

KAZ

NATIONAL SECURITY COUNCIL

28-Apr-1992 08:06 EDT

MEMORANDUM FOR:

FROM:

(WHSR\_ROUTER@WHSR)

SUBJECT:

RLRFE ALMA ATA SYMPOSIUM ON KAZAKHSTAN

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SIT: BURNS HEWETT VAX

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TO SECSTATE WASHDC 0377

INFO AMEMBASSY MOSCOW 0275

AMEMBASSY TASHKENT 0026

AMEMBASSY BISHKEK 0051

AMEMBASSY KIEV 0033

AMEMBASSY MINSK 0017

AMCONSUL MUNICH 0001

<SUBJ>

RLRFE ALMA ATA SYMPOSIUM ON KAZAKHSTAN

SUMMARY

<TEXT>

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~~CONFIDENTIAL~~ SECTION 01 OF 02 ALMA ATA 00302

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E.O. 12356: N/A

TAGS: PGOV, PREL, PARM, ECON, EFIN, ETRD, KZ, ZK, RS

SUBJECT: RLRFE ALMA ATA SYMPOSIUM ON KAZAKHSTAN

~BEGIN SUMMARY~

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PER E.O. 12958,  
AS AMENDED  
04-0824-F  
21 June 04 MW

SUMMARY

1. ON APRIL 23-24, MUNICH-BASED RADIO LIBERTY/RADIO FREE EUROPE (RL/RFE) AND THE GOVERNMENT OF KAZAKHSTAN CO-SPONSORED A CONFERENCE ON "KAZAKHSTAN, CENTRAL ASIA, AND THE WORLD." THE SYMPOSIUM WAS DIVIDED INTO FOUR SESSIONS:
- (A) DEMOCRATIC REFORM AND ETHNIC RELATIONS IN KAZAKHSTAN: PARTICIPANTS DEBATED INCONCLUSIVELY WHETHER KAZAKHSTAN COULD EXIST OVER THE LONG TERM AS A DEMOCRATIC, MULTIETHNIC STATE, GIVEN THAT INCREASED ECONOMIC HARDSHIPS AND/OR A RISE IN ISLAM COULD AGGRAVATE ETHNIC RIVALRIES IN THE FUTURE.
  - (B) ECONOMIC DEVELOPMENTS, FROM CENTRAL PLANNING TO REGIONAL PRIORITIES AND PRIVATIZATION: PARTICIPANTS ADDRESSED THE QUESTION OF HOW TO TRANSFORM KAZAKHSTAN FROM A RAW MATERIALS EXPORTER INTO A PRODUCER-EXPORTER OF FINISHED GOODS BASED ON ITS VAST NATURAL RESOURCES. THE PARTICIPANTS ALSO DEBATED THE FUNDAMENTAL QUESTION OF WHICH SECTORS SHOULD BE RESERVED FOR THE STATE AND WHICH SHOULD BE TRANSFERRED TO THE PRIVATE SECTOR.
  - (C) POLITICAL, ECONOMIC, AND SECURITY RELATIONS WITH RUSSIA AND OTHER CIS STATES: PARTICIPANTS NOTED THAT KAZAKHSTAN'S RELATIONS WITH OTHER COUNTRIES WOULD BE DETERMINED, IN PART, BY WHETHER KAZAKHSTAN REMAINED A MULTIETHNIC STATE OR SOUGHT TO BECOME A KAZAKH STATE. IT WAS ALSO NOTED THAT, THROUGHOUT HISTORY, ISLAM HAD REMAINED WEAKER IN KAZAKHSTAN THAN IN THE CENTRAL ASIAN REPUBLICS TO THE SOUTH, MOST NOTABLY BECAUSE THE NOMADIC KAZAKH PEOPLE WERE MORE DIFFICULT TO CONVERT TO ISLAM THAN THE SEDENTARY POPULATIONS TO THE SOUTH. POLITICAL ISLAM REMAINS WEAKER IN KAZAKHSTAN THAN ELSEWHERE IN THE REGION, BUT IT COULD STRENGTHEN IF ECONOMIC HARDSHIPS AND RELATED PUBLIC DISCONTENT INCREASE.
  - (D) PROSPECTS FOR WESTERN ECONOMIC COOPERATION WITH KAZAKHSTAN: MOST PARTICIPANTS AGREED THAT ECONOMIC MODERNIZATION WOULD NOT OCCUR OVERNIGHT, DESPITE KAZAKHSTAN'S VAST RESOURCES, AND THAT FOREIGNERS WOULD INVEST HERE AS A DIRECT FUNCTION OF THE COUNTRY'S CONTINUED POLITICAL STABILITY AND CONTINUED EFFORTS TO IMPLEMENT FREE-MARKET ECONOMIC REFORMS.
2. ALTHOUGH NOT A SCHEDULED SESSION, A RECURRING THEME WAS THE HIGHLY CONTROVERSIAL QUESTION OF NUCLEAR WEAPONS IN KAZAKHSTAN. SEVERAL KAZAKH PARTICIPANTS ARGUED THAT KAZAKHSTAN HAD THE RIGHT TO BECOME A MEMBER OF THE "NUCLEAR CLUB," ESPECIALLY IN LIGHT OF WHAT THEY PERCEIVED AS POTENTIAL THREATS FROM NEIGHBORING CHINA AND RUSSIA. WESTERN PARTICIPANTS TRIED WITH LITTLE SUCCESS TO CONVINCe THE KAZAKHS THAT THE POSSESSION OF NUCLEAR WEAPONS WOULD NOT ENHANCE KAZAKHSTAN'S SECURITY. END SUMMARY.
- ~END SUMMARY~
3. EMBASSY MOSCOW CENTRAL ASIAN CIRCUIT RIDER FANE AND WASHINGTON-BASED TDY ANALYST HELGESEN ATTENDED THE SYMPOSIUM AND PREPARED THIS REPORT.

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DEMOCRATIC REFORM AND ETHNIC RELATIONS  
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4. DISCUSSIONS ON KAZAKHSTAN'S ETHNIC RELATIONS BEGAN BY

NOTING THAT KAZAKHSTAN IS HOME TO REPRESENTATIVES OF OVER ONE HUNDRED ETHNIC GROUPS. NONETHELESS, THE TWO KEY PLAYERS ARE THE ETHNIC KAZAKHS AND THE RUSSIANS, EACH ABOUT TWO-FIFTHS OF THE POPULATION. ETHNIC KAZAKHS CLAIM THEY ARE GAINING AND NOW MAKE UP ABOUT FORTY-ONE PERCENT, WITH THE RUSSIANS DOWN TO 39 PERCENT.

5. ONE OF THE KEY TASKS FOR KAZAKHSTAN, PARTICIPANTS SAID, WILL BE TO DETERMINE THE COUNTRY'S ETHNIC CHARACTER. IS IT TO BE A MULTINATIONAL STATE OR ONE DOMINATED BY ETHNIC KAZAKHS? IS IT REALISTIC THAT A MULTINATIONAL STATE CAN BE SUSTAINED IN THE LONG RUN? RAND CORPORATION'S GRAHAM FULLER THOUGHT IT LIKELY, IN THE LONGER RUN, THAT NATIONALIST IMPULSES WILL BE DOMINANT IN KAZAKHSTAN.

6. AMERICAN PARTICIPANTS STRESSED THAT IN THE FUTURE, THE PREPONDERANCE OF NON-KAZAKHS IN THE NORTHERN OBLASTS COULD BE A DANGER TO THE INTEGRITY OF THE STATE. RFE/RL'S BESS BROWN THOUGHT THAT THE LIKELIHOOD OF A KAZAKH-RUSSIAN SPLIT WOULD INCREASE IF NATIONALIST FORCES IN THE RUSSIAN FEDERATION ACTIVELY SOUGHT TO WOO THE RUSSIANS. ADDITIONALLY, SHE ARGUED THAT, IF ECONOMIC REFORMS FAILED TO SHOW RESULTS, THE KAZAKH GROUPS IN THE NORTH COULD PROVIDE A FOCUS FOR RUSSIAN DISSATISFACTION AND ENCOURAGE SEPARATIST SENTIMENTS.

7. KAZAKH PARTICIPANTS ACCUSED THE WESTERN SIDE OF OVER-EMPHASIZING THE ETHNIC FACTOR. SULTAN SARTAYEV OF THE KAZAKH STATE UNIVERSITY DEPARTMENT OF LAW ARGUED THAT KAZAKHSTAN IS PURSUING POLICIES THAT AIM AT ACHIEVING ETHNIC ACCORD, AND THAT THIS IS REFLECTED IN ITS RECENT LAWS. HE SPECIFICALLY CITED THE SOVEREIGNTY DECLARATION, THE LANGUAGE LAW, THE LAW ON INDEPENDENCE, AND THE DECEMBER 1991 LAW ON CITIZENSHIP. SARTAYEV SAID THAT, ACCORDING TO THE SOVEREIGNTY DECLARATION, KAZAKHS AND REPRESENTATIVES OF OTHER GROUPS ENJOY THE SAME RIGHTS. HE VIEWED THE LANGUAGE LAW AS DEMOCRATIC, BECAUSE ALL ETHNIC MINORITIES HAVE THE RIGHT TO USE THEIR OWN LANGUAGES. (HIS PRESENTATION OVERLOOKED THE FACT THAT THIS LAW REQUIRES THE USE OF KAZAKH IN GOVERNMENT POSITIONS, THUS EFFECTIVELY BARRING MOST NON-KAZAKHS FROM SUCH POSTS.)

8. SARTAYEV PRAISED THE CITIZENSHIP LAW FOR GIVING OTHER ETHNIC GROUPS THE RIGHT TO CHOOSE CITIZENSHIP OF KAZAKHSTAN OR THAT OF ANOTHER STATE, E.G., RUSSIA. THE CITIZENSHIP LAW ALSO ENCOURAGES THE KAZAKH DIASPORA TO RETURN BY PERMITTING THEM DUAL CITIZENSHIP IF IT DOES NOT CONTRADICT THE LAW OF THE COUNTRY WHERE THEY LIVE. SEVERAL SUBSEQUENT KAZAKH SPEAKERS STRESSED THAT RETURN OF THE DIASPORA WAS A HIGH PRIORITY.

9. VICE PRESIDENT OF THE KAZAKH ACADEMY OF SCIENCES ZHABAIXHAN ABDILDIN SOUGHT TO ANALYZE THE KEY REASONS FOR INTERETHNIC INSTABILITY IN KAZAKHSTAN AND THE REPUBLICS OF THE FORMER USSR. HE ARGUED THAT ETHNIC VIOLENCE STEMS FROM INJUSTICES IN THE PAST, PARTICULARLY IN THE DISTRIBUTION OF RESOURCES AND OF SOCIAL STATUS. ETHNIC VIOLENCE WAS HELD IN CHECK DURING THE SOVIET YEARS BY BOTH COMMUNIST IDEOLOGY OF BUILDING A COMMON SOVIET IDENTITY AND OUTRIGHT FEAR OF EXPRESSING NATIONALISM. FOR ABDILDIN, HOWEVER, THE KEY FACTOR IN RECENT OUTBREAKS OF VIOLENCE IS THE PRESENCE OF "EXTREMIST GROUPS OF AMBITIOUS

CHARACTER." WHERE OTHER FACTORS EXIST, THEY CAN INSPIRE VIOLENCE. HE THUS ARGUED THAT THE GOAL OF LEADERSHIP IS TO PREVENT CONDITIONS THAT UNITE ALL THE FACTORS. THIS PROVOCATIVE ASSERTION GAVE RISE TO DEBATE ON THE NATURE AND IDENTITY OF "EXTREMIST GROUPS" AND HOW THE GOVERNMENT COULD DETERMINE WHICH WERE ARE "EXTREMIST." ABDILDIN'S ARGUMENTS SET A FOUNDATION FOR THE SUPPRESSION OF DEMOCRACY IN THE NAME OF PREVENTING VIOLENCE.

10. HARVARD UNIVERSITY'S JIM CRITCHLOW STRESSED THAT DEMOCRATIZATION CANNOT BE ACHIEVED OVERNIGHT. DEMOCRACY MUST ALSO RESPECT THE WILL OF THE MINORITY. HE CAUTIONED AGAINST CONFUSING DEMOCRACY WITH A PARTICULAR ECONOMIC SYSTEM -- A VARIETY OF ECONOMIC SYSTEMS CAN CO-EXIST WITH A DEMOCRATIC GOVERNMENT. CONVERSELY, A STATE CAN HAVE A FREE ECONOMY AND A TYRANNICAL POLITICAL SYSTEM.

11. AS THE FORMAL AGENDA SHIFTED TO OTHER ISSUES, THE INTER-ETHNIC FACTOR CONTINUED TO CROP UP IN OTHER DISCUSSIONS. IN PARTICULAR, DISCUSSION OF THE ISLAMIC FACTOR ON DAY TWO AGAIN RETURNED TO MANY OF THE SAME THEMES. THE ETHNIC ISSUE PROMPTED A DISCUSSION OF THE LANGUAGE QUESTION AND THE EFFECT OF REQUIRING THE NON-KAZAKH POPULATION TO LEARN KAZAKH. THESE QUESTIONS WERE FIELDIED BY THE HEAD OF THE UKRAINIAN CULTURAL ASSOCIATION, WHO ASSERTED THAT UKRAINIANS HAD SUPPORTED THE ORIGINAL LANGUAGE LAW, BUT WERE NOW DISSATISFIED AND FACED SERIOUS PROBLEMS OBTAINING UKRAINIAN LANGUAGE MATERIALS.

12. WHEN WESTERN PARTICIPANTS ASKED ABOUT THE LIKELY REPLACEMENT OF CYRILLIC SCRIPT BY EITHER THE LATIN OR ARABIC SCRIPT, IT WAS AGAIN THE UKRAINIAN WHO ANSWERED. HE SAID THE CURRENT GENERATION HAD BEEN BROUGHT UP ON THE CYRILLIC SCRIPT AND THE TRANSITION WOULD BE SLOW. THE SENSE AT THE SESSION WAS THAT KAZAKHS STRONGLY LEANED TOWARD THE LATIN SCRIPT. HOWEVER, WHILE THE GOVERNMENT MAY FAVOR THE SHIFT TO LATIN SCRIPT, THE LEADERSHIP IS IN NO RUSH TO ADD ONE MORE DIFFICULT CHANGE TO A SOCIETY THAT IS ALREADY COPING WITH MASSIVE CHANGES.

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 ECONOMIC DEVELOPMENT: FROM CENTRAL PLANNING TO PRIVATIZATION  
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13. THE NEWLY INDEPENDENT REPUBLICS NOW FACE THE CHALLENGE OF MOVING FROM CENTRALIZED PLANNING TO PRIVATIZATION AND THE DEVELOPMENT OF A MARKET ECONOMY. SOME PARTICIPANTS SAID WESTERN ECONOMIC AND MODERNIZATION THEORIES HAVE LITTLE TO OFFER THAT CAN SET A THEORETICAL CONTEXT FOR THE PROCESS WHICH KAZAKHSTAN MUST UNDERTAKE.

14. KENZHEGALI SAGADIYEV OF THE PRESIDUM OF KAZAKH ACADEMY OF SCIENCES SPOKE ABOUT THE DIFFICULTIES KAZAKHSTAN FACES IN JOINING THE "WORLD ECONOMY." KAZAKHSTAN HAS NO EXPERIENCE IN CONDUCTING ITS OWN ECONOMIC AFFAIRS. THE LEADERSHIP IS CURRENTLY ENGAGED IN A PROCESS OF EVALUATING KAZAKHSTAN'S POSSIBILITIES. THEY ARE STUDYING THE EXPERIENCE OF OTHER COUNTRIES AND ASSESSING THE REPUBLIC'S RESOURCES TO DETERMINE THE BEST DIRECTIONS AVAILABLE FOR ORGANIZING KAZAKHSTAN'S FOREIGN ECONOMIC RELATIONS.

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15. ACCORDING TO SAGADIEV, THE KAZAKH LEADERSHIP DOES NOT SEE GREAT POTENTIAL IN SELLING ITS FINISHED PRODUCTS ABROAD. THERE ARE FEW COMPETITIVE ENTERPRISES PRODUCING PRODUCTS WHICH COULD COMPETE IN THE INTERNATIONAL ARENA. MOST INDUSTRIES ARE AT A LOW LEVEL OF TECHNOLOGICAL DEVELOPMENT CHARACTERISTIC NOT JUST OF KAZAKHSTAN BUT OF THE ENTIRE FORMER SOVIET UNION. INSTEAD, KAZAKHSTAN'S POTENTIAL ON THE FOREIGN MARKET LIES IN ITS NATURAL RESOURCES. KAZAKHSTAN IS RICH IN OIL AS WELL AS GAS CONDENSATE, AND IT AIMS TO BECOME AN OIL-EXPORTING STATE. THE KAZAKHS HAVE IDENTIFIED ABOUT SIXTY OIL DEPOSITS, BUT BELIEVE THAT THERE ARE MANY MORE STILL TO DISCOVER, AND THAT ONLY ABOUT HALF OF THE RESOURCES HAVE BEEN IDENTIFIED. ADDITIONALLY, KAZAKHSTAN IS RICH IN NON-FERROUS METALS, AND IT IS A SUPPLIER OF HIGH-QUALITY LEAD AND ZINC.

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~~CONFIDENTIAL~~ SECTION 02 OF 02 ALMA ATA 00302

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E.O. 12356: N/A  
TAGS: PGOV, PREL, PARM, ECON, EFIN, ETRD, KZ, ZK, RS  
SUBJECT: RL/RFE ALMA ATA SYMPOSIUM ON KAZAKHSTAN  
~BEGIN SUMMARY~

SUMMARY  
16. IN THE LAST TWO YEARS, THE SUPREME SOVIET HAS ADOPTED A NUMBER OF RELEVANT LAWS TO ESTABLISH MARKET RELATIONS. ACCORDING TO SAGADIYEV, THE PARLIAMENT HAS ADOPTED OVER SIXTY LAWS ON ECONOMIC REFORM. A VERY FAVORABLE TAX LAW SEEKS TO ATTRACT FOREIGN CAPITAL -- JOINT VENTURES ARE EXEMPT FROM TAXES FOR THE FIRST FIVE YEARS AND THEN PAY LOWER TAXES THAN OTHER FIRMS. HOWEVER, KAZAKHSTAN STILL FACES PROBLEMS FROM ITS RELATIVE BACKWARDNESS AND LACK OF EXPERIENCE.

17. WHAT SHOULD THE ROLE OF THE STATE BE IN ECONOMIC DEVELOPMENT? PRIVATIZATION IS THE PROCESS OF DECENTRALIZING ECONOMIC AFFAIRS. IN AN EFFORT TO ANALYZE WHAT FUNCTIONS STATE INSTITUTIONS CAN CARRY OUT BETTER THAN PRIVATE FORCES, UNIVERSITY OF NEW MEXICO'S GREG GLEASON PRESENTED A THEORY OF COLLECTIVE ACTION. HE SET UP A MATRIX JUDGING GOODS AS EITHER EXCLUDABLE OR NON-EXCLUDABLE AND RIVALROUS (EXHAUSTIVE) OR NON-RIVALROUS. CLOTHES AND FOOD ARE TYPICAL PRIVATE GOODS; THEY ARE HIGHLY EXCLUSIVE AND HIGHLY RIVALROUS. NATIONAL SECURITY, LAW ENFORCEMENT, AND PUBLIC TV NETWORKS ARE NON-EXCLUSIVE AND NON-RIVALROUS. SEVENTY YEARS OF THE SOVIET EXPERIMENT SHOWS THAT THE STATE CANNOT EFFECTIVELY TAKE UP THE PRODUCTION OF PRIVATE COMMODITIES. COLLECTIVE SERVICES, HOWEVER, ARE BEST HANDLED BY STATE MANAGEMENT. GLEASON CONCLUDED THAT LAND CAN BE PRIVATIZED BUT WATER RESOURCES CANNOT.

18. KAZAKHSTAN IS INTERESTED IN HAVING A CONVERTIBLE CURRENCY, BUT DOES NOT SEE A WAY TO MOVE FORWARD ON THIS YET, ACCORDING TO MARAT TAZHIN OF KAZAKH STATE UNIVERSITY'S DEPARTMENT OF SOCIOLOGY. THE EXPERIENCE OF THE BALTICS SHOWS THAT THE PROCESS IS SLOW AND DIFFICULT. AFTER SEVEN YEARS, HUNGARY STILL CANNOT MAKE ITS CURRENCY CONVERTIBLE. TAZHIN

ARGUED THAT A CONVERTIBLE CURRENCY MUST BE BACKED BY A SOUND ECONOMY THAT PRODUCES COMMODITIES, AND KAZAKHSTAN'S PRODUCTION IS WEAK AND NOT COMPETITIVE ON THE WORLD MARKET. IN A SEPARATE CONVERSATION WITH POLOFF, HE NOTED THAT REGIONAL ECONOMIC DEVELOPMENT PRIORITIES COULD EXACERBATE INTER-ETHNIC TENSION.

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POLITICAL, ECONOMIC AND SECURITY RELATIONS WITH RUSSIA AND OTHER REPUBLICS  
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19. NEWLY INDEPENDENT KAZAKHSTAN MUST NOW CHART A COURSE FOR ITS FOREIGN POLICY. YET THE REPUBLIC FACES PROBLEMS IN IDENTIFYING ITS OWN NATIONAL INTERESTS. GRAHAM FULLER ARGUED THAT KAZAKHSTAN WILL NOT BE ABLE TO DETERMINE ITS NATIONAL INTERESTS UNTIL IT HAS RESOLVED THE QUESTION OF WHETHER IT IS TO BE A MULTIETHNIC OR KAZAKH STATE. CLEARLY, THE ETHNIC POWER STRUCTURE WITHIN KAZAKHSTAN WILL INFLUENCE RELATIONS WITH RUSSIA. DOES KAZAKHSTAN FACE A POTENTIAL CONFRONTATION WITH RUSSIA OVER TIME? IF SO, WHO WILL BE KAZAKHSTAN'S ALLIES IN SUCH A CONFRONTATION.

20. VICE CHAIRMAN OF THE "AZAT" NATIONALIST GROUP AKITAEV TOOK THE OCCASION TO MAKE A STRONG KAZAKH NATIONALIST STATEMENT WITH HEAVY ANTI-RUSSIAN OVERTONES. CONFERENCE ORGANIZERS WERE CLEARLY NOT HAPPY, BUT ALLOWED HIM TO SPEAK WHILE TRYING TO LIMIT HIS TIME IN THE LIMELIGHT.

21. A SOCIOLOGIST WITH A CENTER STUDYING CENTRAL ASIA REVIEWED THE ISLAMIC FACTOR, NOTING THAT IT HAD BEEN VIEWED AS A SERIOUS THREAT BECAUSE OF ITS OVERLAP WITH ETHNIC CLEAVAGES IN KAZAKHSTAN. SHE HIGHLIGHTED THE FACT THAT ISLAM IN KAZAKHSTAN HAD A DIFFERENT CHARACTER THAN IN CENTRAL ASIA PROPER BECAUSE OF KAZAKH NOMADIC HISTORY SHE NOTED THAT POLITICAL ISLAM REMAINED A MARGINAL FACTOR IN KAZAKHSTAN TODAY AND THAT KAZAKH FOREIGN POLICY WAS NOT SHAPED BY IT, BUT SUGGESTED THAT A COLLAPSE OF ECONOMIC PROGRESS WOULD GIVE FUNDAMENTALISM AN OPENING. SHE NOTED THERE WAS SOME INTEREST IN ISLAM AMONG THE YOUTH BUT MAINLY AMONG RECENT ARRIVALS FROM THE VILLAGES. SHE SAID SHE HAD NOTED THAT, AT THE ONE MOSQUE IN ALMA ATA, MOST OF THE WORSHIPERS WERE ELDERLY. SHE ACKNOWLEDGED THAT SOME OF HER UNIVERSITY STUDENTS WERE BECOMING INTERESTED IN ISLAM AS PART OF A PROCESS OF FINDING THEIR CULTURAL ROOTS. SHE SAID THIS PROCESS WAS ALSO BEING FACILITATED BECAUSE SOME ISLAMIC STATES LIKE SAUDI ARABIA WERE NOW PUTTING MONEY INTO SUPPORTING THE REVIVAL OF ISLAM. A SPILLOVER EFFECT FROM NEIGHBORING CENTRAL ASIAN STATES, WHERE ISLAM IS BECOMING A POLITICAL FORCE, WAS ALSO A POSSIBILITY IN HER VIEW.

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PROSPECTS FOR WESTERN ECONOMIC COOPERATION WITH KAZAKHSTAN  
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22. IN A PRESENTATION BY THE AMERICAN ECONOMIC ADVISER TO PRESIDENT NAZARBAYEV AND DIRECTOR OF THE KAZAKH INSTITUTE OF MANAGEMENT AND ECONOMY, PROFESSOR CHANG YOUNG BANG STRESSED THAT KAZAKHSTAN'S RICH RESOURCE BASE HELD APPEAL TO POTENTIAL INVESTORS. HE NOTED THAT 164 JOINT VENTURES HAD BEEN APPROVED IN 1991 AND ANOTHER 64 IN 1992, BUT MOST WERE NOT PRODUCING ANY GOODS. HE CITED THE LACK OF A CONVERTIBLE RUBLE AS THE KEY

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PROBLEM, WITH DEFICIENCIES IN TECHNICAL SUPPORT, LACK OF AN ENTERPRISE LAW, CONTINUED STATE CONTROL OF MOST ENTERPRISES, MARKET INSTABILITY, AND PERVASIVE BUREAUCRACY AS OTHER PROBLEMS. HE ARGUED, HOWEVER, THAT THESE MINUSES WERE OUTWEIGHED BY THE PLUSES OF POLITICAL STABILITY AND A TALENTED AND ENERGETIC WORKFORCE OF CHEAP LABOR AND A LEADER COMMITTED TO ECONOMIC REFORM.

23. WESTERN PARTICIPANTS TOOK A MORE SOBER LINE, WITH RFE CONSULTANT PHIL HANSON STRESSING THE UNSTABLE ECONOMY OF THE RUBLE ZONE AND ARGUING THAT THE LACK OF A KAZAKH CURRENCY LEAVES THE COUNTRY VULNERABLE TO RUSSIA'S ECONOMIC FATE AND DIRECTION. A YOUNG KAZAKH ACADEMIC NOTED THAT KAZAKHSTAN COULD GO DOWN EITHER A FAVORABLE OR AN UNFAVORABLE PATH, DEPENDING ON WHETHER IT MAINTAINS POLITICAL STABILITY AND HAS A FAVORABLE MARKET FOR ITS EXPORTS. EVEN IN THE FAVORABLE CASE, THIS WOULD ENTAIL A PROLONGED TRANSFORMATION.

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KAZAKH SECURITY AND THE NUCLEAR ISSUE  
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24. THE CONFERENCE ALSO WITNESSED A SPIRITED EXCHANGE ON THE NUCLEAR ISSUE WITH KAZAKH PARTICIPANTS STRESSING KAZAKHSTAN'S RIGHT TO RETAIN THE SOVIET NUCLEAR WEAPONS STATIONED ON ITS SOIL. THE DAY OF THE CONFERENCE, THE LOCAL "KAZAKHSTANSKAYA PRAVDA" NEWSPAPER REPORTED AN ITALIAN INTERVIEW WITH PRESIDENT NAZARBAEV AND QUOTED HIS ARGUMENT THAT "KAZAKHSTAN HAS THE RIGHT TO JOIN THE NUCLEAR CLUB." ARGUMENTS BY WESTERN PARTICIPANTS THAT THE KAZAKHS NEITHER CONTROLLED THE WEAPONS NOR HAD A TECHNICAL OR ECONOMIC BASE TO SUPPORT THEM DID NOT SEEM TO MAKE A DENT. KAZAKH SPEAKERS RETORTED THAT THE U.S., U.K., AND FRANCE RETAINED NUMEROUS WEAPONS EVEN THOUGH THEY WERE NOT THREATENED BY ANYONE. BY CONTRAST, KAZAKHSTAN FACED SERIOUS THREATS FROM ITS NEIGHBORS. BURKUTBAI AYAGANOV, A CONSULTANT TO PRESIDENT NAZARBAYEV, EVEN ARGUED THAT KAZAKHSTAN'S NUCLEAR STATUS COULD HELP ENSURE SECURITY IN THE REGION FOR A TIME. THESE EXCHANGES WERE THE MOST CONTROVERSIAL, WITH NEITHER SIDE GIVING ANY GROUND.

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THE HASAN ORALTAY STORY  
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25. A MAJOR ELEMENT IN BOTH THE WIDE MEDIA ATTENTION DEVOTED TO THE CONFERENCE AND THE PRIVATE ATMOSPHERICS WAS THE WARM WELCOME ACCORDED TO HUSAN ORALTAY, RADIO LIBERTY'S DIRECTOR OF THE KAZAKH LANGUAGE SERVICE. HIS PERSONAL STORY SEEMED TO EMBODY THE SAGA OF THE KAZAKH PEOPLE. HIS FAMILY HAD FLED IN THE 1930'S; MANY RELATIVES HAD DIED. HIS EMOTIONAL HOMECOMING WAS A LIFELONG DREAM COME TRUE. HE WAS INTERVIEWED SEVERAL TIMES ON TELEVISION AND RECEIVED NUMEROUS TRIBUTES FOR HIS ACTIVITY FROM ALL ELEMENTS AMONG THE KAZAKH PARTICIPANTS. ORALTAY'S JOYFUL HOMECOMING, COMBINED WITH THE SUCCESS OF THE CONFERENCE, UNDERScoreD THE EVOLUTION IN ATTITUDES BETWEEN FORMER COLD-WAR ENEMIES WHICH NOW VIEW EACH OTHER AS PARTNERS IN BUILDING A NEW KAZAKHSTAN. COURTNEY

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