

MARIAM MATCHARASHVILI

FREE UNIVERSITY OF TBILISI

m.macharashvili@freeuni.edu.ge

TRANSFORMATION OF POST-SOVIET KAZAKHSTAN: ECONOMY FIRST, POLITICS LATER

Abstract

This paper examines the development and modernization path of post-Soviet Kazakhstan. It is traditionally considered as a leading state of the Central Asian region. Since the demise of the Soviet Union, independent Kazakhstan has succeeded in economic transformation but, it has not avoided the so-called “resource curse” – the common problem of the countries that are rich with natural resources and paradoxically have the non-democratic types of government. According to the Freedom House, Kazakhstan is a real consolidated authoritarian regime (Freedom House 2021). The different scale of transformation in politics and economics poses a question why has Kazakhstan failed to conduct radical political reforms toward establishing democracy? The paper identifies three causal factors that explain the failure of Kazakhstan in the political transformation: (i) The different types of a social contract established between Kazakh elites and society based on economic development and people’s alienation from the political processes; ii) Strong leadership and harsh restrictions imposed by the government, which undermined any attempt to change the regime; (iii) The historical legacy of Kazakhstan – challenges in demographic equity, the lack of national cohesion, and national identity. The paper uses the social contract theory of political philosophy and qualitative methods of data collection and analysis from the social sciences in order to analyze a given subject and reach conclusion.

Keywords: Post-Soviet Kazakhstan, political transformation, social contract, reforms.

Introduction

Kazakhstan is a Central Asian post-Soviet state that successfully managed to conduct radical reforms in the economic field and attract foreign investments. Particularly, it has succeeded in economic transformation, transition to the market economy, privatization politics, tax reforms, and monetary policy since the collapse of the Soviet Union. Consequently, Kazakhstan has experienced an economic boom and double-digit growth rates in the 2000s (World Bank 2018, 2). Before 2006, annual GDP growth was between 9% and 13%, which made Kazakhstan one of the fastest-growing economies in the world (The World Bank Data 2020).¹ The growth in the economy was mainly a result of the export of natural resources, especially Kazakh oil from the Tengiz fields (Esanov n.d., 3). Since gaining independence, Kazakhstan was following the approach well expressed by President Nursultan Nazarbayev² in his inaugural speech in 2011, “Economy First, Politics Later”, which meant the top priority of the government was radical economic reforms after the chaotic time of the early 1990s (Ibadildin and Pisareva 2020). Thus, shortcomings of democratization were justified by the strong necessity of economic transformation, and then political modernization lagged.

Accordingly, Kazakhstan has succeeded in economic policy but, it has not avoided the so-called “resource curse” – the common problem of the countries that are rich with natural resources and paradoxically have the non-democratic types of government (Wandel 2009). Zakaria (Zakaria 1997) considered Kazakhstan as the illiberal democratic state defining it as a “near tyranny” where certain electoral procedures exist but, the essence of the regime itself is an authoritarian one. Official data demonstrates the same. According to Freedom House, Kazakhstan’s democracy score and percentage have been gradually decreasing since the beginning of a new century, with the only exception of 2009

¹ For more information about annual GDP growth (%), see Annex 1.

² Nursultan Nazarbayev served as the President of Kazakhstan in 1990-2019 and then the Chairman of the Security Council.

when Kazakhstan introduced some liberalizing changes in the electoral and media legislature in advance of its much-sought OSCE's chairmanship in 2010 (Freedom House 2020). Moreover, according to the BTI, Kazakhstan is a hard-line autocracy in terms of political transformation, and it takes 100th place in 137 countries (Bertelsmann Transformation Index 2020). The Global Democracy score of Kazakhstan is very low – 3.14, which again refers that this Central Asian state is a consolidated authoritarian regime (The Economist 2020). There are no large-scale changes of the rule from the side of people or elites. As Nazarbayev summarized his belief in 2015, “democracy is not the starting point of our way, it is the final point of our destination” (Tengri News 2015).

The different scale of transformation in politics and economics poses a question why has Kazakhstan failed to conduct political reforms toward establishing democracy? The paper analyzes three arguments in this regard. The first refers to the theoretical understanding and uses the social contract theory of political philosophy, the second analyzes the results of the harsh restrictions imposed by the authoritarian President Nazarbayev, and the last argument is the historical legacy of the country. The paper uses qualitative methods of data collection and analysis from the social sciences in order to examine, assess, and analyze a given phenomenon. They include literature review, document analysis, and deduction. Document analysis includes a study of the press release, speeches, and official documents, especially the Constitution of the Republic of Kazakhstan that represents the primary sources. The literature review contains a general overview of books, reports, and articles which are helpful to fully understand the context. They are the secondary sources of the article. And the deduction is used to predict the outcome from the theoretical perspective.

Social Contract Theory in the Post-Soviet Kazakhstan

Since the demise of the Soviet Union, the relations between Kazakh ruling elites and the Kazakh population can be well described by the social contract theory. The social contract is one of the prominent theories of political philosophy, which introduces the general concept of an implicit contract between society and government. According to it, people are willing to accept the limitations on their rights and freedoms in exchange for providing stability, security, and material benefits from the side of the government (Ibadildin and Pisareva 2020). Evers (Evers 1977) contends that the state is an artificial device or instrument developed by people for their mutual benefit; it is designed to serve the interests of all sections of society. Social contract as a theory takes its origins in the Western political philosophy of Thomas Hobbes, Jean-Jacques Rousseau, David Hume, and John Lock. They argue that the social contract is the main basis for the establishment and long-lasting existence of states (Boucher and Kelly 1994). As Jean-Jacques Rousseau argues, “the strongest is never strong enough to be always the master unless he transforms strength into right, and obedience into duty” (Rousseau 2004, 21). Thus, for the social contract, the duties and responsibilities are as important as the human rights and freedoms.

Despite the Western origin of the social contract theory, it can be applied to the Soviet Union and post-Soviet space itself. Even in the Soviet Union, a similar type of social contract can be observed, which was more prominent during Brezhnev's era. It was manifested as “we [people] pretend to work, they [government] pretend to pay us” (Bacon 2002; Ibadildin and Pisareva 2020). This type of social contract is “welfare-state authoritarianism”, which is well explained by Breslauer as “a pattern of political, social, and material benefits offered by the ruling authorities to regulate relationships between themselves and to elicit compliance and initiative from groups in society” (Breslauer 1978, 13). This form of a social contract was artificial in the Soviet Union due to the scarcity of resources, the stagnation of the economy, corruption, increased consumption, and people's alienation from the political processes. In general, it was far from the real expression of the social contract between people and government, and it had a more violent character.

Since the collapse of the Soviet Union, the legacy of “welfare-state authoritarianism” has remained in independent Kazakhstan. During the post-independent history, social contract theory in the country can be widely characterized as a mixture of increasing centralization of power, market liberalization with the lack of real diversification of the economy, Soviet-style opening, the revolt of new elites, and all other features of the consolidated authoritarian regime (Ibadildin and Pisareva 2020). Kazakhstan established “a rentier social contract”, patronage and clientelistic networks, in which the “state provides goods and services to society while society provides state officials with a degree of autonomy in decision-making” (Ibadildin and Pisareva 2020). The feudal appropriation of unearned money and subsequent distribution by elites are at the heart of such a political structure (Sakwa 2014).

Thus, the Kazakh ruling elites proposed a social contract that emphasized giving material benefits to people in exchange for an uncontested system and possibilities for the elites to accumulate wealth.

Economy First, Politics Later

Since gaining independence, political transformation in Kazakhstan has not occurred despite the radical reforms in the economic field. Kazakhstan's "special way" ("Kazakhstani way") theory supports the extension of presidential authority, emulating the "Asian model", in which political change takes a second seat to economic growth (Satpaev 2007). The discourse of the political success of President Nursultan Nazarbayev has become the basis for the social contract with the people who evaluated the government only by the "material benefits it provided to its citizens" (Olcott 2010). From a large perspective, such attitudes can be explained by the economic hardships of the early 1990s. Kazakhstan's early years of independence were chaotic and challenging. In 1991-1994, the GDP of the country declined by 60%, and the annual inflation rate reached 1800% in 1994 (Akhanov and Buranbayeva 1996). Thus, the top priority of the government was to tackle hard economic problems and ensure financial stability, while the necessity to overcome an economic crisis under consolidated rule outweighed the commitment to a democratic regime.

This type of social contract focusing on economic development reinvigorated citizens' long-lasting alienation from the political processes and the state's non-interference in the private lives, which, in turn, became a satisfactory agreement between Kazakh elites and society (Dave 2007). In a sense, people will gain material benefits while the authoritarian rule will remain unchallenged. Moreover, there were no demands for political reforms from the side of the population and no desire to conduct them from the government. As Vyacheslav Abramov³ noticed in the webinar with the Carnegie Russia and Eurasia Program, Kazakh people never go to the streets because of the political regime and limitations on humans' freedoms; they go to the streets when their income decreases (Carnegie Endowment for International Peace 2020, 40:54). Thus, the lack of democratic standards and alternatives to Nazarbayev's regime did not seem to be a concern for a large amount of population. Much of the regime's legitimacy and sustainability was based on economic performance in the 2000s.

However, since the 2010s public dissatisfaction and popular discontent with uncertainty have been risen due to the devaluation of the national currency, economic recession, reduced oil prices, controversial land law, and the perceived compromises over sovereignty with Russia and China. Those economic factors became the major determinants for the Kazakh society to go to the streets and protest against the existing reality. Firstly, Nazarbayev and then Kassym-Jomart Tokayev⁴ announced large-scale political reforms but, they were ineffective due to the lack of democratic procedures and institutions. Those reforms are considered as the only reaction to the protests in order to neutralize the situation (Ibadildin and Pisareva 2020). One clear example was an amendment to the constitution in 2019 that political parties need 20 000 members to be registered in Kazakhstan instead of 40 000 (Carnegie Endowment for International Peace 2020, 4:47). This is only a superficial change because the process of party registering is still complicated and heavily controlled by the Ministry of Justice and for a country with a rather tiny population against its territory, 40 000 is a huge number. Thus, the political modernization in Kazakhstan is very façade due to having no desire in the ruling elites to change the political regime.

"Strong Hand" of Nursultan Nazarbayev

The consolidated authoritarian regime established by the first President Nursultan Nazarbayev was suppressing any attempt of political protests and creation of opposition political parties, which undermined political transformation. There was only a three-year period when post-Soviet elites of Kazakhstan "at least flirted with the idea of a transition to democracy" (Olcott 2010). The first constitution of Kazakhstan established a parliamentary republic with a clear separation of power, functioning law-enforcement bodies, and two terms of presidential service. After this "pro-western democratic romanticism" President Nazarbayev began centralization of power in his hands and convinced the Parliament that there was a necessity of strong presidential power for guiding radical reforms (Cummings 2005; Satpaev 2007). Later, he dismissed the parliament and issued a decree which further

³ Vyacheslav Abramov is a journalist, editor, and the founder of Vlast.kz, an independent, critical online magazine that covers politics, economics, and social issues in Kazakhstan.

⁴ Kassym-Jomart Tokayev has served as the President of Kazakhstan since 2019.

expanded presidential powers with further restrictions on democratic freedoms, controlling the opposition and censorship on media, and that was a Boris Yeltsin scenario of 1993. One of the critics of Nazarbayev, Serikbolsyn Abdildin⁵ noticed that the changes following the dissolution of parliament were a real *coup d'état* (Akkuly 2011). Those political actions of Nazarbayev determined the country's trajectory toward authoritarianism.

However, Kazakhstan's transition toward the consolidated authoritarian regime was not smooth, as the country leadership had to overcome resistance from the opposition actors, on the one hand, from the new Kazakh elites, especially Rakhat Aliyev⁶ and Mukhtar Ablyazov⁷, and, on the other, Kazakh people protest the deterioration of the living standards, poor labor conditions, and reducing income. In both cases, the government used severe measures, fired the protesters, and launched investigations over the top political opposition figures. The reason for Nazarbayev's harsh restrictions was his fear to lose power and control over political and civil order. Later, Nazarbayev confirmed that "they [new Kazakh elites] almost brought me down" (Akkuly 2009). Tokayev, despite his liberal interviews with Western social media, followed the same path and used violence against protesters after announcing the result of the 2019 elections due to the same reason. Moreover, Kazakhstan experienced the creation of the Democratic Choice of Kazakhstan⁸ as a first political party not affiliated with the ruling regime. However, the lack of unity, internal confrontation, and different interests determined the party's split into moderates and radicals (Ibadildin and Pisareva 2020). Those activities revealed two things: a) There was no uniform consensus about the social contract between new Kazakh elites and who have left out of the Nazarbayev's inner circle; b) The authoritarian regime succeeded in suppressing the dividing newly born opposition and undermined any attempts of changing the type of government.

Historical Legacy of Kazakhstan

The early prospects of changing the regime and hopes that Kazakhstan would be a beacon of democracy were not achieved. Much of the problem has historical nature. Political hierarchies of khans, kings, Communist Party at the top of power, clan relations, imperial and communist governors, and *obkom* functionaries towards the bottom have left no place for the development of political participation of the general public. Therefore, independence for Kazakhstan was not a return to the democratic type of government and its values. All the features of democracy – the rule of law, respecting human rights, free social media, organizations and political parties, strong democratic political institutions, mass participation in the political processes, free and fair elections – need to be built from the grassroots.

However, another important challenge to democratic transition is Kazakhstan's lack of national cohesion. Even at the beginning, it was fragmented in clan-based nomadism, then the country endured foreign domination for two centuries. It can be said that Kazakhstan has never existed as a consolidated and independent state, and its modernization was the outcome of Sovietization (Bremmer and Welt 1996). National identity has never had a chance to emerge and develop. Kazakhstan has a demographic inequality which implies that ethnic minorities comprise more than 1/5 of the population. According to the data from the World Bank and Kazakhstan's Ministry of National Economy (2017), in Kazakhstan live, 67% of Kazakhs, 20% of Russians, 3% of Uzbeks, 1.6% of Ukrainians, 1.5% of Uyghurs, and 6.9% of others (Blackwood 2021). Thus, it is quite clear that due to the problems of national cohesion, identity, and demographic equity, democratization in Kazakhstan has significantly damaged and reversed nation-building processes.

Conclusion

This paper has explored the evolution and modernization path of post-Soviet Kazakhstan, which is a leading state of the Central Asian region. The different scale of transformation in politics and

⁵ Serikbolsyn Abdildin was a Kazakh politician, economist, the head of the Communist party, and the member of the Mazhilis (the lower house of the Kazakh Parliament). He was considered the founder of parliamentarism in Kazakhstan and a critic of Nazarbayev's rule.

⁶ Rakhat Aliyev was a member of the Kazakh government and Nazarbayev's son-in-law. He served as the chief of Kazakh tax policy and security services, first vice foreign minister, ambassador to Austria, and OSCE.

⁷ Mukhtar Ablyazov was the former Minister of Energy, Industry, and Trade. He was the founder of DVK - Democratic Choice of Kazakhstan.

⁸ Democratic Choice of Kazakhstan is a center-right political party founded by businessmen and former government officials in 2001. It had a strong anti-Nazarbayev position, criticizing the president's and his clique's corruption and nepotism. The party aspires to overthrow Kazakhstan's present administration peacefully and turn the country into a parliamentary republic.

economics has posed a question as to why has Kazakhstan failed to conduct radical political reforms toward establishing democracy? The paper has analyzed three arguments in this regard: (i) The different types of a social contract established between Kazakh elites and society; (ii) Strong leadership having undermined any attempt to change the regime; (iii) The historical legacy of Kazakhstan. The paper has used the social contract theory of political philosophy and qualitative methods of data collection and analysis from the social sciences in order to analyze the topic.

Since gaining independence, political transformation in Kazakhstan has not occurred despite the radical and successful reforms in the economic field. The discourse of the political success of President Nursultan Nazarbayev has become the basis for the social contract with the people who evaluated the government only as of the provider of material benefits. From a large perspective, such attitudes can be explained by the economic hardships of the early 1990s. Thus, the top priority of the government was to tackle hard economic problems and ensure financial stability, while the necessity to overcome an economic crisis under consolidated rule outweighed the commitment to a democratic regime. Moreover, the consolidated authoritarian regime was suppressing any attempt at political protests and the creation of opposition political parties, which undermined the political transformation. The existed social contract, on the one hand, and the severe restrictions on human freedoms, on the other, determined peoples' adaptability to the regime, their focus on economic factors, the scarcity of political demands, and the lack of desire to make structural changes. Moreover, independence was not a return to the democratic type of government and its values for Kazakhstan, which made implementing political transformation even more difficult. The same trend is continued in the style of Tokaev's rule after the end of the Nazarbayev era. The growing gap between elites and the ordinary people, strong public mistrust toward state institutions, the lack of political accountability and permission of the ruling elites to make decisions on behalf of the state undermines the possibility to challenge the regime in the short run.

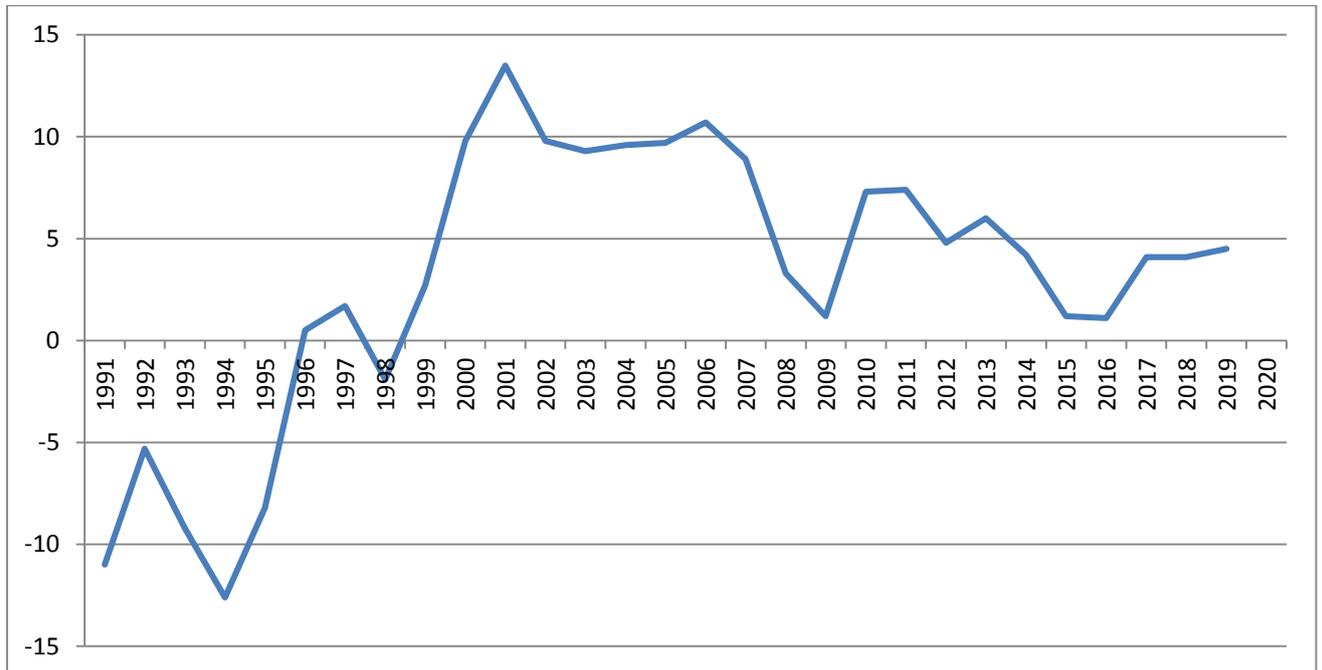
References

- Akhanov, S., and L. Buranbayeva. 1996. "Foreign Investment and Trade in Kazakhstan." In *Economic Transition in Russian and the New States of Eurasia*, edited by B. Kaminski, 138-158. London: M.E. Sharpe.
- Akkuly, S. 2009. "Poyavlenie i raspad DVK posluzhili urokom tol'ko dlya vlasti." *Radio Azattyq*, November 20, 2009. https://rus.azattyq.org/a/Kazakhstan_dvk_round_table/1882932.html (accessed August 16, 2021).
- Akkuly, S. 2011. "Kak prezident Kazakhskoj SSR nezametno stal prezidentom Respubliki Kazakhstan." *Radio Azattyq*, April 5, 2011. https://rus.azattyq.org/a/kazakhstan_election_nazarbayev_/3546446.html (accessed August 16, 2021).
- Bacon, E. 2002. "Reconsidering Brezhnev." In *Brezhnev Reconsidered*, edited by E. Bacon & M. Sandle, 1-21. New York: Palgrave Macmillan.
- Bertelsmann Transformation Index. 2020. *Kazakhstan Country Report 2020*. <https://www.bti-project.org/en/reports/country-report-KAZ-2020.html> (accessed August 4, 2021).
- Blackwood, M. 2021. *Kazakhstan*. Annual Report. Washington: Congressional Research Service.
- Boucher, D., and P. Kelly. 1994. "The Social Contract and its Critics: An Overview." In *The Social Contract from Hobbes to Rawls*, edited by D. Boucher & P. Kelly, 1-34. London: Routledge.
- Bremmer, I., and C. Welt. 1996. "The Trouble with Democracy in Kazakhstan." *Central Asian Survey* 15, no. 2: 179-199.
- Breslauer, G. W. 1978. "On the Adaptability of Soviet Welfare-State Authoritarianism." In *Soviet Society and the Communist Party*, edited by K. W. Ryavec, 3-25. Amherst: The University of Massachusetts Press.
- Carnegie Endowment for International Peace. 2020. *The Politics of Reform in Kazakhstan*. December 07, 2020. <https://carnegieendowment.org/2020/12/07/politics-of-reform-in-kazakhstan-event-7489> (accessed August 11, 2021).
- Cummings, S. N. 2005. *Kazakhstan: Power and the Elites*. New York: I. B. Tauris & Co.

- Dave, B. 2007. *Kazakhstan: Ethnicity, Language and Power*. London: Routledge.
- Esanov, A. 2009. "Economic Diversification: The Case for Kazakhstan." *Revenue Watch Institute*, n.d.: 1-33.
- Evers, W. M. 1977. "Social Contract: A Critique." *Journal of Libertarian Studies* (Pergamon Press) 3, no. 3: 185-194.
- Freedom House. 2021. *Freedom in the World*. <https://freedomhouse.org/country/kazakhstan/freedom-world/2021> (accessed July 20, 2021).
- Ibadildin, N., and D. Pisareva. 2020. "Central Asia in Transition: Social Contract Transformation in Nazarbayev and Post-Nazarbayev Kazakhstan." Edited by A. Mihr. *Studies in the Organization for Security and Cooperation in Europe (OSCE) Member States* (Springer): 101-116.
- Official Website of the President of the Republic of Kazakhstan. *The Constitution*. 1993. https://www.akorda.kz/en/official_documents/constitution (accessed August 10, 2021).
- Olcott, M. 2010. *Central Asia's Second Chance*. Brookings Institution Press.
- Rousseau, J-J. 2004. *The Social Contract*. London: Penguin Great Ideas.
- Sakwa, R. 2014. *Putin Redux: Power and Contradiction in Contemporary Russia*. London: Routledge.
- Satpaev, D. 2007. "An Analysis of the Internal Structure of Kazakhstan's Political Elite and an Assessment of Political Risk Levels." In *Empire, Islam and Politics in Central Eurasia*, edited by U. Tomohiko, 283-300. Sapporo: Hokaido University.
- Tengri News. 2016. *Nazarbaev otsenil svoyu rabotu na postu Prezidenta*. March 20, 2016. https://tengrinews.kz/kazakhstan_news/nazarbaev-otsenil-svoyu-rabotu-na-postu-prezidenta-291129/ (accessed August 14, 2021).
- The Economist. 2020. *Global Democracy Index 2020*. <https://www.economist.com/graphic-detail/2021/02/02/global-democracy-has-a-very-bad-year> (accessed August 5, 2021).
- The World Bank. *GDP Growth (annual %) - Kazakhstan*. 2020. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=KZ> (accessed July 23, 2021).
- Wandel, J. 2009. "Kazakhstan: Economic Transformation and Autocratic Power." *Mercatus Policy Series* (George Mason University): 1-49.
- World Bank Group. 2018. "A New Growth Model for Building a Secure Middle Class." 125611-KZ.
- Zakaria, F. 1997. "Rise of Illiberal Democracy." *Foreign Affairs* (Council on Foreign Relations) 76, no. 6: 22-43.

Annexes

Annex 1: GDP Growth (% annual) – Kazakhstan



Source: World Bank Data