire periodic table of elements.¹⁰ It also has enough developed farm and pastureland to meet the immediate needs of its population of nearly 15 million, of whom today slightly more than half are Kazakhs.¹¹ Given its natural resources, one would think that Kazakhstan's future is ensured, especially since it also has a diverse industrially based economy (largely in ferrous and nonferrous metallurgy), sufficient to insulate the country from the risks associated with resource-dependent development.

Despite all this, Kazakhstan began its existence as a fragile state and as a country of paradoxes, a state crippled by its history as well as by its geography. Both the Kazakhs and the Russians claim Kazakhstan as their homeland, and while the current legal system favors the claims of the former, a three-thousand-mile border with Russia creates a not-so-subtle reminder of the risks associated with these potentially conflicting claims.

Kazakhstan's economic potential is enormous because it combines natural and human resources. At the time of independence, Kazakhstan's economy and industrial plants were fully integrated with those of Russia. Not only did factories on both sides of the border supply one another, but the energy grids and supply lines also traditionally ran north-south rather than east-west. President Nazarbayev was well aware of the interdependency of Kazakhstan's economy with Russia's, and to a lesser extent with the economies of Kyrgyzstan and Uzbekistan. Given the limited exposure that he and his first group of advisers had to the conditions of a market economy, it was hard for him to imagine how foreign investment and international technical assistance could help break those ties.

As I detail in chapter 5, with time the Kazakh leader came to better understand the country's economic potential, spurred in large part by a level of international investor interest that far exceeded Nazarbayev's initial expectations. Kazakhstan has the highest per capita foreign investment in the CIS. According to the Kazakh government, the country has received some \$13 billion in foreign direct investment (FDI) in its first decade of existence.¹² This figure is somewhat misleading because it reflects investment in planned projects as well as capital being directly injected into economic pro-

duction. As of the end of 2000, half of these investments had gone into the oil and gas sector. The proportion of investment going into that sector is likely to increase as Kazakhstan's new oil fields move from an exploration to an exploitation phase.

I also discuss how, outside the oil and gas sector, foreign investment in Kazakhstan has been slower and more tentative than the government had hoped. Investment in the oil and gas sector itself is behind schedule, slowed in part because of the uncertainty of relations with Russia. Until the price of oil jumped unexpectedly, the oil and gas industries produced far more limited royalties and tax revenues, and still fewer jobs than were originally projected.

As I also detail in chapter 5, Kazakhstan has a difficult business climate that is keeping some potential investors away. The legal infrastructure governing foreign investment is far from complete. While the rights of foreign investors are now relatively well established compared to other states in the region, they have not yet been fully tested. The existing laws governing property change frequently, even if only subtly, putting most foreign investments at potential risk, and the profitability of most large projects requires the negotiation of legal exclusions and tax holidays. In the absence of an independent judiciary and commercial arbitration system, the concessions granted to investors cannot be guaranteed to survive the life of the projects. The allocation of contracts and resource development rights to foreigners has not always proceeded smoothly. Several big mineral resource extraction projects have been scandal-ridden after Western firms were pushed out of deals they thought were firm, or they were forced into expensive new negotiations. Stories of business people pulling out of smaller projects are also commonplace.

Similar problems have also crippled independent Kazakh entrepreneurs, erecting a formidable glass ceiling beyond which those lacking protection cannot venture. In some ways, and most troubling of all, the reach of the official family—including the president, his wife and her family, their daughters, and their sons-in-law—is increasing. Their holdings must now be reckoned with in most of the major sectors of the economy.

The consolidation of economic power in a few hands also threatens to disrupt the country's precarious ethnic balance. At independence Kazakhs accounted for only about 40 percent of the population of the country; about 37 percent of the population were ethnic Russians.

President Nazarbayev tried to turn the country's demography and geography into a national asset, after referring to his nation as a bridge between

Europe and Asia. Not only does the country straddle the two continents, but its history is rooted in the two civilizations and its population is nearly evenly divided between European and Asian peoples.¹³

Unfortunately, a skillful turn of phrase is not sufficient to create an international role for Kazakhstan. To date, as I explore at considerable length in chapter 3, this claim has proved to be little more than a public relations effort designed to make an asset of Kazakhstan's geographic and demographic positions and to raise the stature of the man who leads the nation. So, while Kazakhstan claims to be the most multinational of the Soviet successor states, with over a hundred nationalities represented in the republic, in reality the history of the past decade has been that of the political empowerment of one national group, the Kazakhs, at the expense of all others. Both Kazakh nationalists and the Kazakh population at large view independence as the restoration of Kazakh statehood.

The Kazakhs were a pastoral, nomadic people of Turko-Mongol stock who began to consolidate in the fifteenth century by organizing themselves into three groups, or *zhuzes*, commonly termed hordes. The Small Horde had its territory on what is now western Kazakhstan, the Middle Horde in north-central Kazakhstan, and the Great Horde in southern and southeastern Kazakhstan. Territorial domination was a relative concept for the Kazakhs, given the nature of the nomadic livestock breeding economy, although each Kazakh *aul* (the migratory unit) had fixed routes and pasturage during their annual migratory cycle. The three hordes were loosely unified from the first quarter of the sixteenth century to the last quarter of the seventeenth century. When Kalmyk Mongol tribesmen began moving west and started taking control of Kazakh pasturelands, the *khans* (chieftains) who ruled the Small and Middle Hordes sought protection from Russia's ruler, swearing allegiance to the Russian tsars in 1731 and 1740, respectively. The *khans*, however, did not anticipate that this allegiance would ultimately lead to the colonization of their lands and to a blurring of territorial boundaries between their people and the Russians. The Kazakhs understood it as an alliance of a weak ruler to a stronger one, but the Russians viewed it as the prelude to fuller control, which was exercised by the forcible conquest of the Kazakh lands in the late eighteenth and early nineteenth centuries.

Many Kazakhs maintain that from that time on their ancestors suffered at Russian hands, continuing up to the Alma Ata Uprising of 1986,¹⁴ when Kazakh protesters were killed during demonstrations provoked by the

replacement of longtime Kazakh party leader Dinmuhammad Kunayev by a Russian from outside the republic. In honor of this event, December 16 was chosen as Kazakhstan's independence day. Kazakh nationalists go so far as to accuse the Russians of making three separate attempts at genocide of the Kazakh people. The first was the famine of the 1890s, when after several harsh winters the Kazakhs were turned away from traditional pasturelands to make way for Russian settlers. The second began with the deportation of hundreds of thousands of Kazakhs in the aftermath of a failed anti-Russian uprising in 1916, which was then quickly followed by the famine and epidemics of the Civil War from 1918 to 1922. The worst Russian treatment of the Kazakhs resulted from the policies of collectivization in the 1930s, which left four to six million Kazakhs dead and irrevocably shattered their traditional pastoral livestock-based culture. The Kazakhs never fully recovered from this blow, because after World War II Soviet authorities once again drove Kazakhs from traditional lands in the northern part of the republic to make way for European settlers during the Virgin Lands drive of the 1950s. Even the name of the campaign was an irritant, for it implied, erroneously, that these steppe lands were vacant until Russian settlers were sent to farm them.

The Kazakh government has been working with Kazakh nationalists to think up ways to compensate the population for the injustices it and its ancestors suffered. As we see in chapter 6, the government has had a formal demography policy, including programs to resettle the Kazakh diaspora community and incentives for Kazakhs to have large families. These policies are designed to make the Kazakhs—currently constituting almost 54 percent of the population—the overwhelming majority population as quickly as possible and to secure ethnic Kazakh control of those parts of the country that were ethnic Russian enclaves. In the process Kazakhstan's government is not above gerrymandering electoral, and even territorial, districts to create Kazakh majorities wherever possible. Soviet administrative boundaries were designed to achieve one set of outcomes—effective management by Moscow—and the new Kazakh ones are designed to maximize control of the new national elite.

Most Kazakhs do not believe that the primary task of state building should be to redress the wrongs of history. They accept Kazakhstan as a multinational state and are generally willing to grant Russians the same rights as Kazakhs if those Russians are prepared to learn the history, language, and culture of the people for whom this new country is named.

The country's Russian population, however, is not willing to do this. More than a quarter of Kazakhstan's Russian population, upwards of two million since 1992, has left the country in little more than a decade rather than accept this change of status.¹⁵ Ethnic Russians also feel aggrieved and are angry that the USSR simply disappeared, leaving them unaccountably transformed from a majority into a minority population.

Few of the country's ethnic Russians believe that the Kazakhs have any real claim to statehood, and most regard the Kazakhs as a late-emerging and incompletely developed people who would have had little or no sense of national identity had the Soviets not "given" them a homeland. Contemporary literature suggests that the prerevolutionary settlers saw themselves as frontiersmen, and at the time of independence only about half of Kazakhstan's Russian population had roots in the republic that went back more than fifty years. The majority of Russians were the descendants of Soviet-era settlers who either came or were sent to a remote part of their country. Most local Russians, however, have adopted the mind-set of the descendants of the early settlers who regard Kazakhstan as part of a Russian frontier region that had no precise boundary. For the Russians, the first postindependence constitution, adopted in January 1993, was a particular blow, referring as it did to Kazakhstan as being "the home of the Kazakh people."¹⁶ Kazakhstan's Russian population had understood it to be the home of the Russian people as well. Those who lived in northern Kazakhstan believed that they had been living not just in the Soviet Union but on Russian soil since Kazakhstan had been a constituent part of the Russian Federation until 1936.

Such historical battles are of little interest to the remaining 20-odd percent of the population who are neither Kazakh nor Russian. They are more concerned with having the government maximize the discretionary rights of linguistic and cultural minorities. While many non-Kazakhs are most sympathetic to the Kazakhs' past maltreatment by the Russians, they see such grievances as being against governments that are now defunct, and so, they feel, these historical wrongs should not be righted at their personal expense.

In chapter 3, I explain how Kazakhstan's government has tried to respond to the challenge of the country's multi-ethnicity by designing a constitution that offers the representatives of all nationalities in Kazakhstan equal protection before the law. The country's leaders, however, are as much trapped by the vestiges of the Soviet understanding of nationality as are the country's citizens.

Nationality has a central place in Kazakhstan and naturally bestows on ethnic Kazakhs a position of relative privilege. One of the great ironies of the Soviet system was that although *nationalism* was always viewed as a major threat to the stability of the allegedly internationalist Soviet state, *nationality* was used as the primary sorting principle in Soviet society. Every young Soviet citizen acquired an internal passport at age sixteen, and from that point on his or her nationality was fixed for life. Generally, one took the nationality of one's father, although people of mixed parentage were sometimes able to choose. However, someone with two Ukrainian parents, for example, could not declare himself a Kazakh, even if he (and his parents and grandparents before him) had been born in Almaty.

Even in the Soviet period, a Ukrainian living in Kazakhstan would have felt some sense of living "abroad." Soviet publications written in Ukrainian might have been available at a cultural center but were not sold at newsstands, and of course local television and radio programs would have been only in the Russian or Kazakh languages. Travel to Ukraine was cheap but indirect, and telephone service was inexpensive but of poor quality. Children could be sent to Ukraine to study, increasing the likelihood of a job assignment in Ukraine upon graduation. Kazakhs and Russians were also free to go there, and many did. In fact, President Nazarbayev tried unsuccessfully to get his parents to allow him to go to the Kiev¹⁷ Institute of Civilian Aviation in Ukraine.¹⁸ His parents, though, pressed him to remain close to home, as was typical for a Kazakh child raised in a traditional rural setting.

The USSR was a place of paradoxes. The state set cultural and ideological homogenization as an explicit goal. At the same time, though, the state was organized into a federation with greatly enhanced rights for ethnic communities within the territories that bore their names. Thus, without intending to do so, the regime set up a system in which the boundaries between ethnic communities were made to appear immutable, and national communities saw the preservation of their cultural and linguistic differences as their primary goal. This system generally leveled the political salience of nationality for those peoples with historic legacies of nationhood and for those groups whose ethnic consciousness was redefined as a result of Stalin-era social engineering. Few Soviet peoples remained politically acquiescent during the late Gorbachev years, when the policies of *glasnost* and *perestroika* stimulated a heightened national consciousness and led to demands for political independence.¹⁹

This was not the case in Kazakhstan. As this book emphasizes, one of the main challenges to state building in Kazakhstan is that independence was not achieved as the culmination of a popular struggle. Independence was “awarded” at a gathering of Soviet republic leaders, from which Nazarbayev was absent.²⁰ For most people living in the Soviet Union, the collapse of the USSR exaggerated the importance of nationality over citizenship. It was rapid and unexpected and so demonstrated that citizenship is mutable. At the same time, ethnic identity, based on blood, seemed immutable and able to form a legitimate basis for political empowerment.

Given the potential volatility of Kazakhstan’s demographic situation, initially Kazakhstan’s rulers made some tentative efforts to model themselves after multi-ethnic states such as the United States, but they quickly tired of the effort, citing the inappropriateness of the comparison. I argue that this was a mistake. The myth of the United States as a “melting pot” has long been replaced by the recognition that some groups were forcibly incorporated, brought in as slaves, or had their homelands involuntarily annexed. There is also now the admission that not all groups have been equitably treated. Complete assimilation is no longer expected and has been replaced by a desire to balance political oneness with ethnic differentness. Reference to “we the people” of the United States no longer immediately evokes an image of a white Anglo-Saxon,²¹ as citizenship is now expected to be ethnically blind, and groups appeal to U.S. authorities when they feel that the neutrality of the system is being violated.

In the post-Soviet world no one really expects the state to be neutral, but rather to favor those whose homeland the country “really” is. As I detail in chapters 2 and 3, this legacy of Soviet-era understandings of nationalism creates a real burden for Kazakhstan’s leaders. State documents talk of the “Kazakhstani people,” a reference to all the citizens of the state, but Kazakhstan’s citizens do not think of themselves as one people.

Kazakhstan’s constitution speaks of the equality of peoples regardless of nationality, a point that is repeatedly made by President Nazarbayev and other leading Kazakh figures. Yet few believe that these statements reflect the actual conditions in their country, and the appointment of an ethnic Kazakh to replace a non-Kazakh is almost always interpreted as an ethnic slight.

As I explain in chapter 6, life for local Russians contains daily small slights, which Kazakhs defend as simply natural parts of the state-building process. One of these was to switch the spelling of the country’s official name from *Kazakhstan* to *Kazakstan* (in 1995), to better reflect Kazakh pro-

nunciation (from *Kh* to *K* in the Cyrillic alphabet). Two years later the Kazakh government switched the spelling back to *Kazakhstan* in international usage but left the official spelling at home unchanged, a seemingly needless irritant. The Russian mass media retaliated by continuing to use the “Kh” throughout, claiming that the alternative was difficult to pronounce. Plans to switch written Kazakh from the Cyrillic alphabet to Latin script are exacerbating already sore feelings. But the biggest irritant, from the point of view of the Russians, is that they are being forced to learn and speak Kazakh, which the Kazakh constitution says must exist side-by-side with Russian and eventually come to dominate it.

Those who do not speak Kazakh are not appeased by formal declarations that preserve Russian as a language of “international communication.”²² In chapter 6, I also discuss the difficulties of making the Kazakh language and culture equal to Russian, to say nothing of replacing it, because at the time of independence almost no non-Kazakhs, and not even all ethnic Kazakhs, spoke Kazakh. Most Kazakhs, though, are sympathetic to the idea that the Kazakh language should have a place of privilege because Kazakhstan is the Kazakhs’ home. More than any other kind of legislation, the new laws making Kazakh the official language of the state and mandating its use in a variety of public arenas clearly create a shift both in actual and perceived economic and political empowerment.

Gaining Confidence with Time

In this book I discuss how, with time, Kazakhstan’s leaders have grown more confident in advancing the national cause of the Kazakh people and are doing so in a way that increasingly works to their own personal advantage. In chapter 2, I describe how Kazakhstan’s leaders were convinced initially that their country’s state-building strategy had to be driven by its location, requiring Kazakhstan to demonstrate continuing sensitivity to Russia’s preferences for the kind of state their country should become.

At the time of independence Kazakhstan was more economically dependent upon Russia than was any other former Soviet republic. While Kazakhstan’s dependence is being both reduced and redefined,²³ it will be far more difficult to circumvent the need to ship goods across Russia, heading both east and west. New or expanded transport links facilitate shipping across China to Asia, across the Caspian to Azerbaijan, and across Iran to

Europe, but the freight capacity of these routes will remain restricted well into the future. Using most of the new routes for shipping fossil fuel to markets is problematic, until at least 2005 or even later.

In chapter 5, I examine how, in the first years of independence, Kazakhstan's government had only partial control over the country's economic wealth. Chevron's development of the Tengiz oil field was delayed for several years until the major partners in the transaction gave Russia an economic interest in allowing the project to succeed. There was also the problem of the unresolved status of the Caspian Sea and Russia's earlier opposition to Kazakhstan's putting up for tender the development rights for these reserves. Leading Russian industrial interests also laid claim to equity shares in Kazakh projects in other sectors too, and as we see in chapter 5, they dominated ferrous metallurgy in Kazakhstan in the early years.

All this uncertainty initially made Western partners very cautious of investment in Kazakhstan, and although Kazakhstan is developing strong new economic strategic partnerships, Russia remains important because it is able to assert influence by leveraging the grievances of the local Russian community. Russia's leaders believe that they should enjoy postimperialist rights and privileges, including the ability to oversee the fate of their stranded co-nationals, and they were vocal about asserting this in the first years after the Soviet collapse. At that time, as I explain in chapter 5, Russia had only a minimal interest in repatriating Kazakhstan's Russians and was far more interested in pressing Kazakhstan's leaders to accept suitable terms for the citizenship of ethnic Russians in Kazakhstan.

The ethnic Russian population is Kazakhstan's Achilles' heel. Disrupting established trade patterns between Russian and Kazakh firms meant unemployment for ethnic Russians, who accounted for the majority of workers in Kazakhstan's factories and mines. The Kazakh government had no way to gauge the level of patience for decreasing standards of living of any part of the population. Improved economic relations with Russia served Kazakhstan's short-term interests but seemed likely to harm the long-term economic development of the country.

Kazakhstan's development strategy has been to try to balance the two options, seeking to promote Western investment and involvement while institutionalizing close economic ties with Russia. Although maximizing foreign investment requires implementing a free trade or at least a low-tariff regime, stabilizing economic relations with Russia may well entail accepting the economic interdependence of the two states and setting up

preferential relations that foreign investors may find troubling. These two strategies are potentially at odds with each other, and Kazakhstan's economy is moving forward without fully addressing this basic contradiction.

Kazakhstan's foreign policy was also initially dominated by its desire not to antagonize Russia and a drive to integrate with it. The Kazakh government remained an advocate of a strong CIS long after most other leaders had grown disenchanted with it, and the Kazakhs also supported a variety of other plans that called for greater integration with Russia. Nonetheless the Kazakhs were regularly at odds with Russia's leadership because of Kazakh insistence that the proposed or existing CIS institutions be formed of equal partners.

In chapter 2, I also describe the tension that existed in the area of security relations. For the first years after independence the military forces of the two nations were closely intertwined, and it seemed clear that Russia's security needs would drive Kazakhstan's agenda. Kazakhstan's stance has become more independent in recent years. As the Nazarbayev government has striven to ingratiate itself with the United States and other Western nations, it has also begun to better understand the limitations of geography and so has been careful not to diminish its options vis-à-vis Moscow. Kazakhstan joined the Partnership for Peace, takes an active role in the North Atlantic Treaty Organization (NATO)-sponsored Central Asian Peacekeeping Battalion (CENTRASBAT), and has offered the United States access to its airspace and military facilities as Washington prepared for war in Afghanistan in 2001. At the same time the Nazarbayev government has negotiated a series of ever more inclusive agreements with Russia covering security as well as economic issues. Kazakhstan has also been an enthusiastic member of the new Shanghai Cooperation Organization.²⁴

As I detail throughout the volume, in the course of the past decade, though, Kazakhstan's leadership has become less concerned with appeasing Russia and is no longer overly sensitive to the concerns of the ethnic Russians living in Kazakhstan. One important gesture in this regard was Nazarbayev's decision to move the capital of the nation from Almaty to Akmola (renamed Astana) on December 10, 1997. This action, which I describe at greater length in chapters 4 and 6, moves the nexus of power from the southeast corner to the north-central part of the country and thus much closer to Russia. It is no accident that Nazarbayev chose a visit by then Russian Prime Minister Viktor Chernomyrdin to declare the transfer of Kazakhstan's seat of power.²⁵

Trapped between Western Pluralism and Asian Autocracy

With time Nazarbayev realized that Russia was growing weaker while Kazakhstan was growing stronger. These perceptions were reinforced by shifting international attitudes toward both Russia and Kazakhstan. The growing international interest in Kazakhstan has also had a real and negative impact on political institution building, which is my subject in chapter 4.

Outside powers have sent the Kazakhs conflicting signals over the past several years. On the one hand, the United States in particular and other Western powers somewhat more tentatively have pressed Kazakhstan to create a regime that upholds basic democratic traditions. These countries want Kazakhstan to employ practices such as the full enfranchisement of the population, equal civil rights for all ethnic groups, fair competition for political power between contending groups, and equality of economic and social opportunities across ethnic lines. At the same time, Western leaders are eager to ensure that their companies are well positioned to develop Kazakhstan's oil reserves. So, while they may be sympathetic to human rights and other political opposition groups that have seen their sphere of action sharply reduced in recent years, these same leaders are unlikely to do much more than invoke mild rebukes to the offending Kazakhs, and sometimes they are reluctant to do even that. Take for example the state visit of President Nazarbayev to the United Kingdom in November 2000, when he received the Order of St. Michael and St. George from Queen Elizabeth II, at the very time that Western newspapers were filled with articles of the theft of state assets by the Kazakh president and other family members.

The Kazakh leader, of course, has never admitted to any malfeasance. He claims that the Western press maliciously distorts the truth (see chapters 6 and 7) and tries to control his international image by keeping Western lawyers, lobbyists, and public relation firms on retainer. Publicly, the Kazakh leader explains that any shift in political emphasis that has occurred is necessary for the country to work out its national identity, and until that takes place, the country cannot withstand a succession crisis.

The truth is that Kazakhstan's leaders now feel that its valuable resources and the heightened Western interest in them give the Kazakhs the freedom to establish their primacy and to benefit personally from Kazakhstan's vast wealth. This has led the government to adopt a state-building strategy that emphasizes the need for political stability even at the expense of political participation. Over time, the Kazakh government has grown increasingly

afraid of what popular empowerment can bring and has restricted the scope of electoral politics. It is my contention that no utility is derived from limiting political participation and that Kazakhstan's best state-building strategy would be to grant each of its ethnic groups equal access to the institutions of power in order to foster loyalty to the state. This does not mean that the government should not or does not want the population to be politically loyal. Its goal, though, is to insulate political outcomes from popular choice.

Even more important is that few of Kazakhstan's leaders truly believe that popular participation is necessary to legitimate the state. Most of them still believe as the old Soviets did, that popular will can be shaped through ideological indoctrination, and they simply underestimate the difficulty of the task (see chapter 3). The Soviet Union had a fully integrated ideological system, with media, education, and the arts all mobilized to serve the state's goals. As I show in subsequent chapters, the means currently at the disposal of the Kazakh elite are far more limited, restricted in part by its interest in developing a global reach for the economy.

Much of the elite consolidation of power has been justified as restoring Kazakh nationhood. Yet the nature of the unique historical role the Kazakhs intend to play is still unclear. The symbolic import of the government's message has been somewhat vaguely conveyed, the Kazakh government claiming that it seeks to combine European traditions with Asian ones.

The Kazakhs understand an Asian approach to be one that legitimates the policies of political crackdown when they serve the purpose of economic transformation. Once economic recovery is ensured, they promise that political democracy will be introduced. The evolution of South Korea, Taiwan, and Singapore is often cited as proof of the soundness of such a strategy, but as I argue, it is also not clear that the Kazakhs have the will for self-discipline that the "Asian tigers" have often demonstrated. Seeking to sacrifice due process in the name of economic necessity, Kazakh leaders also do not yet accept the need to be European, nor do they accept the contention that a civil society offers the legal infrastructure that is necessary for the protection of private property.

Ironically, the government's strong commitment to pursue macroeconomic change was initially used to justify a consolidation of power in the executive branch. President Nazarbayev argued that without such a consolidation, Kazakhstan would fail to develop the legal infrastructure necessary to secure private property and attract foreign investment. This was a

point Nazarbayev hammered away at in the spring and summer of 1995 when he dissolved parliament and urged amending the constitution to make the parliament less fractious. Kazakhstan would be a strong presidential republic for a long time, he said in August 1995, because “we lack a parliamentary culture and traditions and a well-developed multiparty system.”²⁶ Since his reelection as president in January 1999, there has been further talk of increasing the powers of the presidency, and even of making it hereditary, a decision that if taken will be done without an open popular debate.

Parliaments are by nature a brake on executive power, and what President Nazarbayev saw as a fractious parliament was one that others viewed as a legislature trying to learn how to do its job. The Kazakhstan parliament certainly held up government plans for privatization of the economy, but many parliamentarians blocked the government proposals not so much because they distrusted the institution of private property, but because they objected to the abuses of the allocation process.

As I demonstrate in chapter 4, there is no institution in Kazakhstan capable of providing legal protection or balancing the president’s power. There is a story told that over drinks after a dinner in 1990, a Russian adviser, sent from Moscow to help with the problems of political institution building, chided Nazarbayev, saying that he seemed more of a benevolent dictator than a democrat. The Kazakh president is said to have responded that of all three words, the only one he understood was *dictator*.

Even if the tale is apocryphal, Nazarbayev seems to have tired of textbook-style democracy quickly once he learned how difficult it is to control. The Kazakh government maintains that the population has supported it in these efforts, often citing public opinion polls that show that people are more concerned with the maintenance of public order than with having a strong say in how their country is ruled. Nevertheless, President Nazarbayev has sought to maintain the fiction that Kazakhstan has a quasi-participatory model of rule. He has used public referendums to extend his term of office and constitutional reforms that substitute a weak bicameral legislature, elected by a complex and elaborate procedure, for a somewhat stronger unicameral one. He then ran for the presidency “on a competitive basis,” having ensured that he faced no serious competition. Smarting from Western criticism, Nazarbayev promised to make the 1999 parliamentary elections more democratic, only to have those elections again fall short of international norms. Since then, he has taken steps to attempt a dynastic succession.

President Nazarbayev and his advisers have been trying to build the foundation for patriotism in Kazakhstan by guessing at what the population wants, rather than allowing the people to state their own desires. They justify this by arguing that popular rule might lead to the exacerbation of ethnic conflict. Although it is true that Kazakhstan is an ethnically divided society, the argument that ethnic differences would turn violent if the population were accorded greater rights of self-government is generally based on inappropriate analogies. Russians and Kazakhs have virtually always lived close to one another peacefully, and, with the exception of the 1916 uprising, ordinary Russians were never held responsible for the excesses of the previous state policy.²⁷

Promoting political exclusion is always potentially dangerous since it requires a subject population that is either passive or loyal. Lacking that, the government must be confident that it has the capacity to make a sufficiently effective use of force to ensure the population's submission. It is far from clear whether any of these preconditions are in place in Kazakhstan. The many divisions that are beginning to typify Kazakhstan include: growing intra-ethnic splits within the Kazakh population that could compound interethnic ones, growing gaps between rich and poor, increasing regional differences, and the growing alienation of Islamic activists. While Kazakhstan has a growing and increasingly more visible security apparatus, the effectiveness of that apparatus is still untested, providing little evidence that it will be effective at anything more than suppressing isolated cases of dissent.

Western democratic theory is based on the premise that political participation makes people stakeholders and that this helps to create the sense of political community that forms the basis of political loyalty and patriotism. It may be convenient for Western leaders occasionally to ignore the ways that regimes try to insulate themselves from public pressure in oil- or other resource-rich states, but the affected populations need not indefinitely remain a submissive party to the indifference of their leaders and of other nations to their fates.

If people lack a sense of political community, they will feel no loyalty to the state in which they live, and public order will be ensured only as long as apathy prevails. Apathy, though, is a far less reliable political force than is patriotism. By promoting stability at the expense of participation, the Kazakh elite has effectively stunted the process of building a new Kazakh state and may eventually have to turn to the international community to become the guarantor of Kazakh independence.