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HELSINKI FOR USDEL CSCE; VIENNA FOR USDEL CPC

E.O. 12356: DECL: OADR
TAGS: PREL, PARM, MNUC, ECON, ENRG, EAID, SCUL, KZ
SUBJECT: KAZAKHSTAN ON THE EVE OF NAZARBAYEV'S VISIT
TO AMERICA

SUMMARY

1. AN ORPHAN OF COMMUNISM, KAZAKHSTAN HAS FABULOUS
NATURAL WEALTH AND A PEOPLE WHO ARE PLUNGING INTO
POVERTY. THE POPULATION IS DIVIDED ETHNICALLY -- TWO-

REVIEW AUTHORITY: Frank
Perez, Senior Reviewer

FIFTHS KAZAKH, TWO-FIFTHS RUSSIAN, ONE-FIFTH OTHER. ON THE BRIGHT SIDE, ETHNIC TOLERANCE IS HIGH, AND MOST PEOPLE ARE PRAGMATIC, SECULAR, AND OPEN TO THE WEST. THE LONG-TERM POTENTIAL IS ENORMOUS.

2. LAMENTABLY, CURRENT LEADERS ARE FORMER COMMUNIST APPARATCHIKS. MOST ARE ALSO ETHNIC KAZAKHS. LEADERS DESPERATELY STRIVE FOR NEW MEANS OF LEGITIMACY. ONE TACTIC IS TO EXPLOIT PRIDE, MAINLY ETHNIC KAZAKH, IN POLITICAL INDEPENDENCE AND ETHNIC REVIVAL. A SECOND IS
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TO BLAME ILLS ON MOSCOW. BUT THE MAIN ROAD TO LEGITIMACY MUST BE AN IMPROVING ECONOMY.

3. THIS POSES A PROBLEM. AS ELSEWHERE IN THE CIS, REAL WAGES ARE COLLAPSING, THE ECONOMY IS "THIRD-WORLDIZING" INTO DUALITY, AND PRICE DISTORTIONS ARE ASTOUNDING. FOR INSTANCE, A KILOGRAM OF GOOD APPLES, PRICED AT OVER ONE DOLLAR, COSTS 1,000 TIMES MORE THAN A BUS TICKET. PEOPLE ARE OBSESSED WITH THE HARD TIMES. LABOR AND HUNGER STRIKES, AND STUDENT PROTESTS, ARE BURSTING FORTH. YET LEADERS ARE SCARED TO STEP ONTO THE ROAD TO RENEWAL. THEY SLEEPWALK ALONG GORBACHEV'S PATH OF HALF-HEARTED REFORMS. SOME ENERGETIC PEOPLE MAKE GOOD MONEY IN THE PRIVATE SECTOR. THE CHEVRON OIL DEAL -- TO BE THE LARGEST FOREIGN VENTURE IN THE FORMER USSR, AND IN ONE OF THE RICHEST OIL FIELDS IN THE WORLD -- OFFERS ECONOMIC GAIN. LIKE THE MARSHALL PLAN, IT ALSO OFFERS HOPE.

4. IN THE EARLY MONTHS OF RELATIONS WITH KAZAKHSTAN, AMERICA HAS TWO URGENT OBJECTIVES -- THE CHEVRON DEAL AND DENUCLEARIZATION. ON BOTH SCORES, THINGS ARE GOING MUCH BETTER THAN EXPECTED. TWO MONTHS AGO THE CHEVRON CONTRACT SEEMED ON THE ROCKS. NOW, IT WILL BE SIGNED DURING NAZARBAYEV'S VISIT. ONE MONTH AGO KAZAKHSTAN CLAIMED THE STATUS OF A "TEMPORARY NUCLEAR WEAPON STATE." NOW, IT HINTS THAT IT WILL AGREE TO DENUCLEARIZE IN RETURN FOR U.S. SECURITY TIES.

THE DOMESTIC SCENE

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5. AS CHARLES DICKENS SAID, IT WAS THE BEST OF TIMES AND THE WORST OF TIMES. KAZAKHSTANIS ARE REVELING IN THEIR NEWFOUND INDEPENDENCE AND FREEDOM. ALONG WITH OTHER FORMER SOVIETS, HOWEVER, THEY ARE SUFFERING AN ECONOMIC FALL WORSE THAN AMERICA'S DECLINE INTO THE GREAT DEPRESSION. POLITICAL CONDITIONS ARE STABLE FOR NOW, BUT

WILL NOT REMAIN SO UNTIL ECONOMIC RECOVERY IS UNDERWAY AND THE POLITICS ARE MORE PLURALISTIC. PRESIDENT NAZARBAYEV SEEMS DEEPLY WORRIED.

APPARATCHIKS ARE STILL IN POWER, BUT LOSING INFLUENCE

6. FORMER COMMUNIST APPARATCHIKS HOLD THE KEY POSITIONS IN THE POST-INDEPENDENCE REGIME. THEIR LEVERS OF POWER ARE TRADITIONAL, BUT WEAKENING:

○ THE POPULAR LEGITIMACY OF KAZAKHSTAN'S LARGELY UNELECTED LEADERS IS SLIDING. THEY ARE STRUGGLING TO FIND NEW MEANS OF LEGITIMACY. LEADERS EXPLOIT PRIDE, PARTICULARLY AMONG ETHNIC KAZAKHS, IN NATIONAL INDEPENDENCE AND CULTURAL REVIVAL. THEY RESORT TO THE FACILE TACTIC OF BLAMING ILLS ON MOSCOW, BE IT THE SOVIET MOSCOW OR YELTSIN'S MOSCOW.

○ THE GOVERNMENT IS LOSING THE CONFIDENCE OF THE PEOPLE, MOST OF WHOM ARE ITS EMPLOYEES. PRIVATE-SECTOR WAGES ARE MUCH HIGHER THAN GOVERNMENTAL WAGES. MANY OFFICIALS AND WORKERS ARE LOOKING FOR PRIVATE-SECTOR
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INCOMES. OTHER OFFICIALS REMAKE MINISTRIES INTO ASPHYXIATING STATE MONOPOLY COMPANIES.

○ COMMERCIAL BROADCASTERS AND NEWSPAPERS ARE BLOSSOMING -- A VERY ENCOURAGING SIGN. THE MEDIA REPORT ON SUCH ISSUES AS SHORTAGES OF GOODS, RISING PRICES, LABOR STRIKES, AND ECOLOGICAL PROBLEMS, BUT DO NOT DIRECTLY CHALLENGE THE LEADERSHIP.

○ LIONIZING AMERICA AND THE WEST, PEOPLE ARE DEPRESSED BY THEIR OWN SYSTEM. THEY DO NOT, HOWEVER, ALWAYS AFFIX BLAME CORRECTLY. AS GOODS IN STORES VANISH, MANY PEOPLE VIEW GORBACHEV'S PERESTROYKA, LIKE KHRUSHCHEV'S IMPULSES, AS A HARE-BRAINED SCHEME. LEADERS OFFER NO REMEDY BEYOND AN EMPTY CALL FOR A MARKET ECONOMY, FURTHER ERODING THEIR PRESTIGE.

TOLERANT PEOPLE -- AND WEAK POLITICAL CULTURE

7. ALTHOUGH THE LEVERS OF POWER ARE WEAKENING, THE AUTHORITIES HAVE MAINTAINED AT LEAST SUPERFICIAL CALM AND STABILITY. THERE ARE SEVERAL REASONS WHY.

○ KAZAKHSTANIS ARE ETHNICALLY TOLERANT, AND GENERALLY PRAGMATIC AND SECULAR.

O POLITICAL PARTIES -- BE THEY FORMER COMMUNIST, KAZAKH NATIONALIST, DEMOCRATIC, OR ISLAMIC -- REMAIN WEAK, MUCH MORE SO THAN IN RUSSIA OR UKRAINE. PARTIES
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PLAY A MODEST ALTHOUGH GROWING ROLE.

O INDEPENDENT POLITICAL PARTIES ARE POORLY REPRESENTED IN THE PASSIVE AND LARGELY UNELECTED SUPREME SOVIET, WHICH IS FULL OF STALE LEFTOVERS.

O RESPECT FOR AUTHORITY HAS TRADITIONALLY BEEN HIGH, PARTICULARLY AMONG ETHNIC KAZAKHS.

O NAZARBAYEV ENJOYS PRAISE -- EVEN FROM RIVALS AND NON-KAZAKHS -- FOR HIS MODERATION AND EMPHASIS ON ETHNIC TOLERANCE.

MOUNTING PRESSURES

8. BENEATH THE SURFACE CALM PRESSURES ARE MOUNTING, NOT SO MUCH AGAINST NAZARBAYEV PERSONALLY BUT AGAINST HIS POLITICAL CASTE AND ITS CONCEPTIONS.

O ETHNIC KAZAKHS REVEL IN REDISCOVERY OF THEIR LONG-REPPRESSED LANGUAGE AND CULTURE. THEY SEEK TO IMPOSE THEIR LANGUAGE -- WHICH ONLY ONE-THIRD OF THE PEOPLE SPEAK -- AS THE STATE LANGUAGE BY 1995. NON-KAZAKHS ARE GROWING CONCERNED ABOUT THEIR FUTURE.

O ETHNIC RUSSIAN SECESSIONIST PRESSURES IN NORTHERN KAZAKHSTAN -- INCLUDING THE "VIRGIN LANDS" GRAIN-GROWING BELT -- MAY RISE AS THE ECONOMY FLOUNDERS.

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O MORE IMMEDIATELY, LABOR AND STUDENT UNREST IS SWELLING. LEAVING ASIDE SUBSIDIZED HOUSING AND TRANSPORT, REAL WAGES OF MOST PEOPLE HAVE PLUMMETED TO A FEW TENS OF DOLLARS PER MONTH. PAUPERIZATION IS TOUCHING PEOPLE WHO WERE ONCE SECURE.

O RUNAWAY INFLATION IS UNDERMINING CONFIDENCE IN THE GOVERNMENT AND IN THE RUBLE. A BOTCHED ATTEMPT TO INTRODUCE A NEW KAZAKHSTAN CURRENCY WOULD EXACERBATE THE GOVERNMENT'S CREDIBILITY GAP.

O PRIVATE-SECTOR ACTORS, STILL FEW IN NUMBER, WILL INCREASINGLY CHALLENGE OFFICIAL CONTROLS AND PUSH FOR MARKET-ORIENTED REFORMS AND MUCH LOWER TAXES.

ECONOMIC MISTAKES – BUT POSSIBLY A BRIGHT FUTURE

9. KAZAKHSTAN'S LEADERS ARE REPEATING THE ECONOMICS FOIBLES OF THE GORBACHEV ERA. YET, THEY GROUSE ABOUT THE DAMAGE WREAKED BY PERESTROYKA, AND WAIL THAT KAZAKHSTAN'S ECONOMIC FATE REMAINS HOSTAGE TO AN UNSTABLE RUSSIA AND AN UNPREDICTABLE YELTSIN.

10. ONE LEADER HAS EXCLAIMED TO US, "YELTSIN IS NO SAKHAROV." THAT IS, YELTSIN LACKS THE STATURE OF A SAKHAROV TO RIDE OUT THE POLITICAL STORMS CAUSED BY RADICAL REFORMS. KAZAKHSTAN CANNOT ESCAPE THE UPS AND DOWNS OF RUSSIAN ECONOMICS. LEADERS FEAR YELTSIN'S REFORMS WILL LEAD TO UNREST THAT WILL OUST THEM.

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11. OFFICIALS SEEM PARALYZED. DELAYING REFORMS IN KAZAKHSTAN IS A DEADEND. THE GOVERNMENT IS BROKE. IT FACES A DILEMMA. THE GOVERNMENT CAN PAY VERY LOW WAGES, AS IT DOES NOW, OR PRIVATIZE, FREE PRICES, AND FACE HUGE SHORT-TERM UNEMPLOYMENT AS THE PRICE OF LONG-TERM GROWTH. FEARFUL OF PERSONAL FUTURES AND STRANGERS TO MARKET ECONOMICS, LEADERS DO NOTHING.

12. GEOGRAPHY IS A BIG DISADVANTAGE. KAZAKHSTAN IS FARTHER FROM A PORT WITH OCEAN ACCESS THAN JUST ABOUT ANY NATION ON EARTH. CHEVRON'S OIL MUST BE PIPED TO THE BLACK SEA THROUGH RUSSIA, WHICH WILL CLAIM A HEALTHY ROYALTY. THE CREAKY AND THEFT-RIDDEN FORMER SOVIET RAIL SYSTEM FURTHER ISOLATES KAZAKHSTAN.

13. GOOD ECONOMIC POLICIES AND STABLE POLITICS, HOWEVER, COULD ASSURE KAZAKHSTAN A BRIGHT ECONOMIC FUTURE. THE COUNTRY HAS IMMENSE OIL AND GAS RESERVES, VAST METALLURGICAL RESOURCES, AND EDUCATED PEOPLE. CRITICAL TO RECOVERY AND GROWTH WILL BE RESTORATION OF DISRUPTED TRADE TIES WITH THE CIS AND MONETIZATION OF CIS ECONOMIES. HAPPILY KAZAKHSTAN, UNLIKE SOME ITS NEIGHBORS, IS UNBURDENED WITH ETHNIC FRATRICIDE, ISLAMIC FUNDAMENTALISM, OR IRREDENTISM.

CULTURAL LIFE -- AWED AT AMERICA AND THE WEST, BUT CONCERNED ABOUT PRESERVING TRADITIONAL CULTURE

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14. BLAMING MOSCOW FOR PAST AND PRESENT PROBLEMS, KAZAKHSTANIS SEE THE WEST AS A PANACEA. WESTERN GOODS AND CULTURE ARE POPULAR. ALMA ATA'S COMMERCIAL TV CHANNELS OFFER HEAVY DOSES OF PIRATED AMERICAN MOVIES AND ROCK MUSIC VIDEOS. THE BRITISH "SUPERCHANNEL" IS POPULAR IN THE HINTERLAND WHERE SATELLITE DISHES ARE FOUND. ADDIDAS RUNNING SUITS (PIRATED VIA CHINA) ARE THE TRENDY CASUAL WEAR. ONE OF OUR HOTEL MAIDS, WHO MAY STILL INFORM THE KGB ABOUT FOREIGN GUESTS, SPORTS AN "I'M A TOYS-R-US KID" SWEATSHIRT.

15. SOME ETHNIC KAZAKHS WORRY ABOUT THE POTENCY OF WESTERN CULTURE. THEY WANT TO REDISCOVER, AND IMPOSE THE PRIMACY OF, OF THEIR OWN LANGUAGE AND CULTURE AFTER DECADES OF REPRESSION. IN THIS VEIN NAZARBAYEV RECENTLY AFFIRMED TO A U.S. GROUP, "WE ARE TURKS."

16. KAZAKH AND TURKIC CULTURE IS BEING OVERSHADOWED, HOWEVER, BY AMERICAN AND OTHER WESTERN CULTURE. THE NEW TURKISH TV CHANNEL CANNOT COMPETE WITH U.S.-MADE ENTERTAINMENT. SOME ETHNIC KAZAKH YOUTH DO NOT WANT TO STUDY KAZAKH LANGUAGE. THEY SEE ENGLISH AS THE LANGUAGE OF THE FUTURE. ENGLISH WILL BE THE FAVORED THIRD LANGUAGE, OFTEN THE SECOND, OF MANY YOUTH HERE.

17. IN THE PAST MANY ELITES STUDIED OR WORKED FOR SOME YEARS IN MOSCOW AND LENINGRAD. SUCH TIES ARE ENDING. UNLESS REPLACED BY MUCH GREATER ACCESS TO THE WEST, THIS WILL OVER TIME DIMINISH THE QUALITY OF EDUCATION AND RESEARCH, THE BREADTH OF ELITE PERSPECTIVE, AND THE DEGREE OF ETHNIC TOLERANCE IN KAZAKHSTAN. IT WILL ALSO
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WEAKEN ECONOMIC AND POLITICAL TIES WITH OTHER FORMER
SOVIET REPUBLICS.

THE ROLE OF THE MILITARY

18. KAZAKHSTAN PROFESSED NOT TO WANT AN INDEPENDENT MILITARY FORCE. IT WAITED UNTIL RUSSIA CREATED ITS OWN ARMED FORCES BEFORE TAKING A SIMILAR STEP. THE LOCI OF POLITICAL AND MILITARY POWER IN KAZAKHSTAN EVENTUALLY HAD TO COINCIDE.

19. KAZAKHSTAN NEEDS TO DEVELOP A SMALL, MOBILE ARMY AND AIR FORCE EQUIPPED WITH MODERN WEAPONRY. BY DINT OF GEOGRAPHY AND RESOURCES, AND A LACK OF POPULAR WILL TO SUPPORT A LARGE ARMY, KAZAKHSTAN IS UNLIKELY TO BUILD MORE THAN A MODEST ARMY. THIS WILL BE ENOUGH TO PROTECT ITS OIL AND OTHER WEALTH AGAINST MOST THREATS.

20. A SECOND KEY TO SECURITY IS A BETTER STANDARD OF

LIVING. ETHNIC KAZAKHS FEAR RUSSIA MAY TRY TO ANNEX THE NORTHERN, MOSTLY ETHNIC RUSSIAN OBLASTS. THERE ARE LESSER FEARS THAT PAN-TURKIC FORCES WILL SEEK TO RECREATE A GREATER TURKESTAN IN CENTRAL ASIA. IN FACT, NEITHER THREAT IS LIKELY TO EMERGE IF ETHNIC RUSSIANS IN KAZAKHSTAN KEEP LIVING BETTER THAN SIBERIAN RUSSIANS TO THE NORTH, AND ETHNIC KAZAKHS BETTER THAN UZBEKS AND OTHER TURKICS TO THE SOUTH.

21. A THIRD KEY TO SECURITY IS DEVELOPMENT OF A
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CONSTELLATION OF CLOSE AND PRODUCTIVE TIES WITH THE WEST AND THE INTERNATIONAL COMMUNITY. BILATERAL TIES WITH AMERICA, AND MULTILATERAL TIES THROUGH CSCE AND NACC, SHOULD BE THE PRINCIPAL SOURCES OF SECURITY.

NUCLEAR WEAPONS?

22. THE RECENT FLIRTATION BY POLITICAL FIGURES WITH THE IDEA OF HOLDING ONTO NUCLEAR WEAPONS IS NOT DEEPLY ROOTED. THIS IS NOT PAKISTAN OR INDIA. DESPITE CONCERNS ABOUT INSTABILITY IN MOSCOW AND INTENTIONS IN BEIJING, KAZAKHSTAN SEEMS UNWILLING TO RISK POLITICAL ISOLATION IN ORDER TO CLING TO NUCLEAR WEAPONS WHICH IT DOES NOT (AND NEVER WILL) CONTROL. RATHER, ETHNIC KAZAKH POLITICIANS SEEM TO PERCEIVE NUCLEAR WEAPONS AS OFFERING LEVERAGE AGAINST THE FORMER METROPOLE, AND A MEANS TO ATTRACT PLEDGES FROM AMERICA AND THE WEST.

AMERICAN INTERESTS

23. IN THE STARTUP OF RELATIONS WITH KAZAKHSTAN, AMERICA HAS TWO URGENT OBJECTIVES -- THE CHEVRON DEAL AND DENUCLEARIZATION. ON BOTH SCORES, THINGS ARE GOING MUCH BETTER THAN EXPECTED. TWO MONTHS AGO THE CHEVRON CONTRACT SEEMED ON THE ROCKS. NOW, IT WILL BE SIGNED DURING NAZARBAYEV'S VISIT TO WASHINGTON. ONE MONTH AGO KAZAKHSTAN SOUGHT THE STATUS OF A "TEMPORARY NUCLEAR
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WEAPON STATE." NOW, IT HINTS THAT IT MAY AGREE TO DENUCLEARIZE.

24. LOOKING BEYOND THE WASHINGTON VISIT, AMERICA'S LONGER-TERM GOALS ARE TO PROMOTE STRONGER DEMOCRATIC INSTITUTIONS; A FREER ECONOMY WITH A MAJOR AMERICAN ROLE; GOOD POLITICAL AND DEFENSE RELATIONS, INCLUDING ACTIVE

PARTICIPATION IN THE CSCE AND NACC; AND NEW CULTURAL
BONDS. BY DINT OF OIL, METALLURGY, AND INDUSTRIAL
VENTURES, AND SHARED POLITICAL INTERESTS, AMERICA WILL
PROBABLY HAVE CLOSE LINKS TO KAZAKHSTAN
-- A PRAGMATIC COUNTRY LYING AT THE CENTER OF A VAST
REGION OF EMERGENCE AND UNCERTAINTY. COURTNEY

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