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Kazakhstan and Preparation for the OSCE Chairmanship in 2010

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The Republic of Kazakhstan joined the Organization for Security and Cooperation in Europe [OSCE] in January 1992. It should be noted that Kazakhstan's ascension to the OSCE was initiated by the Western member states of this influential international organization. It was important for our country that gained independence only 18 years ago, in 1991, to take part in political, social and economic developments on the territory stretching from Vancouver to Vladivostok. The principles of the Helsinki Final Act of 1975 were therefore successfully put in practice. Over this period, Kazakhstan and the OSCE have acquired an important experience in strengthening the regional security and in the development of an open civil society.

At the first stages of the relationships between Kazakhstan and the OSCE, the main focus was on the information and practical exchange fostering the reforms in our country necessary for the transition period to market economy. The development of the relations between Kazakhstan and the OSCE facilitated the creation of the framework for cooperation resulting, in particular, in the adoption of a range of bilateral documents, such as the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the OSCE. In January 1999, the OSCE Centr was opened in Almaty [currently the OSCE Centr in Astana]. As the result of the Memorandum of Understanding signed with Office for Democratic Institutions and Human Rights the office [ODIHR] Kazakhstan began to develop projects aimed at facilitating of the protection of human rights, elective legislation and the reforms of the taxation and judiciary systems.

Direct operation of the representatives of Kazakhstan in the OSCE structures began in 2008 at an invitation of the chairman-in-office of the OSCE from Finland to participate in the economic and environmental committee of the organization. In 2009, Ms Dora Bakoyannis, the chairman-in-office of the OSCE from Greece, invited the representatives of Kazakhstan to head the OSCE Mediterranean contact group for cooperation and appointed a Kazakh diplomat as her Personal Representative on Combating Intolerance and Discrimination against Muslims.

In our view, both for Kazakhstan and the OSCE, the former's chairmanship in 2010 is an important event. For Kazakhstan it means, first of all, the recognition of the need

to further political, social and economic reforms and to take on the responsibility for the security on the territory of the organization along with its OSCE partners.

For the OSCE the decision regarding Kazakhstan's chairmanship was somewhat unexpected: for the first time in history a member state of the Commonwealth of Independent States [CIS] applied for the position, being a country that is going through political and economic transformation; a country geographically located mostly in Asia; a country where Islam is the dominant religion.

For these reasons the consensus concerning Kazakhstan's chairmanship in the OSCE was not easy to reach. For the first time Kazakhstan applied for chairmanship of the OSCE in 2003 in the hope to get it in 2009. The decision to defer Kazakhstan's chairmanship of the OSCE taken in November 2006, demonstrated institutional problems within the organization and the absence of explicit criteria for the election of the chair-in-office of the organization. It became clear that the decision regarding Kazakhstan's chairmanship is more related to the need to overcome the stereotypes of the EU member countries against the members of the CIS.

The reservations against Kazakhstan and its initiative to chair the OSCE held by some western partners were mostly dispelled at the 15th regular session of the OSCE Ministers of Foreign Affairs [Madrid, 27-29 November 2007]. Mr Marat Tazhin, the Minister of Foreign Affairs of Kazakhstan spoke at the forum and said that not only did Kazakhstan continue to modernize its own political system in line with the OSCE recommendations, but that as a chair-in-office it would also take upon the responsibility to support the fundamental principles of the organization including the strengthening of the ODIHR mandate¹.

As the result of the session, Kazakhstan was awarded the OSCE chairmanship in 2010 instead of 2009. This decision was taken in view of the need to continue the reforms of the political, judiciary and social systems and the need to train the Kazakhstan staff for the work in the OSCE structures.

Another step towards the adaptation of Kazakhstan to the functions of the OSCE chair-in-office was the invitation of the current chair-in-office from Finland made to Kazakhstan and Lithuania to join the extended 'triumvirate' of chairs as early as in 2008 to work on the OSCE's long-term programmes. Kazakhstan therefore entered the OSCE structure two years before its chairmanship to get an opportunity to gain experi-

¹ Marat Tazhin. Speech at the 15th Session of the Ministers of Foreign Affairs of the OSCE Member States. Madrid, 27 November 2007.// <http://portal.mfa.kz>

ence of work in the organisation and even more importantly, to attract partners' attention to the current problems of the Central Asian region.

It should be noted that Kazakhstan joined the OSCE 'triumvirate' during one of the worst periods of the modern history. The global financial crisis has made a negative impact on the whole system of international relations. The efficiency of the OSCE was challenged by the outburst of international terrorism, drug trafficking, illegal migration and other consequences of global environmental, food and energy crises. Now the OSCE faces the need to search for the new efficient forms of cooperation to give an adequate response to the modern challenges and threats.

The most difficult year for the OSCE was 2008, because such important events as the recognition of the independence of Kosovo, war in the Southern Caucasus, and the self-declared independence of Abkhazia and South Ossetia were discussed and addressed outside the framework of the organization. The events in Kosovo and the Southern Caucasus have shown that the OSCE principle of global security was not practically implanted. Therefore the need for a change of approach to the system of security on the territory of the OSCE was recognized.

The issues related to the creation of a new security system in Europe that could adequately respond to the modern challenges and risks at the new stage of the global development, were addressed at the 17th Annual Session of the OSCE Parliamentary Assembly held in the capital of Kazakhstan, Astana in June 2008. Speaking at the forum, Mr Nursultan Nazarbayev, the President of Kazakhstan, said that 'deep geopolitical transformations happening in recent years have made us recognize that there is no only European or only Asian security. Destabilization in one state threatens the security of the whole Eurasia.'²

The President of Kazakhstan assured his OSCE partners that our country is aware of its role as a responsible participant in the regional and global economic, military and political developments. Kazakhstan is an important component of the global energy and transport-transit infrastructure and is among the largest exporters of carbohydrates in the world.

Currently Kazakhstan has a large stock of energy and food resources and can increase their supplies to the world market on the conditions of investments and introduction of new technologies developed by the European countries. Close cooperation will be beneficial for all the OSCE member countries. Kazakhstan supports the transformation of the activities of the OSCE to meet the interests of all the members of the organization and views its oncoming chairmanship as a good opportunity to breathe in some fresh air in the interaction between the member states of the organisation.

The decision to award Kazakhstan the chairmanship of the OSCE in 2010 gave an important support to the political, social and economic reforms in the country. By the end of 2008, Kazakhstan carried out the reforms aimed at raising the efficiency of the political system of the country. These included the development of a balanced system of interaction between the three branches of governmental power; strengthening of the system of party representation; strengthening of the local authorities and the increase of the transparency of the judiciary system. The Constitution

was amended to increase the role of political parties. The elections to the lower house of the Parliament, Mazhilis, were held in 2007.

Kazakhstan is closely cooperating with the ODIHR/OSCE in carrying out its political reforms. In 2007-2008 regular consultations between the experts of the Central Election Commission of Kazakhstan and ODIHR were held to develop recommendations for the amendments to the election legislation and the laws on mass-media. According to the Ministry of Culture, there are about three thousand periodicals published in Kazakhstan, 80% of which belong to private legal entities and individuals.

Kazakhstan has adopted the concept of self-regulation of mass-media which will help to solve a wide range of problems. New amendments to the Law *On Mass-Media* have taken off the burden from journalists' shoulders and increased their security. According to these amendments, the registration procedure for mass-media has been significantly simplified and the right to sue the governmental organizations and their employees denying access to the requested information was also stipulated.

The changes in the law *On Political Parties* were made to improve organizational and legal aspects in the activity of political parties, as well as to strengthen their authority, develop the democracy in the society further and form political system that would conform to the international standards. The state registration procedure and the order of financing of political parties that passed into the Parliament have also become simpler. Currently in Kazakhstan, where the population is 16 million people there are 10 registered political parties.

New amendments to the electoral legislation make it impossible to form the lower house of the Parliament out of one party. If there is only one party that gets more than 7% of the votes at elections, the party taking the second place in the number of votes also receives its seats in the Parliament. This regulation ensures the participation of at least two political parties the lower house.

A special program named *The Way to Europe* was adopted in Kazakhstan in 2008. The program stipulates that the country is interested in cooperation with European countries in the field of energy, transport transit, technologies transfer, education and humanitarian collaboration. It means that Kazakhstan aims at building up strategic partnership with Europe in the long term.

The issues of humanitarian development always remain in the focus of attention of our country's governmental bodies. In April 2009, *The National Action Plan in the Field of Human Rights in the Republic of Kazakhstan in 2009-2012* was discussed at the conference of The Human Rights Commission under the President of the Republic of Kazakhstan. The representatives of the judiciary, advocacy, police and non-governmental organizations participated in developing the plan. The document covers practically all fields of the life of society and consists of 22 chapters, which concern political, social, cultural and economical rights of Kazakhstan's citizens. Developing such a project is a new experience for our country. The propositions that have been made strengthen the power of advocates, particularly when it concerns people in need of free qualified legal assistance.

The given project analyses the national legislation in order to find out how the human rights it regulates conform

² Nursultan Nazarbayev. Speech at the opening of the 17th Annual Session of the Parliamentary Assembly of the OSCE. Astana, 29 June 2009. // www.akorda.kz.

to international standards. As Kazakhstan is about to become chairman of the OSCE, it is important that the documents approved by the Parliament and Government conform to international standards and the tasks set by the head of the state in the program *The Way to Europe*. The *National Plan* includes the measures aimed to regulate the activities of governmental bodies and the programs on human rights that had been adopted earlier.

The discussion of the mentioned project resulted in a decision to confirm *The National Action Plan in the Field of Human Rights in the Republic of Kazakhstan in 2009-2012* prepared by the working team, with a consideration of all the remarks and offers made. We are planning to edit *The National Action Plan in the Field of Human Rights in the Republic of Kazakhstan in 2009-2012* in the official language, as well as in Russian and English, and to make its wide presentation available both in Kazakhstan and in other countries.

Together with the OSCE Centr, we organize annual trainings and seminars in Astana for representatives of governmental and non-governmental bodies closely related to the institution of human rights protection. For example, the training of prosecutors that has recently been held drew particular interest. The training concerned the knowledge of international legal documents on the cooperation in criminal justice, and on the global experience in the field of customs service, educational and health programs. Women's non-governmental organizations and organizations on protection and rehabilitation of the poor receive considerable support from the OSCE Center.

Kazakhstan's government pays particular attention to cooperation with non-governmental organizations. For this purpose, the Public Chamber was created under Mazhilis of the Parliament of the country, and civil forums are held regularly. Kazakhstan's NGOs actively cooperate with the ODIHR/OSCE discussing their duties in relation to people.

There are about 4,000 religious communities in Kazakhstan, representing over 40 confessions, including non-traditional religions. The congresses of the world and conventional religions leaders, held in Astana since 2003, have made a successful contribution to the growth of mutual understanding between religions. These forums received support from the leaders of the main world religions and international organizations, working on the development of communication between civilizations and cultures.

In July this year, the Third Congress of the world and conventional religions leaders will take place in Astana, with UNO participating and rendering technical support. The subject of the forthcoming forum will be *The Role of Religious Leaders in Building the World Based on Tolerance, Mutual Respect and Cooperation*. Following a proposal offer from Kazakhstan, the UN General Assembly proclaimed 2010 the International Year for Rapprochement of Cultures.

On the threshold of Kazakhstan's chairmanship, our institute [the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan], together with the OSCE Centr and Kazakh National University named after Al-Farabi, started to accomplish a three-year-long project 2010: *The Republic of Kazakhstan is the Chairman of the OSCE*. The purpose of this project is to attract authoritative Kazakh and foreign experts to the discussion and creation of recommendations on Kazakhstan's activities in the OSCE for the Government of the Republic of Kazakhstan, the OSCE, governmental and non-governmental organizations. Its other purpose is to acquaint the general public of the organization

member-states with the programme of Kazakhstan's chairmanship in the OSCE.

In 2008, two international scientific practical conferences took part at our institute as part of the project. At the conferences we considered the role and prospects of the OSCE in the contemporary world, and the conceptions of security on Eurasian Continent. In 2009 we are planning to hold four conferences, where we shall consider the experience of Kazakhstan in achieving agreement between nations and confessions, the democratisation in Central Asian countries, the problems of regional security, and the tasks Kazakhstan has for the period of its the OSCE chairmanship.

To adapt the OSCE to new international realities, to strengthen its comparative advantages are the key questions of today's agenda of the organisation. In the nearest future, to strengthen its role in the global system of international relations will become the OSCE's main task. In our opinion, to create Eurasian security area as part of the world security area is a very important step for the OSCE. To achieve this, it is necessary to collaborate effectively not only with the UNO, EU and NATO, but with regional organisations, such as the Conference on Cooperation and Confidence Measures in Asia [CCCMA], the Eurasian Economic Community [EAEC], the Collective Security Treaty Organisation [CSTO], Shanghai Cooperation Organisation [SCO]. We may cooperate with such authoritative organisations as the Organisation of the Islamic Conference [OIC], where Kazakhstan will preside in 2011. It should be noted that Kazakhstan diplomats currently occupy the positions of general secretaries both in the SCO and EAEC.

Kazakhstan realizes the uniqueness of the OSCE, and therefore as the chair-in-office of this organization it will continue developing its principal activities – military, political, economical, ecological and humanitarian ones. Our country supports the OSCE's efforts to strengthen civil society institutions, supremacy of law, to promote democratic reforms in the member-states. Kazakhstan also thinks it necessary to preserve the ODIHR mandate, supports proposals to regulate election monitoring, and considers there must be representatives from all the OSCE member countries in election monitoring missions and other OSCE structures.

In the early 90s of the 20th century, Kazakhstan voluntarily renounced its nuclear potential, which took fourth place in the world. Therefore, our country remains an active supporter of the regional security and will continue the policy of maintaining stability in the whole the OSCE area, including Central Asia as its integral part.

Instability in Afghanistan is a matter of particular concern today. Therefore Kazakhstan is planning to help the OSCE strengthen its role in regulating the situation, which has emerged in this country after the conflict. Our country will also join the world community in struggling against the threat that comes from the territory of Afghanistan.

As to the OSCE's economic and ecological activities, Kazakhstan is planning to attract the organization's attention to landlocked countries. For those further economic development depends on the development of their transit and transport communications. The solution of this problem is directly connected with energetic security.

The world crisis makes the energetic problem still more significant for further economic growth. To find balance in the interests of the consumers and producers of energy resources the world community considers an actual problem. Kazakhstan, as one of the big exporters of energy resources, supports the diversification of export routes.

Kazakhstan shares the OSCE's concern about environmental protection. To use water resources economically, to follow ecological standards in the production and transporting of hydrocarbons, the transfer to alternative production technologies are the problems that must be in the center of attention in the OSCE talks.

In the humanitarian field, the OSCE has a precious experience in prevention and overcoming ethnic and interdenominational crises, which may help to overcome the split between civilizations. Kazakhstan is a temporal state and therefore strictly opposes discrimination of any kind, including that on the ground of religion, provided that the activity of religious communities is transparent.

Since 2003, the main priorities of the member-countries are to reform the OSCE, overcome regional conflicts, struggle with terrorism, religious extremism and drug traffic, assist in struggling against human traffic, and confirm the tolerance and religious freedom.

Since the moment Kazakhstan applied for chairmanship in the OSCE, our country has been deliberately developing its program. Mr Nazarbayev, the President of Kazakhstan, defined the purposes of Kazakhstan's chairmanship of the OSCE at the conference on tolerance between cultures, religions and nations that took place in 2006:

- taking into consideration the general political situation in Central Asia, Kazakhstan is ready to guarantee genuine and long-term security in the region;

- as the Republic of Kazakhstan has a positive experience of achieving accord between nations and confessions in its history, our country will aim at further developing of the

dialogue between civilizations, acting as a bridge between the East and the West;

- the Republic of Kazakhstan follows the way of democratic modernization of its political system, and therefore we are ready to strengthen the potential of the OSCE, taking into consideration the interests of all member-states.

Kazakhstan will voice the program of its chairmanship in the OSCE early in January 2010, in conformity with the practice set in the organization. However Mr Nazarbayev, the President of the Republic of Kazakhstan, and other official representatives of the country have already voiced the main ideas that will lie in the basis of Kazakhstan's chairmanship program:

- to make a practical contribution to the ensuring of security and stability over the whole Eurasian area;

- to enhance the role and significance of Central Asia in the OSCE geography to introduce general democracy values in this region;

- having a rich experience of presiding in a number of regional organizations [CIS, EAEC, SCO, CCCMA], to be ready to organize a constructive cooperation of the OSCE with the regional organizations mentioned;

- to strengthen the role of the OSCE as a unique ground for the dialogue between Europe and Asia.

Thus, presiding in the OSCE Kazakhstan will adhere to the strategy of comprehensive cooperation, will make a constructive dialogue with all members of the world community, placing trust and mutual understanding in the first place, to achieve stable development in the world.

Behind the Facade of the CSTO in Cholpon-Ata

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The CSTO Summit, held in July 31- August 1, 2009 in Cholpon-Ata, remains a lot of questions concerning the prospects of development of the Organization and relations within the CIS as a whole. It amazes the format of Summit as "informal". It says about two things: or Moscow was not sure of its positive outcome, and preferred additionally "learn" the position of their CSTO allies, or a documentary base was unprepared for the final signing.

Probably, it has had both. In any case, Uzbekistan's displeasure in terms of agreement on creation of the second base of Russia in Kyrgyzstan, the Uzbek experts explains disagreement of the issue with other CSTO members.

The single one, that we may underline, - this "Memorandum on intend of Kyrgyz Republic and Russian Federation on further developing and improving of bilateral legal frame basis, regulating the presence of Russian military units in the territory of Kyrgyz Republic, and accommodation of an additional Russian military contingent in the territory of Kyrgyz Republic" signed in Cholpon-Ata.

Speaking by the press, this document was signed "under pressure" from Moscow, alluded, that in case of possible refuse of Kyrgyz will raise the issue on the prospects of further trench of 2 billion dollars promising credit.

As for the rest questions, and how it was predicted by many experts, the positive solution had not been found.

The first of this issue concerned Belarus' demarche, who was ignored the previous CSTO Summit in Moscow on June 14-15, 2009 and till the Summit in Kyrgyz have not taken over the responsibility of CSTO chairmanship.¹ At the Summit in Kyrgyz A. Lukashenko did not sign a document on creation of Collective Rapid Reaction Force (CRRF) within CSTO.

The problem is not a "technical", by the opinion of some Russian politicians. Belarus is one of the key link-

ing of the collective security system on the Post-soviet territory. And not only that it covers the all western directions, but wherefore that Belarus is the key linking in general air defence system, and as closer Russian ally - the base element of integration process within the frame of CIS.

Now, despite success conducted of "West-2009" exercise and agreed of Belarus to sign a package of documents on creation of CRRF, Russian-Belarus leaves much to be desired, and therefore remains the element of unpredictability - as in prospects of formation of union state Russia - Belarus, as in creation within the CSTO of a single system of collective security.

More over, after the Summit in Cholpon-Ata it was clearly that A. Lukashenko felt in Moscow a new pressure point on which he would periodically hit by discouraging any attacks from Russia. And it only goes to show that Moscow does not have a developed policy and understanding logic of action concerning Belarus. The logic is a simple: A. Lukashenko conducts trade with Russia, trying to cut a maximum dividend down.

However, exactly with political bargain is connected the European direction of Belarus policy. Though, according to a range of experts, "the principle" position of A. Lukashenko is not just a bargain today, it is a changing of political landmark [1].

In this context delay signing of Minsk agreement on CRRF was a fully logical. Making this move actually would have disrupted the European vector of foreign policy. As underlined by Belarusian experts, "... Europeans rather just recognition of Abkhazia and South Ossetia, than this, and the entire two years of work to establish a "window to Europe" would be meaningless" [2]⁴. And this is - very serious "call" for Moscow, is still awaiting the moment when "Lukashenko come to his senses".

True, it has not been waited a long time. As soon as the European Union gave Lukashenko to understand that contact

The banal reason - absence of mutual understanding between governance of Moscow and Minsk. In the beginning of this year was milk scandal, which led to demarche of A. Lukashenko, who was ignored CSTO summit in Moscow and adopted decision of the summit. 3 July of 2009 Head of the chief consular department of the Ministry for Foreign Affairs of Belarus Alexander Lukashevich called upon the citizens of his country to take into account the special of Georgian legislative when visiting Abkhazia and Southern Ossetia, thus he demonstrated that Minsk are going to follow an example of Moscow. It was also recrimination, in the result to the situation of almost full relations break.

with him he was ready to lead, only on terms of acceptable to the EU, he changed his position and spoke with Russia in an entirely different tone. However, as the behavior of A. Lukashenko at the summit in Cholpon-Ata, and the fact that his presence in Kyrgyzstan was formally designated as a "working visit to Kyrgyzstan and participate in the CSTO summit was as one of the program visit, shows that an ally of him is derived only on the circumstances.

The second problem is the practical realization of solution within the formation of CRRF as a main structure, according to Russian policy which is drafted to change the format of CSTO activity [3, 4]. By the plan, the CRRF must have been to transformed CSTO into a full-fledge politico-military alliance, and also is to create obstacle for US military presence in the region.

The idea on necessity strengthening of CSTO military compose said D. Medvedev on September 6, 2008 – CSTO Summit in Moscow.

19 December 2009 an informal meeting of the Presidents of Russia, Kazakhstan, Armenia, Kyrgyz, Tajikistan was held in Borovoi, the participants of which have proved the idea of creating of Collective Rapid Reaction Forces under the aegis of CSTO. With the Presidents of Belarus A. Lukashenko and Uzbekistan I. Karimov who were ignored the meeting in Borovoi, D. Medvedev had an individual meetings with them. President of RF have been with an official visit to Uzbekistan and with Belarus President he detailed told by phone, and on the eve of summit – within the framework of Supreme State Council of the Union State of Russia and Belarus.

A. Lukashenko departed from starting position relating to CRRF and agreed to the creation and participation of Belarus contingent in CRRF [5]. I. Karimov was more temperate to the idea of CRRF. Nevertheless, he indicated that he wouldn't block their formation.

At the CSTO summit in Moscow 14-15 June 2009 five states of CSTO members was signed an agreement on creation of Collective Rapid Reaction Forces. According to the experts' estimation, the total strength of CRRF could be 15-20 thousand military men. Most of troops were prepared to provide Russia (airborne division and air assault brigade number about 8 thousand men). It was expected that other countries would provide by battalion.

However at the summit in Moscow Belarus and Uzbekistan did not sign an agreement. Belarusian President ignored the summit, and Uzbekistan has expressed his special position [6]. Moreover he announced that would not participate in collective forces on a regular basis, and only will be limited to that operation, which is presented interests for him.

It should be noted that offered by Uzbekistan principles is fully logical. The constitution of the most states – CSTO members bans the using of armed forces over the sea, and the issue is to be agreed. More over, they say of definition of what is CRRF, of what their mission and usage procedure. Today answers for these questions are very different.

If the CRRF is really created for repulse of external aggression, for purposes of struggle with terrorism, organized crime, drug trafficking, then for providing of effective realization of this idea is necessary:

- The originally set when creating tasks of CRRF is interpreted and understood by all parties equally, to avoid as attempts to counter the CSTO and NATO, as well as

discrepancies in the understanding of the purpose of their use by member-states;

- It was developed and adopted the mechanism, guaranteeing non-transformation of CSTO into the military bloc, having the supranational direction;

- The agreement clearly indicates that the CRRF will be used solely for the reflection of external military threats, but not for the suppression of internal conflicts in the countries – members of the CSTO and the CIS, and not even, especially, not to perform police functions in the third countries;

- Operation of CRRF should be exclusive prerogative of all member-states of CSTO, and not an office and management personnel organization or one of its participants.

While, speaking by potential, CRRF can be used in a single version – suppression of internal of action against the regime in one of the member country of CSTO. Consequently, Russia for their money will act as a regional policeman, that does not fit, not only with the objectives declared in the concept of its foreign policy, but also with common sense.

But there is another side of problem. As is known, CSTO consists of regional troops: Russo-Belarus, Russo-Armenian and Central Asian. On an official language it sounds: three zones of CSTO responsibility – European, the Caucasus, Central Asian. In European zone of responsibility – it is only one Belarus, in the Caucasus is only Armenia, and in Central Asian – it is a widely different states, more over having unsolved conflicts between itself, and serious impact from out regional external forces, which have potential or real conflicts with Russia.

In these conditions, it becomes clear and logical the creating of a large military grouping in Central Asian with participation of Russia [7], however it does not understood the creation of CRRF with uncertain mandate [8].

Apparently, this is what meant the Uzbek Parliament, 4 July 2009 which supported I. Karimov in his position on the CRRF. As the deputy I. Saifnazarov, "... Uzbekistan is based on the fact that each of the countries – the CSTO members are able to solve its internal contradictions and conflict without the involvement of armed forces from outside. Uzbekistan insists on the reflection of the moment in the agreement on CRRF, and we fully support this position [9].

And it is certainly difficult to argue, having in mind two things: firstly, the fact that Uzbekistan is sincere in his intentions and did not seek to seize the territories of neighboring states, and secondly, that the state's position is not related to another change in its foreign policy priorities and "drift" toward the West.

Unfortunately, neither the first, nor the second questions can answer in the affirmative. As for first, the real situation in Ferghan Valley of Kyrgyz shows the closer prospects as is natural demographic expanse of Uzbekistan, in this context the presence of CRRF or Russian troops really threatening to the national interests of Uzbekistan.

The position of Uzbekistan is also defined its foreign policy priorities. Today, it is evident that Uzbekistan step by step "drifts" towards west and supports close contact with China. Tashkent believes that on comparison with Russian presence (taking into account the predictable interference of Russia in intrastate "conflicts"), to be friendship with West and China is more priority [10].

The third problem is reduction of level of desirableness partnership with Russia on issues of ensuring collective security.

Now, obviously assessment of the challenges and threats in the region and own ability to resist Uzbekistan (and a number of other Central Asian states) is in favor of its ability to successfully counter the hypothetical problems. And this is true, but only so long as in Afghanistan are Western troops. In these conditions, they are guaranteed against aggression from the south, but the fact that the internal threats to their power structure can suppress themselves, showed Andijan and other equally well-known events.

Therefore, a great interest where will be dominated Russia in the presence of CRRF military infrastructure in the region, a number of states and Tashkent does not have one.

That is why Islam Karimov very awareness about the news on the deployment in southern Kyrgyzstan, Russia's second base. August 3, 2009 Information Agency "Jahon" released a statement which read: "The Uzbek side sees no needed and feasibility of plans to deploy in the south of Kyrgyzstan an additional contingent of Russian armed forces... The implementation of such projects on a fairly complex and hard territory which directly borders converge the three Central Asian republics could give an impetus to reinforce the processes of militarization and the excitation of various types of nationalism, as well as the speeches of radical extremist forces that could lead to serious destabilization in the vast region" [11].

This statement combines all - and a realistic assessment of today's intrastate relations in Central Asia, and fears associated with Russia, and a hint of possible provocations, and the unwillingness to build a common regional security structure.

There is easy to read an allusion to the crude actions of Russia in Central Asia. And here we can agree with Russian expert Ajdar Kurtov who believes that "the main problem - that Russia is engaged in Central Asia, is not in politics, and as usual bazaars are not seriously defending their interests, just by buying favorable decisions, but and then just a few years"[12].

The best proof of this thesis - the specifics Russo-Tajik, and the Russo-Kyrgyz relations existing at present. Tajik President Emomali Rakhmon used every opportunity to express their dissatisfaction with the "intratability" of the Kremlin, did not want to pay an additional amount for the staying of their military at 201st military base in Tajikistan.

In addition, in Dushanbe resented Moscow's desire to escape from the need to be the arbiter of the Uzbek-Tajik dispute on water and energy issues. And Rakhmon jealous Moscow to Bishkek, which has been a major financial assistance to Russia, and Dushanbe - no. Not to mention the highly sensitive problem with staying in the Tajik labor migrants in Russia.

Blitz-Medvedev's visit to Dushanbe on the eve of the CSTO summit in Cholpon-Ata has allowed some to reduce tension in relations between countries. Although during this visit, none of the above problems has not found a solution, it can be considered successful. D. Medvedev managed to persuade E. Rakhmon to speak at the summit to support Russia's position, despite the fact that Tajikistan is currently not very interested in the creation

of CFFR, and fewer still - to expand Russia's military presence in Central Asia.

As for Kyrgyz's real position, is a few differed from Uzbekistan and Tajikistan's position, because for his support is already promised a concrete Russian help. Although it should be noted that receiving of this help does not guarantee the loyalty and it proves the history with bargain of around American base "Gansi". A single factors, which holds the Kyrgyz governance to be consisting of "Fronde", is the unpredictability of political situation of the country (despite the victory of K. Bakiev at the election) and participation as strategic partner of Russia in the region of Kazakhstan and China, dependences of Kyrgyz grows day after day.

* * *

From enumerated becomes tainted conclusion - "opposition" in CIS and CSTI is growing, some facts which Russia should be considered in its policy within Pos-soviet space. Several reasons:

At first, the crudity of Russian policy, which trying to force a decision, disagreed with other member-state of the organization. However the question remains open, what will be reaction of CSTO, and its main participant with Russia, if the permanent conflicts between Central Asian states on border, transport, water or energy issues will transformed into more serious, and every of the parties will be accused at each other in aggression?

At the second, it should be noted that the Central Asian states do not see a real external threat, and consequently - there is no need Russian "umbrella" protection. As for internal problems, they are interested far less in helping from outside, thinking that they can help themselves.

It presents a dangerous delusion in both of them. While the USA is in Afghanistan, external threat really does not exist when an international forces will withdraw from this country, the threat can arise at once. However at this moment to form the collective forces, which capable to repel possible aggression will be late.

In this way is the situation on capable of the states of the region independently solving the internal problems. If such were the case, today we would not have increased in drug traffic, terrorist, religious and extremism organizations, not to speak of interstates issues concerning border and water, and in the near future - ethnical conflicts.

It is necessary the presence of collective organizations, having the emergency powers at any situations. There is a single doubt, - it is possible solution of the above listed using the special forces.

All listed potential and real threats - drug traffic, terrorism, religious and political extremism and so on - are not external and fully internal reasons - political, socio-economical, religious and so on. To confront them joint military action of CSTO - not the most efficient and optimal solution. There is also no guarantee that these or other threats that have taken place in some CSTO countries can encourage other countries within the same organization. We should not forget that all post-Soviet countries in the formative stage and that this phase is always accompanied by tensions between the neighboring countries, the definition of a neighbor - as the chief enemy of stability in their own country.

Thirdly, there are different understandings of what foreign aggression must be countered by joint efforts. Such

aggression, if we understand it as an aggression from outside of the post-Soviet space - both for the countries in this space in general and for Central Asia, in particular, now is not relevant. It is simply not visible. A more realistic and possible military action are among the former Soviet republics, as it was in August 2008 between Georgia and Russia.

Fourthly, there are differences in understanding with whom to build a system of collective security. If the expansion of NATO activity in the post-Soviet Russia is considered, quite rightly, as a threat to its national security, then its partners in the CSTO is nothing dangerous. Moreover, cooperation with NATO on a number of issues considered by them as well suited to their national interests.

Hence – it is not just pretty cool approach to the proposals coming from Russia, but also very pragmatic inter-

est regarding participation in the structures of collective security. Apparently, Russia is desirable to define its own interests and away from the usual practice within the CIS, where Russia has - only responsibilities, but the rest have only right.

Finally, in the Central Asian region, and in the CIS in general, greatly enhanced the influence of external forces. Moreover, we are talking not only about the West (especially U.S.), but also about China. Today, despite the strategic partnership with Russia, China tries to play his own party, and a series of moves in the party are in conflict with national interests, not only Russia, but Central Asian States. Moreover, it seems that both Russia and Central Asian states and the CIS in general, this threat has been underestimated.

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The Issues Concerning Internal and External Migration in the Republic of Kazakhstan: Analysis of Status and Prognosis

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In recent decades, global migration processes have gained considerable scope. In a number of states touched upon by these processes in a serious degree, and is located the Republic of Kazakhstan.

The current state of the migration processes of the Republic of Kazakhstan. Migration processes are one of the central place in a number of problem, impacting a material effect – as socio-economic, as political situation in Kazakhstan. According to the official data, annual index of internal migration is made over 300 thousand people, and external is made over 1 mln. people. By estimation of UN, Kazakhstan is one of the first places in the world on the level of migration (in terms of 1000 the local population).

South-Kazakhstan, Kyzylorda, Zhanbyl, Almaty, North-Kazakhstan, Kostanay, Akmoily and Eastern-Kazakhstan regions are the basic of donors of internal migration. And the recipient are cities Almaty, Astana, and also Atyrau and Mangystau regions.

As in external migration – major stream of arriving is divided between Uzbekistan, Tajikistan, Kyrgyzstan and China. However in 2008 allowed by the Government of RK the number of drawing foreign labor was made 1.5% from actively economical population of Kazakhstan, or 150 thousand people. Allowance the fact that external migration balance in 2008 was made total 1117 people, coming to light that illegal labor migration in Kazakhstan exceeds 800 thousand people.

All Kazakhstan regions are the recipients of external migration, but the most attractiveness possess Almaty, Astana, South-Kazakhstan, Zhambyl, Atyrau, Mangystau and Eastern Kazakhstan regions.

According to the data from 2007 are Uzbekistan (47%), Russia (20%) and China (11%)* and over 20% from non-CIS states (Afghanistan, Iran, Mongolia, Turkey). And official arriving to Kazakhstan for permanent place of residence were ethnic immigrant, i.e. oralmans. In spite of the allocation program of oralman to all region of Kazakhstan (generally to the north region), nevertheless as a result of secondary internal migration oralmans seek to resettle in Almaty and

Astana, and also South-Kazakhstan, Almaty, Mangystau and Eastern-Kazakhstan regions, and Russian's oralmans in frontier regions of Russia.

Emigration from Kazakhstan was in the direction of Russia, Ukraine, Belarus and Germany. Mostly, an emigration is exposed the north and central regions of Kazakhstan, having more percent of European ethnic component in demographic structure of population.

The key reason of internal migration, in the line of "village – town", basically socio-economic – unemployment in the village, low wages of villagers, weakness of medical-education and information-cultural infrastructure, domestic problems (lack of clean water, balanced range of food, heating problems (high price for gas, coal and firewood), environmental problems and etc.

The key reason of external migration (except for labor) are desire to return to the historic land; to improve the material welfare; possible of self-realization; problems of interethnic and language character.

Labor migration, including illegal, connected with difficult socio-economic situation at the place of outcome of labor migrants.

Migration mobility has three categories – labor, educational and permanent place of residence – it has its plus and minus.

In regard to labor migration from Kazakhstan, positive sides are:

- decreasing of pressure in the domestic market of the labor force;
- influx of non-budgetary financial means, additional financial support of labor migrant family in Kazakhstan, load reduction of social program of budget (unemployment assistance, and other social benefits);
- preservation (advanced) vocational training of workers, abroad in his speciality, development of new specialties*, or receiving of primary work qualification.

Negative consequences of the processes are:

- deterioration of demographic balance at the place of outcome (mainly, the labor migrants are males);

- erosion of skilled labor, deficit of workers and so, degeneration of quality of domestic market in labor force;
- indirect support of emigration climate;
- losses due to education of labor migrant, shortfall of pension deduction and taxes from labor activities.

Positive sides of educational migration from Kazakhstan consist in:

- opportunities for better education and training in specialties, absent in the educational institutions of Kazakhstan;
- improvements in quality of labor force market, increase of his specialization, giving employers of Kazakhstan a greater choice;
- expansion of formal and informal connection with economical subjects, where migrants trained;

Negative sides are:

- The presence of risk non-return of educational migrants, remaining to work in the country, where they got education;
- Preferred orientation of educational migrants for following-up work in foreign companies, and not in national companies;
- Unsuitability of knowledge and skills, obtained educational migrants, to the realities and requirements of Kazakhstan economy;

In regard to emigration from Kazakhstan positive sides, except for decreasing the pressure on the labor force and housing market does not exist. Negative sides are: reduction of demographic and labor potential of the republic, loss of means, spent to get education by migrants: output abroad of retirement savings: decline of welfare and stable image to living in the country.

Labor immigration in Kazakhstan has also its positive and negative moments. To positive result of such process may show:

- filling labor niche, in which Kazakhstanis refuse to go;
- filling job opening, skilled, for some reason or another absent in Kazakhstan (mostly foreign skilled professionals working on contracts);
- fulfillment shortage of workers in the region at a deficit of labor force;
- budget revenue of additional tax (from legal labor migrants).

At the same time, labor immigration (mainly, illegal) is determined serious problems, consisting in:

- rendering of strong pressure in domestic labor force and degeneration of its quality structure;
 - disbalance of pricing environment on the labor market, is expressed in reduction labor value (mainly, unqualified labor force), that in turn, to prevent interested in local labor force in job placement;
 - growth of shadow economy;
 - outflow from RK is currency (money transfer of migrants at home or abroad);
 - growth of social strain (in interethnic line, as a result of competition of working places and so on);
 - growth of marginal components in population of towns;
 - increase of pressure to the housing market (in particular, rental housing);
 - increase in uncounted load on budget and spheres of life support in regional-recipients;
 - potential growth of criminogenic threaten.
- Educational migration concerning Kazakhstan, we can say

that the level is not high and therefore ignore the potential gains and losses.

Immigration for permanent place of residence in Kazakhstan, wherein the component of oralmans is predominated, it has dual character as well.

On the one hand, growing of the republic demographic potential, improving the balance of age (because of the prevalence of large families among oralmans), is being reconstruction of the historical justice in regard to enforced Kazakh-refugees. On the other hand, this process brings a range of problems:

- growing load up on budget – in connection with necessity of placement, adaptation and employment of the oralmans;
- oralmans have a patriarchal way of life, strengthen the process of Islamisation;
- as a result of repeated (as a rule, irregular) migration of oralmans are growing the social load on cities and region-recipients;
- overestimated social expectation of oralmans is provoked their conflict with authorities (for example, self-trapping of earths, submission of defined privilege and so on);
- difference of mentality and way of life of oralmans and local population, lead to erosion of key identity structure, allowing to keep such basis estimation as tolerance, solidarity, confidence, and also to transformation of these structures to uncounted trend.

Internal migration mobility also can be considered from two positions. To positive moment can be consisted as it helps to dispose of redundancy in labor-surplus regions and fill the deficit regions by the labor force. And also positive moment has the factor of population interfusion, reduction threatening of regional separatism. Negative consequences of internal migration are: reduction of village's labor potential; growth of social strain in regions; growth of loading upon regional budgets; growth of criminogenity in the regions; additional load on life support system; expensive of foods and housings.

The main factor of the risk and threat of stability are spontaneity and illegality, leading to deregulation of the process.

Mid-term prospects of migration situation in Kyrgyzstan and Tajikistan related to decline in production and economical instability, do not allow to forecast migration tempo from this country. Macroeconomic indices of Uzbekistan are more reassuring and by official statistics has growth of GDP rate (on 8.5%). However this position can not changed the situation related to unemployment and leaving the country to search jobs in other country.

To hope for migration potential of this country is situation, concerning ecological problems of Aral Sea of Uzbekistan side (Karakalpakia) and over-population of Ferghana Valley of the Republic of Uzbekistan.

The recipient-countries of the labor migration from Central Asia are Kazakhstan and Russia, economical situation in 2009 and including in 2010 to be difficult. At the "G8" countries summit in London in 2009, it was noted that global economical crisis still remains and potential relapse.

The experts do not exclude the repeating of the crisis, and as expected, it will be industry production, where will fall of volume, closing down and stoppage of a number of enterprises, including in Kazakhstan. By the estimation of the Minister of Finance of RF A. Kudrin such situation may be in Russia near autumn.

Such course of development can lead to decreasing the unemployment, falling incomes, increasing social polarization and social tensions. Potential measures of Russian Federation can include: quota restriction of legal migration, tightening of control for illegal migrants, which in turn will seek working place at another country, in particular in Kazakhstan. Taking work sites declining in our country into account, inflow of additional labor migration to Kazakhstan is unacceptable.

In the mid term internal migration tempo remains high, because agricultural sector will not turn over, to strengthening of population on the village.

The main negative factor may include: high rates of banking credit, price for greases and spare parts for agricultural equipment, the issues concerning crop insurance, high prices (or non-existent) access to agricultural machinery (purchase, rent, lease), the weakness of agronomy and veterinary infrastructure, the pressure dealers to smallholder agricultural producers, the predominance in the soil-land structure of zones of risky agriculture, competition of cheap foreign agricultural products, weak infrastructure, processing and storage of agricultural products, increases in land hunger (mostly in the South) in the conditions of small-scale production of most rural residents. All this leads

to low profitability of domestic agriculture, the low wages of its employees, lack of sufficient own funds to improve infrastructure of village life and, consequently, to preserve its migration potential.

In all likelihood, continue and regional socio-economic imbalances that will affect the internal migration flows. Stable and high rates of migration can be predicted for the economically depressed and environmentally disadvantaged areas, it is likely to increase migration from small towns, which often threatens to stop forming enterprises or serious reduction of their personnel.

Center of attraction for migrants (internal and external) will Almaty, Astana, Atyrau and Mangistau region in addition, for external migrants from Kyrgyzstan and Uzbekistan to maintain the attractiveness of South Kazakhstan and Almaty region, and for immigrants from China - Almaty and East Kazakhstan region.

Total estimated volume of external migration is projected at 1-1,1 million people inside - 310-330 thousand people.

In this regard, long-term strategic objectives of the state migration policy are: to overcome the spontaneous nature of migration, reducing its volume, suppression of illegal migration, creating a system to manage migration flows for development of Kazakhstan's state and society.

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Political Situation In Iraq In The Context Of The New Strategy Of The Usa

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Now atmosphere in Iraq keeps stable. But a number of problems exist in the sphere of security and state structure development. Interethnic and interfaith disagreement, and also extrinsical influence are the main factor of politico-military situation in the country.

Political system of Iraq depends on conducting White House policy. The new President of the US B. Obama has outlined the new foreign policy strategy concerning Iraq in the beginning of this year, including output process of American Forces from this country.

Successful realizations of this policy will progressive influence to interstate and regional situation of Iraq. However it can have feedback effect, because in the country is not seen a single political force concerning security support and entirety of all state independently.

DOMESTIC SITUATION IN IRAQ

After adopting the new constitution and holding a national parliamentary elections in 2005 in Iraq was formed own legitimate power. However it is necessary to note that, there are some problems in political system of the country, and one of them is that the Iraqi governance is not fully controlling the situation on the ground. The political and economic situation is divided into some parts.

The north provinces – Dahook, Erbil and Sulaimaniya, occupied Kurds, controlling “*Kurdistan Regional Government*” (“Iraqi Kurdistan”), as well as having the big influence in Niyanav, Dyal and At-Tamimi (Kirkuk) [1]. Meanwhile, the south part of Iraq, occupied the Arab-Shitam is controlled by the local powers, and situation in central regions are determined the Sunni groups. In this connection the politico-military situation still remains difficult and instable.

Between political forces of Iraq exists disagreement which is much influenced to the domestic situation of the state. The key factor of ethnic and religious community confrontation of Iraq is the aspiration of every of them to control its part of territory, including oil fields regions.

Taking the situation into account, effort of Iraq’s central government is aimed at prevention of interfaith and interethnic conflicts, which can arise at any time. Special attention pays to the development of foreign policy relation, which is no insignificant factor of security ensuring in Iraq.

INTERETHNIC AND INTERFAITH CONFRONTATION OF COMMUNITIES

State of play between religions communities has cardinally changed after the collapse of Hussein’s regime. The

Shias occupies 60% of population and political minority has turned into the most authoritative force of the country [2]. At the same time, “de-Baathification” of the state structure and strengthening of the power in the region has decreased the influence of Sunni groups.

Every of parts from time to time to make armed attacks, terrorist acts and violent acts to each other. The victims of the terror attacks are political and religious figures of two communities. As two small groups follow their goals and interests, and Sunnis and Shias do not have permanent cohesions. Nevertheless, the Sunnis unite a common goal to remain as a leading political force in the country.

By the experts, conflict between the Sunnis militiamen and powers is potentially able to explode the “sensitive” political balance in Iraq.

At the same time, it should be noted that on the part of external forces are under supported for both groups as well. So, on the Shia side is Iran, and the Sunnis support Syria, Saudi Arabia, Turkey and others [3].

Iraq’s federalization on religious-ethnic sign remains the main negative factor, which is able to escalate the Sunni-Shia confrontation and reach the local conflict and civil war.

Conflict between Iraqi Arab and Kurds is the most serious factor of plaguing security in Iraq. In particular, instable and tense atmosphere still remains in the north of Iraq in the provinces of Mosul and Kirkuk [4].

The further federalization of Iraq and revenue sharing of oilfields in the northland of the country, populated basically by the Kurds are the global aspect of the main conflict between Kurds and Arabs. The most difficult question is controlling over the Kikuk oil region, where a large number of Kurds and Arabs. And, each of parties tries to control this oil region.

At the same time, it should be noted that “Iraqi Kurdistan” is a single relatively stable and secure region in Iraq. More over, in American Administration it is considered as base area in the region.

Using the “partnership” relations with White House, “Iraqi Kurdistan” leadership wants to keep its influence to under the controlling by them territories, trying to be a leader in central region. But at the same time, there is a danger that Baghdad’s pressure will be strengthened to cut the autonomy rights from leaving of American Forces.

Meanwhile, “Kurds labor party” separative force is armed struggling with Turkish government, the situation still remains instable.

THE CURRENT DEVELOPMENT OF POLITICAL CONJUNCTURE

Iraq's provincial parliamentary election (Provincial Council) held in January 2009 has shown that a single political force still absence, and the process of political party fragmentation is strengthening [5]. Following the result of these elections we can evolve some aspects of political development in Iraq:

- Disintegration of earlier dominated block "United Iraqi Alliance";

The "State Law Coalition" block is supporting the Prime Minister of Iraq Al-Maliki policy and moving the idea of central power strengthening, his result has been low, but Baghdad, where voted for him 38% of voters;

- Ruling Shia's party "The Islamic Supreme Council of Iraq" could not repeat his previous result, which led to decreasing of influence in the country. So, if in the election of 2005 in Baghdad ISCI made up 54,4, and in Basra was 48,7 votes, by the result of the last election only 5,4 and 11,6%, respectively [6].

- In the north and west of Iraq's provincials the Sunnis party won a large number of votes. In the Anbar province they won all places in legislative body, and in Nainav – 18 out of 37, beaten into second place the Kurds which were in previous Council structure.

- The result of the voting for Kurds may estimate as unsatisfactory: first, they could not gain a majority of votes in Nainav province, second, the alliance with Shiites ISCI for promoting of regional strategy were useless.

The problems, after the provincial council election, the main political parties of Iraq could not gain needed majority place in the legislative bodies of Iraq. And in connection of this was a necessity in creation of coalition. However, taking into account a difficult interaction between different political forces, the process of decision-making is passing through a diversity opinions and interests; and in turn has a negative influence to the Council activity.

According to many experts, provincial bodies' election of Iraq was a "rehearsal" to upcoming in National Assembly election to be at the end of the year. Some factors concerning election:

- Chief executive's adherer of Iraq, N al-Maliki will be rested on having administrative resource for strengthening in the center of provinces.

- The locals will be trying to unite their efforts relating to Baghdad's and al-Maliki policy as long as Iraq's government will not found ways of solutions concerning central-regional management.

Therefore, within Iraqi's condition can lead to splitting and enhance the fragmentation of Iraqi's community on separate groupings, and by their narrow-ethnic and confessional interests.

NEW POLICY OF THE USA IN IRAQ

Despite the internal intensification process, the Iraq's political activity depends on regional alignment in determined level. Now the situation in the region is characterized on the political level of the USA and their unions and reaction to this of Iran, Syria and other supporters and groupings [8].

Early 2009 the President of the USA announced of the new strategy relating to Baghdad, plan of phased withdrawal American troops from Iraq and the USA is planning to end warfare and to hand responsibility of safety control over the Iraqi's power. Now strategy includes three main elements:

- The first element, the process of withdrawal of US

Army from Iraq. According to U.S. military commander in Iraq Gen. Raymond Odierno, the U.S. military has withdrawn from all Iraqi cities [9], with the exception of Baghdad and Mosul to conduct military operation against terrorists. Nevertheless, Washington is expected to withdraw all U.S. troops from Iraq by the end of 2011.

Meanwhile, withdrawing from 142 thousand down to about 50 thousand of the troops in Iraq for helping Iraqi's government and National security force of the country. Thus, USA mission will be organized to support from war.

According to American troops status in Iraq, which have been reached with the Iraqi government at the end of 2008, all USA troops should be withdrawn from the country till the end of 2011 [10]. However, in case of declining of situation in the field of security and activation of thrillers during the withdrawing of troops the schedule can be changed.

Till the election on National Assembly to be held in December 2009, the total strength of American troops remaining unchangeable respectively.

- The second element of strategy of the White house is an intensification of diplomacy. With cutting back of military commitment of the USA is planning to attract the political and diplomacy force to get the progress in the sphere of peacekeeping and security.

According to the President B. Obama, state mechanism development in Iraq takes the time, and the USA must help in strengthening of foreign policy institutions.

- The third element of American strategy is global interworking with country's region, including Iran and Syria. In politico-military period of Iraq regional stable plays an important role. For official Washington to strengthening of state structure needs to "normalize" the relations with a range of Middle East countries. At the same time, the USA is expected from the Iraqi government such activities in order to rise its level of participant in the regional processes.

But the direct participation of American troops within the supporting of national security, including military logistic of Iraqi army. Only the USA must be put 140 tanks, 26 armed helicopters and 400 armored combat vehicles for Iraqi army [11].

Withdrawing from Iraq of Amy troops and stabilization of the situation allow USA to focus to the issues concerning Afghanistan, where situation still remains tension.

Therefore, phasedown of American troops in Iraq allow USA to implement the foreign policy tasks, including reconstructing the confidence on the part of Arab's country. At the same time, taking into account the foreign policy situation and instable state structure as well as the issues of security and stable for Iraqi's government may be a difficult task.

A number of foreign policy tasks of White House administration concerning withdrawing of troops from Iraq's territory can evolve:

- 1) Definition of further policy relating to Iran, taking into account a significant influence of Iran's leadership to Iraqi Shiite's party, Teheran in future can be a key partner – in terms of supporting stability in Iraq

- 2) Using of political influence to the Iraqi's Kurdistan leadership in order to limit the separative moods and preserve an entirety of the country, and also prevention of possible interethnic conflict;

- 3) Supporting of coordinated regional policy at the aooriorate level with Turkey, apprehensive of movement strengthening connection with possible creating of independence Kurdistan. However Ankara demonstrates its readiness

for growing economic ties with northern Iraq's region in exchange for refusal of Iraqi Kurds helping "KLP".

4) Creating of acceptable conditions for consensus between Iraq's political forces.

Despite reaching between two countries agreements on withdrawing of US military from Iraq's territory, American's influence to the Iraq's political decision of remains at enough high level.

* * *

Armed Force of the US shows its apprehension towards withdrawing of American troops from this country to activity of thrillers and terrorists can be strengthened. In connection with this, the final withdrawing of American troops will be dependent on the ability of the Iraq's power to take under its control the national security control.

Taking into account the present situation in Iraq may characterized the prospects of development:

Version 1. If American troops leaving the Iraq territory the separative moods can strengthened at several regions, in particular in "Iraqi Kurdistan". Turkish Kurds can activate its activity, which in turn will raise the possibility growth into armed conflict between Kurdish rebel and Turkish army. As a result, in the Middle East region can emerge conflict centers, are caused by the ethnopolitical contradictions. This tendency can have a threat to neighboring regions having the same "frozen" conflicts.

Version 2. According to the entrenchment of powers of central organs and appearance of signs, proving the sustainable development of the country, Iraqi leadership can renewed the processes is aimed at developing of cooperation with foreign companies from Europe, the USA, Russia and China with a view of implementation in the field of oil production. This version can be considered as priority interests of this country. At the same time, taking into account the of Iraqi oil output to the world market in mid-terms prospects – having the high stock of oil resources - evolve to the falling prices in crude hydrocarbons.

It should be noted that a number of EU countries Iraq is considered as one of potential gas suppliers for "Nabucco" project. Therefore, activation of Iraqi cooperation with European gas companies in this direction is no exception. If Iraq's side can provide a necessary volume and security towards gas suppliers for "Nabucco", it can effect to EU energy policy concerning Central Asian countries.

Version 3. Domestic policy of Iraq allows the USA to cooperate with all political forces of the country, to take active part and render influence to the development of intrastate processes. This, in turn gives Washington possibility of controlling the situation.

Taking into account the foregoing, Iraq can be a state with permanent arising political instability. Preservation of the country's tension will be contributed to new conflict of neighboring regions, including in Central Asia and in the South Caucasus.

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Kazakhstan and Central Asia: Problems of Cooperation

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It is becoming increasingly obvious that the global system of interaction is entering a new phase of development. The structure of geopolitical, geo-economic, international and multinational relations is changing before our eyes. At the same time, globalization – the way it was understood in the 1990s – is only an element of reformatting a complex and changing picture of interstate and inter-economic relations.

Globalization has sharply tightened competition between economies and this is forcing national forces to consolidate not to get left behind and outside of this process. Developing and transitional countries have ended up in the most complicated situation; these countries include new Central Asian states – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

At the beginning of the 21st century the regional countries faced the need to define their place in a complex entanglement of global and regional processes and find appropriate responses to the increasingly strong challenges posed from the outside. These challenges include the need to solve such problems as easing differentiations between countries in terms of per capita income, technological maturity and access to information. In this context, Central Asian countries have to **solve a dual problem** – the modernization of national economies and the strengthening of positions in the global economy and the global division of labor. In order to avoid becoming a target for exploitation by postindustrial countries and reviving backwardness, Central Asian countries have found one possible way out of the situation – this is a path to cooperation as part of regional integration.

Today, Central Asian countries are positioning themselves more certainly as independent entities of the global world and are aiming to the utmost to diversify their foreign contacts. Problems of internal nature and issues of long-term socioeconomic development are forcing the governments of Central Asian countries to find more efficient ways to solve them. As a result, by joining heterogeneous international relations they are creating conditions for changing geopolitical configuration in Central Asia.

At present, the Central Asian region is preserving relative geopolitical stability, mostly thanks to coordinated actions to ensure regional security within the CIS Collective Security Treaty Organization and the Shanghai Cooperation Organization, interstate agreements and accords and balanced foreign policy towards influential military-political and economic powers.

At the same time, there are unresolved problems of general nature and the plurality of unregulated sectoral problems persisting in the region. At the current stage of regional cooperation, the topic of joint coordination of financial, investment, trade and economic relations and migration flows and the joint use of economic facilities in the energy, water and transport and communications spheres has become topical. If we consider only issues of mutual trade, we will see that trade and economic relations between Central Asian countries are limited to energy supplies and transits of goods. Mutual exports and imports of industrial goods and foodstuffs are insignificant. In particular, Central Asian countries account for only 2% of Kazakhstan's foreign trade and this points to the unrealized potential of mutual trade between Central Asian states.

That is why reviving integration processes is becoming one of the most topical problems in the region, and there are objective prerequisites for this.

First: mutual dependence of geopolitical interests of Central Asian countries. It is defined by the region's geographical position in the very heart of the continent, neighboring all continental centers of power, which makes it extremely important in military-strategic and transport-communications respects. This circumstance conditions increased "attention" from leading global and regional powers both to each Central Asian country and the entire region as a whole. Remarkably, even the USA, which is in another hemisphere, has declared Central Asia as a zone of its vital national interests.

Additionally, the need to join our efforts is prompted by the similarity of new threats – international terrorism, religious extremism, drug trafficking, illegal weapons trade and international crime – which bear a transnational nature, so they demand coordinated policy to fight them.

The situation in Afghanistan and tension in the US-Iranian relations cause particular concern in all Central Asian states and they pose security threats on the southern borders of the region.

At the same time, all Central Asian countries show interest in preserving internal stability both in their own countries and in neighboring countries. This is explained by relative lack of protection on internal borders between our countries and because of this it is impossible to rule out the spillover of negative consequences of a crisis into other countries.

Thus, the geopolitical interdependence of the regional countries is determined by their common interest in creat-

ing external and internal conditions for preserving their independence and stability.

Second: resource mutual dependence of the economies.

This is determined by the fact that southern Kazakhstan, Uzbekistan and Turkmenistan need water and power from Kyrgyzstan and Tajikistan, whereas the latter, in turn, need gas and oil products produced in Uzbekistan, Turkmenistan and Kazakhstan. Mutual interest in supplies of farming produce, above all, wheat and fruit and vegetables, has great significance for ensuring the regional countries' food security. Moreover, there is great communicative mutual dependence between countries for ensuring their access to international markets because domestic markets in Central Asian countries separately are too small for ensuring both the proper development of Central Asian economies and the generation of external producers' interest in them (*except for access to raw materials with the aim of exporting them abroad*).

Third: the commonness of development problems. This is determined by a common transit nature of the development of Central Asian countries and the need to create stable political regimes, a competitive economy and a developed scientific-technical potential and achieve social and environmental prosperity on this basis.

Additionally, practically all experts stress that an integration basis for Central Asian countries can be the historical commonness of various peoples living here for many centuries, their culture, language, religion, customs and relations the breaking of which would be a mistake.

Let us note that in this brief analysis we have mentioned only the chief reasons in favor of Central Asian integration.

Despite great opportunities for fully-fledged integration between Central Asian countries, this potential has not been tapped until now. On the contrary, we can observe in the region processes of certain dissociation between countries and centrifugal inertia has not yet been overcome. The main reason for this situation, we think, lies in the differently directed development of national economies and contradictions in using the economic system, which could have united the five countries into an integration regional structure. Differences in approaches and views on coordination of financial and trade-economic relations, energy and water resources, transport and communications systems and environmental zones complicate the advancement of real integration projects.

Initiatives suggested by political leaders of Central Asian countries on the institutionalization of relations between the countries are stumbling into these problem areas and are shaped into a declarative form. Moreover, disagreements on unresolved problems are gradually growing and in the future may spill from the economic sphere over to the political plane.

The following factors could be regarded as **general problems of Central Asian cooperation:**

First. During the entire period of the independent development of Central Asian countries each country has been conducting its internal and foreign policy independently of one another. In the situation of globalizing economic relations, the countries' government have adopted their own specific paths of building statehood which are determined, on the one hand, by domestic needs and, on the other hand, geopolitical realities. In these conditions the principle of preserving political sovereignty and security of the domestic market has become topical.

Generally, Central Asian countries have drifted along two directions of political and economic development:

some countries have chosen the radical destruction of the previous (*socialistic*) system, while others – conservation and a gradual switch from the planned management of the economy to market relations. This means a factor of division by speed of political and socioeconomic reforms has started to influence the relations between these two groups of Central Asian countries.

The path that has been chosen by Kazakhstan, Kyrgyzstan and later Tajikistan is forcing the governments of these countries to permanently and adequately react to the pace and pulse of the global world, and their national economies are exposed to various critical situations developing on the global markets. For independent development in a regime of corresponding to global political trends and the global market they needed a set of socioeconomic measures and an increase in resources.

Despite the difficulties of the transitional period, democratic transformations and the liberalization of economic relations in *Kazakhstan* have had a positive impact on the development of public and economic institutions. Shortcomings in this stage were mostly compensated for by exports of energy resources and raw materials. The government of Kazakhstan is aiming to overcome the situation, which is dominated by the extractive sector through modernizing the country's economy.

In turn, *Kyrgyzstan* experienced shortages of resources. This shortcoming was compensated by the active imposition of market relations, which resulted in the emergence of economically independent political elites. When the administrative-state apparatus weakened its relations between political groups, a political confrontation ensued. This problem is now being solved through constitutional and administrative reforms.

Because of the consequences of a civil war in *Tajikistan*, the establishment of a system of power relations and economic development is at the initial stage of transformation. At the same time, the efforts to strengthen power relations in the country have led to the development of a market economy.

In order to avoid social conflicts at the transition of the political and economic system, *Uzbekistan* drafted five principles of an evolutionary switch to a market-oriented society. This path of the stage-by-stage implementation of economic reforms cut the pace of changes in the country. The different-paced development compared to neighboring countries forced the Uzbek government to constantly adopt protectionist measures up to the closure of borders.

Turkmenistan's policy was from the very beginning built on the principle of isolationism. It preserved a centralized political system. Despite all socioeconomic disadvantages of isolationism, the political system secured national unity and preserved the country from inter-clan contradictions and inter-elite confrontation. The country's rich reserves of hydrocarbons helped ensure social stability.

Barriers that have emerged on the borders of the countries during the entire period of independent nation building have prompted objective disintegration in national political systems and economic models, especially there where there are considerable differences in approaches. The most complicated obstacle to expanding regional cooperation now is *the overcoming of a gap in the differently directed development of Central Asian countries*.

Second. The independence of policies has also been observed between countries which established the right to private property and adopted laws to enforce free price-setting and market. Great differences in economic indicators

have negative influence here. *Kazakhstan* and *Kyrgyzstan* have practically similar economic models, but Kazakhstan has grossly outperformed Kyrgyzstan on economic parameters and can even serve as a certain centre of power for it. This displeases some Kyrgyz politicians and experts who can be regarded as reflecting the mood of one segment of society. Despite the subjective nature of this factor, it can play its negative role in the process of the further integration of regional countries. The phenomenon of cautious treatment of a neighboring country as a more powerful state may become good ideological food for radically-minded nationalist groups that take part in forming government policy.

A similar situation can be observed in the regional relations of *Tajikistan*. Because of economic difficulties this country is now experiencing dependence on and the influence of various geopolitical forces, above all, Russia, China, Iran and the USA. As a result of this the Tajik government treats Kazakhstan's involvement in the development of its economy positively and supports Kazakh initiatives on regional integration. However, the unresolved issues of the distribution of water resources in Central Asia are forcing Tajikistan to find its own ways of solving this problem. As a result of weak and inefficient institutional formations in the region and complicated relations with neighboring Uzbekistan, the Tajik authorities have to seek geopolitical alternatives to regional cooperation.

This reason has determined the closing of a gap in political positions on the development of power engineering between the Tajik authorities and the Kyrgyz government to counter downstream regional countries. Some parts of public and academic figures have also proposed a certain ideological construction that is based in setting Persian-language commonalities against the Turkic world.

Thus, the next complication in advancing Central Asian integration is *the correspondence of political and economic systems to various potentials*. This results in opening up opportunities for ideological justification for small, in terms of size and population, countries' opposition to much stronger neighbors as a way of defending their sovereignty.

Third. Isolationism in adopting political decisions has forced each country to seek their own path of independent development, often to the disadvantage of regional relations. Central Asian countries on many political and economic parameters may state their regional association only formally. The formalization of the common approach has been reflected in wider regional groups, such as the CIS, the Eurasian Economic Community and the Organization of Economic Cooperation. The situation in ensuring regional security is much clearer, although in this respect this issue is also coordinated in wide frameworks – the CIS Collective Security Treaty Organization and the Shanghai Cooperation Organization.

This means that during the entire period of independent development *Central Asian countries have not practically orientated themselves toward regional ties*, even if they were members of the same organizations – the Central Asian Union and the Central Asian Economic Community.

Fourth. *Integration projects have had a mostly political nature.* In this respect no conditions have been created for implementing joint programs to master technologically intensive productions and this deprived main players – major and medium-sized producers – of initiatives. No independent force has been formed in the region that would be really interested in reducing interstate barriers and in advancing process of deepening industrial specialization and regional industrial integration.

The creation of private financial, industrial and commercial structures that form multinational groups in the region is an efficient catalyst for integration ties. In this regards there is the need to fulfill projects on the joint mastering of technologically intensive projects such as car-making, machine-building, electronics, nuclear and space technologies.

All these specified factors certify **a weak political and socioeconomic base for advancing Central Asian integration.**

Apart from these general problems, there are also specific, very acute problems in the region.

One of the most serious problems is the unresolved issue of *water use*. Its solution will lead to the sustainable development of the region because water and its distribution influence the socioeconomic prosperity of Central Asian countries.

Another problem is reliable *energy supplies* in the region which has been operating a united power system with the dominant role of hydropower stations of Tajikistan and Kyrgyzstan and gas supplies mainly provided by Uzbekistan and Turkmenistan.

The third problem—the solution of which will give great prospects to integration efforts—is a united transport and communications system for the region and the joint use of the transit potential which has grown significantly after the completion of the Trans-Asian Road.

Problems that hinder the development of integration relations in Central Asia include the problem of the just and final *solution of border issues* between countries.

The difference in the level of economic development and economic relations in regional countries also hinders integration. Of course, a stumbling block is also *customs barriers and a visa and border crossing regime. The underdevelopment of transport infrastructure and the weakness of economic ties* also have a serious impact on proper economic cooperation.

The Central Asian region is seriously weak in terms of *environmental sustainability*; technical and human activity that exploits the environment has significantly destroyed its ability to recover. High seismic activity and mudslides poses an additional threat to the safety of people living in the region and the consequences of these can only be minimized by joint efforts.

Finally, we can state that one of the main problems that hinder the integration process in the region is the *ambitiousness of political elites* whose differently-directed present interests are simply torpedoing this process.

In order to solve the aforementioned problems it is necessary, above all, to improve integration cooperation and unite efforts of Central Asian countries. Kazakhstan has been initiating the creation of regional integration associations in the past few years. Unfortunately, the work of the regional structures created (*the Central Asian Union in 1994; the Central Economic Forum in 2001; the Central Asian Cooperation Organization in 2002*) has not produced any positive result.

Following this, the implementation of **Kazakh President Nursultan Nazarbayev's initiative to create a Union of Central Asian States** is now becoming significant. The main aim of the Union is **economic union through building a common economic space and a single regional market.**

In this situation, we believe, the most pragmatic aspect of implementing the initiative to create the Union of Central Asian States is a scenario of different-paced integration which envisages the conclusion of bilateral agreements which are based on common standards and can later be united into a single multilateral treaty.

The EU and Central Asia: the View from Central Asia

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We have issued quite a few articles on European Union's strategy in Central Asia.¹ My colleagues have also written a lot about European policy in Central Asia. The Kazakh National University, named after Al-Farabi (in Almaty), has set up a group of dedicated researchers who study the European Union and its policy in Central Asia.² It should be also mentioned that these researchers have quite a positive attitude towards the EU. The majority of Kazakhstan's political analysts (similar to representatives of other Central Asian nations) traditionally view the EU as a positive geopolitical factor, and an example of economic success and effective regional integration. Attitudes towards the EU were unbiased: the EU did not have a burden of imperial history (as Russia), did not act aggressively and arrogantly (as the USA), and was not a source of potential threats (as China) or actual threats (as the Islamic world). In short, regional activists had a very high opinion of the EU, in particular in the 1990s.

These feelings were encouraged by the EU's actions, including abundant economic assistance, and various large-scale programs like TACIS, and also by the geopolitical statements, announced by Brussels that claimed that Europe considered Central Asia and the Caspian region as areas of its strategic interests. This was taken to mean: "Europe will never leave us". Since the summits in Maastricht and Nice, the Central Asian observers have regarded the EU as a new and benevolent geopolitical force. However in the new century, negative attitudes towards Brussels and disappointment over the EU policy and its efficiency started to

simmer. In 2005, when Eastern European countries—who provided active support to the "color revolutions"—joined the EU, the negative attitude grew to annoyance. In addition, the EU got involved in geopolitical games concerning pipeline routes from the Caspian region, an action which was strongly disapproved by local observers.

Consequently, the EU was considered an adversary of former Soviet nations' reintegration due to its policy aimed at post Soviet area segregation in 2000³ (paradoxically, the EU always advocated intensification of regional integration within Central Asia). "Double standards" in EU's policy (though they are much milder compared to those of US' policy) and other signs of "western solidarity" were also strongly criticized. It should be mentioned that Central Asia always recognized the difference between the motives of the West European nations and so called New Europe. This is our own understanding of the Central Asian response to EU policy. Nevertheless, we will shortly describe some major problems related to the evolution of the EU strategy in the region.

EU STRATEGIC INTERESTS IN CENTRAL ASIA

During the 1990s, the EU policy in Central Asia was mostly formed during a new geopolitical situation, that followed the Warsaw Pact disestablishment and the USSR collapse in 1991. The EU was the largest economic and geopolitical center proximate to this unstable eastern region. In these new circumstances, the EU and the West undertook expedient measures to extend their influence over the former Soviet states. First of all, these measures included the extension of NATO and the EU eastwards.

¹ See, e.g., Laumulin, M. *Die EU als Modell für die zentralasiatische Integration?* Discussion Paper C-29. - Bonn: ZEI, 1999. - 57 S. *Id. Strategic Interests of the European Union and Central Asia, the Kazakhstan-Spectrum*. No 4 (1999), pp. 66-96. *Id. Kazakhstan and the West: Relations during the 1990s in Retrospect. Central Asia and Caucasus* (Lulea, Sweden). No 2 (2000), pp. 38-63. *Id. The EU as New Geopolitical Force: the Problems of European and International Security, the Kazakhstan-Spectrum*. (Almaty). No 1, pp. 63-69; No 2 (2001), pp. 46-55. *Id. Central Asia and the European Union. Central Asia: the Gathering Storm*. Ed. by Boris Rumer. Armonk, New York, London: M.E. Sharpe, 2002, pp. 208-245. *Id. The EU Strategy in Central Asia: Geopolitics and Security. European Dialogue* (Almaty, Kazakh State University). No 3. 2002, pp. 17-26; No 4. 2002, pp. 17-24. *Id. Central Asia and the West: the Geopolitical Impact on the Regional Security*. - Almaty: KazISS, 2004. - 219 p. *Id. The Geopolitics of the 21st Century in Central Asia*. - Almaty: KazISS, 2007. - 281 p.

² See, e.g., Ibrashev, Zh., Yensebayeva, E. *The European Union in Kazakhstan's Foreign Policy*. - Almaty: Domino, 2001. - 369 p. *Central Asia in EU's Foreign Policy*. - Almaty: Domino, 2004. - 248 p.

³ Reintegration of the former USSR is the most complicated, painful and concealed problem in the CIS. According to opinion polls conducted in all former Soviet states (except the Baltic states) in the 1990s and the 2000s, a considerable part (from 40% to 80%) of population admits re-establishment of the union let it be in other forms (confederation or federation) and in a more democratic way, i.e. returning to the *status quo* of 1990. However, there is a huge gap between this mood and local elite's intentions, who publicly stand for integration but in reality fear of losing their regained privileges, and political and economic powers. Besides, Russia's policy sometimes is not very attractive in terms of joining. Under these circumstances, the EU was taken as an example of successful historic experiment where political independence was preserved in a strong economic union.

The EU also implemented extraordinary measures to stabilize the CIS: large-scale economic assistance (TACIS) and increasing OSCE influence in the region. At the same time, the collapse of the Soviet Union led to a unique situation, which allowed the EU to play a new geopolitical role. On the other hand, the extension of European influence over Central Asia was limited by a range of the following factors: providing substantial assistance to Central and Eastern European nations consumed the bulk of EU funds; conflicts in South East Europe; NATO's extension; US' active expansion in the Caspian region; and the struggle between the USA, Russia, China and the Islamic world for influence in Central Asia.

In fact, Europe did not have a definite strategy in Central Asia during the 2000s. At the same time, the EU goals related to Central Asia were clear from the very beginning, but the Union did not have instruments to reach them.

Russia holds a special place in the development of European strategy in Central Asia. Unlike the USA, Brussels clearly understood the legitimacy of Moscow's interests in the region and was ready to acknowledge Russia's specific role in security, economy and energy. Europe was much more concerned about China's strategy, which could provoke Russian-Chinese rivalry in the region. The EU had doubts regarding economic aspects of the project for a pipeline construction from West Kazakhstan to China. On the whole, the EU claimed that Kazakhstan would benefit from pipeline diversification as this would largely increase its independence.

Between 2007 and 2008, the EU developed a strategy towards Eurasia (Eastern Europe, Russia, the CIS and Central Asia), which mainly focused on environmental and energy issues. However, this strategy requires the USA to provide geopolitical support.

The consequences of climatic change are expected to severely hit the Arctic region, Africa, the Near East, and South and Central Asia. Resolving problems related to joint use of water and energy resources would be the key factor of stability in Central Asia and would have a strong economic, environmental and political effect both in the region and worldwide.

According to a paper named *the EU and Central Asia: Strategy for a New Partnership* adopted on 31st May 2007 which covers the period from 2007 to 2013, the EU set forth the following goals for the region:

- 1) To ensure stability and security;
- 2) To maintain poverty reduction and to increase the standards of living within the Millennium Development Goals; and
- 3) To promote cooperation both among the Central Asian states, and between these nations and the EU, especially in energy supply, transport, higher education and environmental protection.

Primarily, the paper states that Central Asia traditionally brings Europe and Asia together and that Central Asian states adhere to the OSCE (i.e. become close to the European political space). The EU and Central Asia have common goals such as maintaining stability and achieving prosperity. It is also important that the EU intends to hold constructive dialogue with regional organizations, in particular with the Eurasian Economic Community (EURASEC), the Shanghai Cooperation Organization (SCO), the Conference on Interaction and the Confidence Building Measures in Asia (CICA), the Collective Security Treaty Organization (CSTO), and the Central Asian Economic Community (CAEC).

Russia continued providing its political support to the Economic Commission for Europe (ECE) and SPECA as non-local nations kept on strengthening their positions in the region, *inter alia* via the ECE. Russia fears that international participation (mainly of European countries, who would not be unbiased) in settlement of water and energy issues would mean an intervention into the most painful sphere of relations among the Central Asian states, closely related to the strategic economic and political development of the region and its stability. Participation by moderators with their political and economic influence in the Central Asian region can threaten Russia's investments in the development of water resources in upstream countries.

According to European experts, the vague framework of Brussels' interest in regional energy resources is the major drawback to the EU strategy in Central Asia.

It is likely that the EU will abandon its policy of a passive player in favor of taking anticipatory measures. This move will inevitably influence the OSCE policy during Kazakhstan's chairmanship. In terms of security issues, the EU regards Central Asia as a part of a large geostrategic object, which includes Russia and South Asia, and some global problems, for example terrorism, proliferation of mass destruction weapons, international crime and drug trafficking.

Therefore, the European policy is expected to become more active in the Caucasus and in Central Asia. The EU aims to diversify its oil and gas sources using energy from Central Asia and the Caspian Sea. The EU also aim to cut drug trafficking routes from Afghanistan via the Central Asian states, and to fight against organized crime and international terrorism.

Still, it is not clear to what extent the EU will exert its geopolitical influence on Kazakhstan and Central Asia given growing Chinese influence, Russia's attempts to regain control and the possibility of the USA suspending its activities in the region.

NEW EU STRATEGY: THE GERMAN PROJECT

The European policy (the European policy in general, not only in Central Asia) is mainly defined by Europe's Big Three (the United Kingdom, France and Germany) as opposed to the EU institutions in Brussels.

The United Kingdom has significant interests in Central Asia. These interests stand apart from European common interests and are oriented towards the USA in terms of geopolitical strategy. First of all they revolve around the oil and gas sector and are influenced by some economic and political factors. These factors include European strategic interests in the region, the presence of European military forces in Afghanistan, the joint strategy of the USA and Great Britain in the Caspian Sea, NATO's strategy towards the former Soviet states, UK policy on Russia, etc. Relations between the UK and Kazakhstan are based on three aspects: oil, security and education. Obviously, the UK has particular interests in Central Asia and can follow its own policy in the region independently. However, London would hardly contradict the European common policy regarding the USA, NATO or EU.

The French policy towards Central Asia is closely related to the European common policy. Its major tasks include promoting economic and democratic reforms, supporting the construction of East-West transportation infrastructure (in particular, an oil and gas pipeline network heading European markets), and the co-ordination of EU nations'

interests within the framework of the EU common foreign policy. Paris also strives to promote French culture. Economic relations between France and Central Asia remain undeveloped, so a huge potential is yet to be uncovered. Initially, France did not have any specific strategy regarding the region. It was only 30 years after the region gained independence that French experts and diplomats developed a more precise strategy.

It is a common belief among French experts that Europe should extend its influence in Central Asia. France highlights three key factors that would influence Central Asian development: openness to the Muslim world, openness to the Asian world, and pursuing access to the global market of natural resources.

German policy towards Central Asia appears different for its so-called regional approach. Berlin takes Kazakhstan and other Central Asian nations together, as if they have common geographic and market conditions. It is possible to draw a parallel between German policy and the EU common policy. German interests in the region include the German ethnic group (dwelling mainly in Kazakhstan), reforms aimed at implanting the German model of social and market development, the expansion of German business, and regional resources.

Berlin influenced the EU common strategy towards Central Asia on several occasions. In 2000, the German experts developed the Caspian Sea Stability Pact. In May of 2001, the German Foreign Ministry prepared the Schmitten's Memorandum introducing a conceptual understanding of EU strategy in Central Asia.

In 2007, Germany took over the EU presidency chair on a rotation basis. One of its priority tasks was reconsidering the EU policy in Central Asia. In June 2007, a new strategy—mainly developed by Germany—was offered for consideration by the EU Council.

Experts from various parties, including Europe, the USA and Kazakhstan, believe that the EU must abandon its policy of a passive player in favor of taking anticipatory measures. Up to the present moment, the EU policy was a mere response to ongoing events. However, all anticipatory measures must be taken within a particular strategic plan.

Overall, experts claim that EU strategic tasks require the following measures to be taken:

- 1) The threat of Islamic radicalism should be taken seriously; therefore, support should be provided to Central Asian nations, Uzbekistan in particular, in order to fortify their law enforcement bodies and support reforms in their security systems;

- 2) More attention should be paid to Afghanistan and its role in regional economic development and security; trans-continental trade must develop more evenly in all nations, not only in Russia and Europe;

- 3) Turkey should be considered a link, which would allow Europe to exert influence on processes in Central Asia; cooperation with Ankara on these issues should be encouraged significantly;

- 4) Cooperation with reform advocates with local governments should be promoted; the EU program for inter-parliament co-operation must be developed further.

According to European politicians, stable democratic secular governments in Central Asia and the South Caucasus would form a security barrier protecting Europe from unstable Islamic regions. All in all, experts have different opinions about the importance of Central Asia to the EU. Nevertheless, European nations provide active support to

their energy producing companies to ensure the stable supply of oil and gas from Central Asia.

KAZAKHSTAN'S WAY TO EUROPE AND THE OSCE

In March 2008, Kazakhstan President Nazarbayev proposed the *Way to Europe* conceptual program during his annual Message. The message covered important issues in regards to Kazakhstan's position in the international arena and an outlook for its foreign policy. First, Kazakhstan was considered to be an important and powerful participant in the global energy security system. The President emphasized that this time investments would be attracted mainly from domestic sources. Second, Kazakhstan actively began taking measures to integrate into the world transport system, including the North-South and West-East directions.

As a result of these projects, Kazakhstan was expected to become an important participant in the future Eurasian continental transport network, which would compete with transportations by sea that have dominated for five centuries. In addition, the President talked about the restoration of the Great Silk Road under new conditions. Kazakhstan continued accepting *oralmans*, ethnic Kazakhs from neighboring countries. This process implies further development of relations with nations housing large Kazakh ethnic groups. Nevertheless, Kazakhstan's priorities remained the same: to develop relations with Russia, China and the Central Asian states. Astana would continue its support to regional and international security organizations, including the CICA, SCO and CSTO.

Kazakhstan will not avoid cooperation with the USA, the EU and NATO, which are important players in terms of stability in Central Asia. In 2009, Kazakhstan will become an OSCE co-chair and in 2010 the nation will take over the OSCE chairmanship. The President's message differed from previous ones with the addition of a new proposal to develop the *Way to Europe* program. As before, Kazakhstan stayed among the members of the international coalition fighting against international terrorism and religious extremism. Mr Nazarbayev also mentioned that Kazakhstan's foreign policy was developing simultaneously with economic growth and consolidation of defense forces.

The President announced that within the next three years, Kazakhstan is expected to house the 3rd Congress of World Religions, the 3rd Conference on Interaction and Confidence Building Measures in Asia, to work closely with another two countries as the OSCE management for three years, and to hold chairmanship in the OSCE. The forthcoming chairmanship was regarded as an important issue in the national foreign policy.

RELATIONS WITH THE EU ARE A MAJOR PRIORITY IN THE FOREIGN POLICY OF KAZAKHSTAN AND THE OTHER FORMER SOVIET STATES.

The *Way to Europe* strategy has revealed Kazakhstan's geopolitical aspirations. Today, the EU is undergoing a profound transformation. The changes were brought about by the EU extension and the rotation of political leaders in the EU major nations.

The new strategic goals require the EU to reconsider relations with its eastern neighbors: Russia and the CIS. The new policy has not always been successful, as a new agreement on partnership with Russia has failed and the problems concerning the EU policy in respect of Ukraine, Byelorussia, some nations of the Caucasus and Central Asia remain unresolved.

Nevertheless, Russia is taken as the EU strategic partner, Ukraine (or 'second Turkey') as its potential partner in the far future, and Byelorussia as an arena for another color revolution. In terms of the European outskirts of Moldavia, Georgia and Armenia, the policy has not been defined clearly yet. The EU considers Azerbaijan and other nations of the Caspian region as its rear area for energy supplies. The EU strategic goal is to integrate the Russian and Eurasian raw materials into the EU economy.

The above factors have a significant influence on the methods used by the EU to achieve its strategic goals, and on the EU relations with other nations and regions, *inter alia* Central Asia.

The European neighborhood policy and the EU strategy towards Central Asia deserve careful attention. It is a well-known fact that Brussels, as well as Russia and the USA, takes active measures to consolidate its positions in Central Asia. The European strategy in Central Asia sets forth particular requirements regarding energy resources, their production, transportation, and the energy security of the EU. At the same time, this strategy provides the EU with opportunities to support democratization and protect human rights in the region. The new EU strategy for Central Asia perfectly secures the instruments necessary to exert influence over the former Soviet states.

It is obvious that Kazakhstan's chairmanship in the OSCE will be influenced by the EU factor. This problem has another aspect. The majority of the OSCE nations are members to the European Council, which focuses on the development of democratic institutions and the protection of human rights. The EC's standards are sometimes even more demanding than those of the OSCE. However, its activity concerning the above issues is not yet effective and poorly organized. Brussels preferred to implement its plans via the OSCE, allocating some 70% of its expenses for the projects related to the former Soviet nations.

In terms of Russia, Kazakhstan will have two tasks during its chairmanship. On one hand, Astana must restrain Moscow's destructive initiatives aimed to provoke confrontation inside the OSCE. On the other hand, considering the expediency of Russian policy and the obvious bias in OSCE activities, Kazakhstan could support the CIS initiatives aimed at sovereignty protection and preservation of solidarity among the former Soviet nations.

Kazakhstan had two years to get ready for the chairmanship, prepare proper background for implementing reforms in the OSCE and create conditions for confidence building measures between the European institutions and the CIS nations. Kazakhstan began exerting influence on the OSCE in 2008 during the OSCE Parliamentary Assembly. Kazakhstan's chairmanship can significantly contribute to building positive OSCE image in East Europe and the CIS countries.

In the near future, Kazakhstan's chairmanship will impede its foreign policy as a result of the following:

- The OSCE current problems can grow beyond the scope of common functions, goals and tasks of this organization;
- OSCE's programs in the former Soviet nations are connected (apart from domestic problems) with a wide range of relations with the EC, other European institutions, NATO and the USA; and

- Over recent years, European energy safety issues have become more acute; therefore they can be quite possibly included into the OSCE agenda.

The agenda for Kazakhstan's chairmanship could include the following issues:

- In terms of humanitarian issues, shifting OSCE's focus from democratization issues to the problems of cultural cooperation, interreligious concord and dialogue between civilizations seems to be expedient. Kazakhstan has some ideas to offer for OSCE's consideration;

- In terms of security, more attention should be paid to regional stability and related aspects, including terrorism, drug trafficking and illegal immigration. At the same time, it is necessary to show diligence in issues related to regional conflicts and states with limited recognition;

- Linking the European and Asian security organizations (the OSCE and the CICA) can become a very promising measure. However, Kazakhstan should expect the EU to be either indifferent or giving a negative response to this idea. Nevertheless, the idea could resonate with some European politicians and it will show whether Europe is ready to develop co-operation in security issues; and

- By 2010, Kazakhstan, as the OSCE chair, will acquire the necessary instruments to develop dialogue between the OSCE and NATO on one hand, and the SCO, CSTO and CICA on the other. Astana could also initiate a new policy concerning the Treaty on Conventional Armed Forces in Europe (CFE) having held preliminary negotiations with Moscow.

Kazakhstan should also consider that Russia and the West are about to burst into confrontation over the OSCE. Russia has never put up with its defeat in the dispute about reforming the Office for Democratic Institutions and Human Rights (ODIHR).

It will be particularly difficult for Astana holding chairmanship to voice OSCE criticism against Kazakhstan's allies and its CIS partners. In this case, Kazakhstan will have to tone down the wording and shift accents.

Kazakhstan's main goal during its chairmanship would be increasing national power and improving its image in the international arena.

UNANIMOUS OPINION ON THE EU ROLE IN CENTRAL ASIA

In conclusion it would be useful to see how European experts estimate the EU experience in Central Asia. First of all we should mention *the EU Policy in Central Asia: Interests, Structure and Reform Options* by Alexander Warkotsch.¹ The author's conclusions are not optimistic in general. According to Mr Warkotsch, the EU hadn't achieved its strategic tasks put forth as early as in the 1990s: poverty was not liquidated, resistance to reforms was not broken down in Uzbekistan and Turkmenistan, the situation concerning human rights and democracy remained unchanged, and the EU energy interests had not been secured. As for security issues, the EU went around in circles as well. Mr Warkotsch advises the EU to change its tactics in Central Asia in order to "regain trust." In terms of security, the EU should act as a serious force holder rather than "a toothless tiger made of paper;" in terms of energy policy, Europe must build up more confidence; and in terms of democracy, a more realistic approach

¹ Warkotsch, A. *Die Zentralasiatische Politik der Europäischen Union: Interessen, Strukturen und Reformoptionen*. – Frankfurt a.M.: Peter Lang, 2006. – 253 S.

should be taken. Besides he believes that the EU should coordinate its strategy with other international participants in greater detail, in particular with NATO and the OSCE. Mr Warkotsch has unexpectedly gone beyond the Central Asian subject in his book. Obviously, the EU foreign policy, strategy and methods of their implementation are ineffective not only in Central Asia but in other regions as well. This is caused by the EU's structure, represented by a complicated geopolitical and geoeconomic mechanism deprived of a joint decision making center. Schmitz, A. who used to specialize in the problems of opposition and the evolution of Central Asian domestic policies this time had published her opinion on relations between the EU and Central Asia. She believes that despite immense Russian and Chinese influence on Central Asia, the EU has sufficient space to counterbalance both regional superpowers.¹

Therefore we can see that opinions of two different researchers coincide. Among US' experts, Frederick Starr, a professor at the Johns Hopkins University and founder of the Central Asia-Caucasus Institute, has similar opinion.² Some Russian specialists are also in the same mind.³ Nevertheless, politicians of different countries tend to consider a new three-lateral approach of the US, Russia and China, which excludes Europe.⁴ The above factor should trigger alarm bells among European politicians because it means that the EU loses its position as a strong geopolitical participant in Central Asia.

What are the reasons for such unanimity of views about the EU role in the region? The European, American, Russian and Kazakhstan's critics agree that the EU activity in Central Asia was insufficient at least during the last decade. They claim that the EU can—and must—play a more active role in the region. Nevertheless, everybody wants to see the EU influence expanding in the region for different reasons. Washington regards Europe as an additional and powerful source of investments in regional stability. Russia expects the EU to take a lead in the economic and technical modernization of the region in conjunction with Russia. In the beginning of this article, we mentioned that Kazakhstan's and Central Asian society had a mostly intuitive, but generally positive, attitude towards the EU and its policy.

While the issue of Central Asia's institutional statute becomes even more pressing, the Chinese experts have yet to express their opinion. It is still unclear whether Central Asia should be regarded as a part of the CIS, SCO or OSCE. However, European politicians should take the final decision. I agree with these critics who claim that lack of coordination among the policies of the EU nations is the major drawback that affects the common EU policy in Central Asia. We see Berlin's occasional efforts in formulating the EU's strategic interests, that are mainly based on the goals of Germany but served as the common interest of Europe. Central Asia started to read the word "European" as "German" for a long time.

It is obvious that geopolitical and geoeconomic factors will have a crucial influence on the EU-Central Asia relations in the near future. These factors include the rotation of administration in the USA, an unclear outlook for the situation in Afghanistan, a cool down in relations between Russia and the West, the global economic recession, and the increased significance of energy resources and food security. These factors can produce either positive or negative influences on relations between Europe and Central Asia. The future of this complicated geopolitical situation will depend on the political will of its participants. Europe and Central Asia are obviously interested in each other. The project under consideration is another evidence of this interest.

THE EU ACTIVITY IN CENTRAL ASIA IS EXPECTED TO HAVE A LONG-TERM EFFECT DUE TO THE REASONS STATED BELOW.

The USA will provide the EU with geopolitical support because they regard the latter as an effective instrument for enforcing their common interests. China will have to suspend its large-scale communication and energy projects in the region due to new conditions and domestic problems. Russia, with its strong links with the EU, will not impede relations between Central Asia and Europe. Therefore, the EU is considered a main geopolitical force, which can make a significant contribution in Central Asian development and regional security.

¹ Sapper, M., Weichsel, V., Huterer, A. (Hrsg.) *Machtmosaik Zentralasien. Traditionen, Restriktionen, Aspirationen*. – Bonn: BPB, 2007. S. 327-338.

² See: Baran, Z., Starr, S.F., Cornell, S.E. *Islamic Radicalism in Central Asia and the Caucasus: Implications for the EU*. – Washington DC: Central Asia-Caucasus Institute & Silk Road Studies Program, 2006. – 5s7 p.

³ Dalimov, R. *The EU and Central Asia: Outlook for Cooperation* // World Economy and International Relations (Moscow). 2007. No 11. pp. 81-84.

⁴ Rumer, E., Trenin, D., Zhao Huasheng. *Central Asia. Views from Washington, Moscow and Beijing*. With an Introduction of Menon, R. – Armonk, New York, London: M.E.Sharp, 2007. – pp. VII+224.

The Current State and Tendency of the Banking Sector of the RK under the Conditions of the Global Financial Crisis

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The world crisis gives us a unique chance to renewal, but at the same time it does not allow to implement in practical realization of these seldom chances.

The world crisis is not only a global problem, it is also the period of *searching* for ways of overcoming the crisis. It is a global choice of peace and mankind to the future. Firstly, it is a unique time to make a *choice* for the world's *currency, financial* and socio-political structure, a type and quality of tools of the personality, people, humankind and world development in a whole.

We have never had such opportunities for development of self-renewal – as practical realization of own future.

Over the last decade the CIS countries have the experience of transit and renovation, which do not have other states of the world. They should use previous “crisis experience”, rather, the crisis management experience.

Kazakhstan is not the first time overcoming the crisis, as other new independence states. After the collapse of USSR we met with difficulties of renovation, passed through pained reforms. We created special National Reserve Fund about ten years ago, and saving a large part of export revenue of raw materials. And now it works for supporting of fundamental economic and social program in stable dynamics.

From the moment of sovereignty, Kazakhstan started reforming of political and socio-economical systems: changed form of ownership, demonopolization and formation of such reins of economy, as money, finance, credit.

Kazakhstan's system of finance meets the international standards. Two tier banking sector is more development. National Bank of the RK is the central bank of the country and represents first level of banking sector, and others are the second-tier bank.

Kazakhstan's strategy of development for ten years ahead, we believed in correctness of our choice, in real successes and experience of its implementation. That is why it was adopted and realizing the system of anti-crisis measures from the beginning of the world crisis about two years ago. In particular, special attention pays to the internal and foreign conjuncture, and taking firm measures without prevarications. That is why the global food crisis was not a national calamity for our country.

But today's economic crisis is to examine us on stability, which has impacted of the world economy.

The crisis came from without. It hides in disbalance of the world economy, and not up-country. The crisis could not be avoided, and all provide.

To overcome the crisis by leading economy of the world have been allocated more over USD 10 bln., i.e. 15% of the world GDP. But the situation remains unchangeable.

The crisis is in American, Europe, and Asia.

Apparently, it will be protracted. By the analysts, the global crisis has not reached the bottom.

Today's reality shows falling in demand of oil and metals. And this is the main of Kazakhstan's export.

Russia and Ukraine are our nearest neighbors and trade partner, and they devaluated their national currency by 40-45%. And Kazakhstan had to devalue tenge in the interest of our producers. Otherwise Kazakhstani products would lose its competitive. For the period of 2008-2009, *Kazakhstan economy* has been growing at more than 9% per year; it is higher than other CIS countries (Belarus, Russia, Ukraine).

First of all, following the result of 2007 per capita GDP level was made more over USD 7 thousand, per capita GDP of 2009 should exceed USD 8 thousand, it is almost 4,5 time more than in 2009. Output of industry of January-September 2008 was made KZT 8202,4 bln., it is 3.0% more than in January-September 2007. The output growth of minerals resource – by 5,0%, production and electric energy, gas and water distribution – by 9,4% is a significant factor of economy development.

Secondly, Kazakhstan could change the structure of economy. Industry's share is made up 44,4%, and tertiary industries share has increased from 52,5 to 53,9% (on January 1, 2008).

Kazakhstan is actively developing the real economy. Within the strategy of industrial-innovation development more over 600 thousand investment projects are realized. At the expanse of financing was put into operation 158 investment projects – totaling to KZT 180 bln. in 2007. It was created more than 30 thousand workplaces. Manufacture of the new production line of diesel engine, oil and gas equipment, medicines, clothes, shoes, textiles and etc.

Thirdly, Kazakhstan has not only created favorable investment environment to accumulate a large stream of foreign investments (over USD 43,4 billion is SFI, USD 14,1 billion is portfolio investments as of 1 January 2008.), but it has

turned into pro-active investors and creditors (SFI was USD 2,7 bln. In 2007, during first six months of 2008 was 1,48 bln.). Kazakhstan's investments are in Russia, Central Asia countries and the Caucasus.

Fourthly, Kazakhstan is actively integrating to world economy and is in threshold of accession to the WTO. Kazakhstan's trade with the CIS countries has increased by 2 times for the last 7 years (for example in 2007 Kazakhstan trade turn over with Russia was made up USD 16,3 bln. (increase of 27% compared to 2006), and during the first six months of 2008 was USD 9,6 bln. (increase to 31,1% compared to last year), and with non-CIS countries was almost in 4 times.

Kazakhstan has a solid international reserves and National Fund during the global recession. The total volume on 1 November of 2008 was more than USD 47 bln.

Sixthly, Kazakhstan is accurately forming the energy policy. RK has a huge potential of forthcoming development of energy resources. New green fields are opened in the country, and a lot of them have a level of world's reserves. Over the last 17 years oil production has increased in 2,5 times, gas production is more than 3 times. Predictive estimates, by 2010 oil production can be reached 100 mln. tones per year.

Output of products of agriculture sector has increased in 3 times during the last 10 years. The growth of agricultural production was made up 4,2% in 2008. The country harvested 17,3 mln tones of grain. Therefore, Kazakhstan occupies the first place in the world on grain production and flour's export.

Eighthly, the country is steadily developing the small and medium business. The small and medium business share in GDP of the country is made up 16%.

Ninthly, Kazakhstan supports the life quality of population. In Kazakhstan creates national standard of life quality. The stable economic development allowed Kazakhstan paid special attention to the social issues. Today, in Kazakhstan began to form middle class – it is a steady people, with stable incomes, who are invested to education, improving living conditions, increasing bank deposit and make sure in future.

Over the last 7 years the poverty level has decreased in 4 times: from 48,7% in 2001 to 12,6% in 2007. Therefore, the result of economy reforming shows that Kazakhstan has a fundament to develop of innovation model of economy.

Accession of Kazakhstan to the market is linked with implementation of potential credit relations. The market economy requires the new and radical reformation in the sphere of money and credit. It was necessary of using of economic instruments, adopting and realization of the new approaches to money turnover of the country. Reorganization of banking system was the primary direction of restructuring of the economy.

Banking system plays an important role in providing money to population and legal persons on a repayable basis. During the period of market economy development, it was created two tier banking system which has the right to make banking operation in national and foreign currencies. From the moment of appearance of commercial banks in banking sector monopoly was weakened, financial market develops with all segments, and develops momentum of competition between subjects of these markets.

Commercial banks play the leading role in banking sector. During the reformation of banking system, the number of banks annually decreased – the way of merging, liquidation or bankruptcy of the weak banks. As a result, 204 banks were in 1993, including 5 banks with foreign participation, on September 2009 the numbers of banks have been decreased in 5 times, to 37 banks, including in Almaty are 35 banks, 34 branches and 376 banking rooms.

Quantity reduction of banks and recall of license for realization of banking operation of second-tier banks were

caused by the next reasons: for start delay of activities; for want of work; in connection with merging with other bank; in connection with branch transformation; by the decision of government; by the decision of a court; in connection with transformation; in connection with voluntary liquidation.

As a result, banking system has strong changed. However, on the practice such formula does not play a leading role, more important – the qualities characteristics of the bank.

Three large banks are dominated in Kazakhstan banking sector: "Kazkommertsbank", "BTA Bank and", "Halyk Bank of Kazakhstan" – share of which over 60% of total assets of banking system. Also these banks have its subsidiary and affiliated structure in pensionable, insurance and leasing markets. The size of total assets of own capital* of second-tier banks since the start of 2009 has decreased on KZT 12,8 bln (0,66%) as of 1 February of 2009., KZT 1935,0 bln. Herewith tier 1 capital has increased on 0,18% - to KZT 1527,8 bln., tier 2 capital has decreased on 3,3% - to KZT 479,0 bln.

The index of adequacy of owned capital of banking sector as of 1 March 2009 was made up k1 – 0,11 (normal – 0,06) (for bank, holding bank participation, normal – 0,05); k2 – 0,14 (normal – 0,12) (for bank, holding bank participation, normal – 0,10). At the same time, on March 1, 2009 owned capital of second-tier capital balance has decreased on KZT 73,1 bln. (5,0%) and was KZT 1379,4 bln.

For February of 2009 the size of total assets of bank has increased on KZT 1483,5 bln and at the balance sheet date was KZT 1 3373,2 bln. The increase in assets was due to assets revaluation, nominated in foreign exchange, inconsequence of tenge devaluation, on February 2009.

In assets profile of banks liberal share occupy: bank lending and operations "reverse repo" (76,6%); hard cash, affinated precious metals and correspondent balance (9,9%); portfolios (7,0%); deposits in other banks (6,3%)

During 2009 banking lending and operations "reverse repo" has increased on KZT 999,1 bln, or 10,8%, hard cash, affinated precious metals and correspondent balance on 504,8 bln. (61,5%), portfolios by 50,0bln (5,6%), deposits, in other banks by 260,0 bln (45,1%), investments in capital by 17,4 bln (5,4%), reserves (provisions) on KZT 476,6 bln (46,2%).

Since the start of the year overdue debt by balance* has increased from KZT 256,1 bln, or in 1,8 times, having made at the balance sheet date KZT 471,5 bln.

The rests on accounts on overdue compensation have increased from the beginning of 2009 by 45,5 billion tenge, or in 1,9 times and have made for March, 1st, 2009 of 94,5 billion tenge.

For March, 1, 2009 the size of assets and the conditional obligations which are subject to classification, has increased by KZT 2 131,2 billion (on 15,5 %) – to KZT 15 842,7 billion, the given increase also is caused by revaluation of actives and the conditional obligations nominated in a foreign currency, owing to the February devaluation tenge of 2009.

Share of standard assets and conditional obligations has made 58,0 %, doubtful – has increased with 36,6 to 37,3 %, the share of loss assets and conditional obligations has made 4,7 %.

In a credit portfolio of banks the period under report the share of standard credits has decreased with 43,0 to 37,5 %, the share of doubtful loans – has increased with 52,6 to 55,3 %, thus the share of loss assets has increased with 4,4 to 7,2 %.

The sum actually formed provisions as of March, 1, 2009 has made KZT 1 499,5 billion, or 14,6 % from a loan portfolio of second-tier banks. Since January, 1, 2009 of provisions have increased by KZT 473,9 billion, or on 46,2 %. The general of provisions for March, 1, 2009 have made 0,02 % from the sum provision, formed on originated loan, or KZT 0,3 billion. Special provisions make KZT 1 499,2

billion, having increased in comparison with the beginning of 2009 by 46,2 %.

From the beginning of 2009 the total sum of obligations of second-tier banks has increased by KZT 1 556,7 billion (on 14,9 %), having made for March, 1, 2009 KZT 11 993,7 billion. Substantial growth is caused by revaluation of the obligations nominated in a foreign currency, owing to tenge devaluation in February, 2009. Without a devaluation component cumulative obligations of banks of the second-tier bank would decrease for 8,1 % and would make about KZT 9 594,9 billion. The share of the obligations nominated in a foreign currency, has made 66,7 % from cumulative obligations of the second-tier banks.

As to structure of cumulative obligations of bank sector, here: contributions of legal bodies have increased by KZT 707,4 billion, or on 22,9 %; contributions of the affiliated organizations of a special purpose – on KZT 433,5 billion (19,0 %); obligations to physical persons – on KZT 123,6 billion (13,5 %); the loans received from other banks and the organizations, bank operations carrying out separate kinds – on KZT 453,0 billion, to 1 903,2 billion.

Contributions legal and physical person* for March, 1, 2009 have increased by KZT 831,4 billion, or on 18,1 %, having made for March, 1, 2009 of KZT 5 419,6 billion. For February, 2009 contributions of physical persons have grown on 8,2 %, or on KZT 123,6 billion, and contributions of legal bodies – on 23,0 %, or on 707,4 billion.

Substantial growth of deposits legal and physical persons is caused by revaluation of the deposits nominated in a foreign currency, owing to tenge devaluation in February, 2009. Without devaluation making deposits of clients would make about KZT 4 335,7 billion. Deposits of legal bodies would decrease for 1,7 % and would make nearby KZT 3 036,5 bln., deposits of physical persons would decrease for 13,4 % and would make about KZT 1 299,1 billion.

For March, 1, 2009 the size of requirements to non-residents has increased by KZT 630,1 billion (21,6 %) and at the balance sheet date has made KZT 3 548,9 billion. In a total sum of assets of second-tier banks of the share of requirements to non-residents made 26,5 %. In structure of requirements to non-residents the basic share bank loans and operations “reverse repo” – 53,2 %, or KZT 1 887,6 billion; on the deposits placed in other banks, 21,3 %, or KZT 756,6 billion are necessary.

For February, 2009 the total sum of obligations of second-tier banks before non-residents has increased by KZT 782,3 billion (on 16,7 %), and has made on the end of the accounting period KZT 5 471,7 billion. The increase is caused by revaluation of obligations to non-residents of RK, nominated in a foreign currency, owing to tenge devaluation in February, 2009. Without a devaluation component of the obligation to non-residents of RK would decrease for 6,7 % and would make as of March, 1, 2009 about KZT 4 377,4 billion.

Since July 2009 Amendments regarding introduction of new factor of sufficiency of the capital (k1-2) have come into force. Indicators of capital adequacy of the second-tier banks for August, 1, 2009 have made: k1-1 – 0,095; k1-2 – 0,091; k2 – 0,039. Without joint-stock company “BTA Bank” and joint-stock company “Alliance Bank” the indicators for similar date have made: k1-1 – 0,113; k1-2 – 0,126; k2 – 0,164.

As of March, 1, 2009, taking into account the provided changes in calculation of liquidity, violation of quick ratio till 7, 30 and 90 days – it wasn't.

Thus as a whole on bank system for March, 1, 2009:

- The acid test ratio till 7 days (k4-1) has made 4,2 (normal 1);
- The acid test ratio till 30 days (k4-2) – 3,1 (normal 0,9);

- The acid test ratio till 90 days (k4-3) – 1,9 (normal 0,8).

In structure of percentage incomes the greatest share the incomes connected with reception of compensation under loans, given to clients (occupy 90,6 %, or KZT 220,9 billion), and in structure of percentage expenses – the expenses connected with payment of compensation under requirements of clients (66,2 %, or KZT 88,9 billion). The relation of the net profit before income tax payment to the total assets (ROA) has made 2,17 % (as of February, 1, 2008 – 2,52 %), the relation of the net profit before income tax payment to the own capital (ROE) – 19,19 % (as of February, 1, 2008 – 22,13 %).

As of March, 1st, 2009 the share of 3 largest banks (“Kazkommertsbank”, “BTA Bank” and “Halyk bank of Kazakhstan”) in total assets of bank sector has made 58,1 %, and in joint liability of bank sector – 58,8 %.

The share of credits of 3 largest banks in a joint loan portfolio of bank sector has made 61,6 %. As of March, 1, 2009 on a share of 3 largest banks is 54,80 % from total amount of deposits of physical persons in second-tier banks.

Thus, the analysis of a condition of bank sector of Kazakhstan allows to draw a conclusion on high rates of its reforming and acceptance of effectual measures on development of mortgage lending and capital legalization.

The important factor of development of a financial system of Kazakhstan is deepening of integration interaction with foreign countries.

The forthcoming development of integration cooperation with foreign countries, and also other regional unions noted in Kazakhstan's President State of the Nation Address on March 6, 2009.: “Through Crisis to Renovation and development”. Kazakhstan is actively developing bilateral and multilateral ties with foreign countries. Cooperation between Kazakhstan and United Arab Emirates is an efficient in many sectors of economy, including in banking sphere.

As a result, on July 2009 the Governments of Kazakhstan and the UAE have signed an agreement to launch Al Hilal Bank in Kazakhstan. The Bank will be carrying out financial operations in the realms of industrial production, agriculture, real estate and tourism. The UAE side has pledged to send experts on Islamic banking to provide training to local specialists. The bank's authorized capital will make up over 100 million dirhams. Two branches will be launched in Astana and Almaty.

This bank will be representing interests of Abu Dhabi and will ensure attraction of Arabic investments into our economy. Al Hilal Bank was established in 2007 and started its operations in 2008, to accelerate inflow of investments. Al Hilal Bank, fully owned bank of Abu Dhabi Investment Council. The bank's long-term strategy envisages launching branches in countries with predominantly Muslim population to provide a wide range of banking services in line with the Sharia.

In July 2009 in Astana city General credit line accommodation agreement between JSC Development Bank of Kazakhstan and Export Import Bank of China was signed. This agreement is the result of reached agreements of state visit of the President of RK N. Nazarbayev to Chinese Peoples Republic (16 April, this year), as well as signed memorandum between The Governments of RK and PRC about integrated cooperation in the field of energetics and financing.

According to the signed Agreement Export-Import Bank of China plans to give to Development Bank of Kazakhstan credit line to the amount of USD 5 billion with term 15 years. This credit line has purposive character – monetary funds will be given for the realization of investment projects of Kazakhstan companies, including those, which provide the export of industrial products, services and the equipment of Chinese companies.

In the terms of this document the parties are going to conclude Individual credit agreements for the realization of definite projects. The list of investment projects will be considered by State committee of economics modernization under the Government of RK.

Accommodated credit line will be directed at the development of energetics, transport and communication infrastructure, as well as the realization of strategic projects in metallurgy, chemical and petrochemical industry.

It is important to note, that in terms of worsening in world markets of capital, the attraction of this credit line is especially important.

According to results of meetings with a Creditors Committee on June 29-30 and July 6/7, 2009 in London, "Alliance Bank" and the Creditors Committee signed the Memorandum of Understanding regarding restructuring of bank borrowings. The Committee consists of Asian Development Bank, Calyon, Commerzbank Aktiengesellschaft, DEG Deutsche Investitions- und Entwicklungsgesellschaft mbH, ING Asia Private Bank Limited, HSBC Bank plc, JP Morgan Chase Bank, N.A., Sumitomo Mitsui Banking Corporation Europe Limited and Wachovia Bank N.A. The Memorandum is an evidence of a principal agreement of the Creditors Committee with proposed options for bank debt restructuring. A fixed offer cash buy-back at a 77.5% haircut. This option will be capped to limit the cash allocation to a maximum of U.S.\$500 million. The minimum amount of debt expected to be retired by the Bank under this option will be U.S.\$1.85 billion.

- seven-year maturity, an interest rate of 5.8% per year. and principal amortization following a grace period of four years. This option will also provide for Recovery Notes to participate in recoveries from written down amounts, litigation and tax assets in a total amount equal to the debt forgiveness. The Recovery Notes will be capped at the initial notional amount of the forgiven debt and entitled to 50% of any cashflows mentioned above, and will carry a notional capitalisation rate of 4.2% per year.

- 10-year maturity and principal amortisation following a grace period of seven years. There will be an interest rate of 4.7% per year. for the first seven years (2.0% p.a. paid in cash and 2.7% per year capitalized at the end of year seven). Principal and capitalised amounts will be amortised over three years at an interest rate of Libor + 8 % per year which may be reduced to Libor

- 6 % when the Bank reaches and maintains investment grade status.

Subordinated debt will be automatically allocated to this option. This subordinated option will be classified as Tier 2 capital and involve no haircut, a 13-year maturity and principal amortisation following a grace period of 10 years. There will be an interest rate of 5.0% p.a. for the first ten years (2.0% per year paid in cash and 3.0% per year capitalized at the end of year ten). The principal and capitalised amounts will be amortised over three years with a fixed interest rate of 10% per year.

This option contemplates the allocation of 33% preferential shares and common shares issued pursuant to the restructuring to participating creditors under options 2 to 5.

In respect of the conversion into preferential shares, this option contemplates conversion of senior debt at a 75% haircut and conversion of perpetual Eurobonds at a 80% haircut. Preferential shares will carry a 4% per year interest.

Also agreement undertaking about intentions between joint-stock company "Fund of national well-being of "Samruk-Kazyna" (further – Samruk-Kazyna) and bank is supposed. The agreement on intentions will provide that Samruk-Kazyna will get a controlling interest of bank after successful end of re-structuring, and will spend recapitalization of the bank,

necessary for reduction of the capital of bank to conformity with prudential standard taking into account the results of re-structuring.

Also in September, 2009 Kazakhstan and the Asian bank of development (ABD) have signed the agreement on borrowing.

The Ministries of Finance took part in working out of the agreement, Labor and Social Protection, Economy and Budgetary Planning of the Republic of Kazakhstan, and also representatives of National bank of the Republic Kazakhstan and Agency of Republic Kazakhstan on regulation and supervision of the financial market and the financial organizations.

Following the results of has been developed possible strategic influence, the purposes and results of an offered loan, in particular: crisis softening, financial stimulus and realization of anti-crisis measures which will lead to creation of additional workplaces, re-structuring of the second-tier banks, support of small and medium business, realization of infrastructural projects and agriculture growth.

According to the signed agreement, ABD a single tranche will give to Kazakhstan USD 500 million for a period of five years, including a three-year grace period on repayment of the basic sum of a loan. Means will be directed on financing of deficiency of the republican budget and realisation of anti-crisis measures of the government.

Thus, active development of interbank ties with foreign states becomes the important factor of their steady economic growth and will promote successful realization of joint projects in real sector of economy.

Last years bank system of RK was most dynamically developing sector of economy of Kazakhstan. One of major factors of growth of banking system was outside funding. In this connection the bank system more than others has undergone to influence of world financial crisis.

In the conditions of world crisis of liquidity Kazakhstan banks do not have possibilities of the further attraction of cheap resources.

The first three banks (perhaps, except National bank) involved resources in solid volumes, some analysts have arisen suspicions, that some large Kazakhstan banks under payment of external debts can be in difficult situation.

It is necessary to say, even in conditions of instability in the international markets the largest banks of RK have possibility refinancing debts, schedules of payments are observed, level of liquidity of banks does not come nearer to critical values.

At the same time, the general level of external debts remains high. Taking into account narrow domestic market of liquidity, in intermediate term prospect for the largest banks refinancing of external loans will remain unique possibility to liquidate cash ruptures for clearing having external debts.

Thus the resources involved in Kazakhstan, are used, including, for clearing of external loans that deprives bank system growth of internal sources. In our opinion, without external fundining, (that, certainly, becomes possible only at situation normalization in the international markets), high rates of increase of assets of bank system are improbable.

In the beginning of the current year and in the end of the past if possibility refunding was main question, now the priority causing steadfast attention to assets quality of the Kazakhstan banks.

As a result, Kazakhstan has made all main finance reform, and regulation of finance system meets international standards. Bank activity – on principles of Basel committee for bank system; activity of the insurance organizations – according to principles and requirements of the International association of insurance control; payment system – according to all principles of Committee on payment and settlement systems of Bank for International Settlements.

Strategic Management in Modern Conditions: Essence and Content

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In the era of a hard of competition and fast changing of situation, the companies should pay attention to the internal status and also developing of long-term strategy of action, which would allow to keep up with situation around them. Speed up of the changing in the sphere of environment, appearance of unexpected capability for business, achievement of the science and technics, development of information networks, wide accessibility of modern technologies, changing of the human resources role, and also a range of reasons have led to the sharp growth of the term of strategic management.

There is no a single strategy and a single strategic management for all companies. Each company unique in its own way, that is why the process of strategy development for each company is unique, because it depends on the position on the market, dynamics of its development, its potential, competitive behavior, the level of goods or supply services, economy climate, culture and other factors. At the same time there are some fundamental factors, which allow to speak about some principles of strategy development and implementation of strategic management.

The strategic aspect of the problem begins with necessity to involve of possible crisis impacts, estimate and investigate the direction of neutralization of such pressure, as regarding state economy in whole as well separate organization.

Some issues concerning strategic management that will arise when considering. At first such as:

- A difficult goals of organization, in consequences of effective survival the goal can be incorrect;
- Imbalance of financial flow within the strategic position, which is not allow to withstand any defection in external environment;
- Necessity and adequacy of the decision of the thresholds, defined emerged to the moment of the crisis instability, with helping of strategic aspect of management;
- To determine the significance of loss for the organization, the proper classification of certain actions or projects to the strategic and current;
- Technical issues of choice and trends of criterions, when stimulation of tasks, normalization and optimization, estimation of risks and so on.

To the required list and when construction and correcting of strategic system of management, is list of unique of the economical events, that is impossibility of both operation when consistent condition of the sphere. It is defined – firstly resource limitation (labor, financial); secondly, fluxions of the market (development of competition and product demand of the organization0).

We can note that the strategic management becomes more actual for Kazakhstan's enterprises, which join to

tough competition, as among yourselves as well with foreign corporations.

The perspective and necessary direction in the business, actively using in Western countries as base of carrying of the management processes in the condition of market is very important strategy. This direction gradually introduced in Kazakhstan has been recognized in the business world. It means that Kazakhstan's manager can work more qualitative at the market, correctly estimating the situation and taking necessary steps for organization.

Strategic management is the survival tool in long-term perspective. Certainly, when speak about survival in the sphere of market competitive, it does mean that company can lead a miserable existence. It is important to understand who is connected with company becomes failure. That is why the survival in long-term perspective automatically means that company successfully doing the business, enjoying its activity and business cooperation and primarily with buyers, personnel and its proprietary.

The term "strategic management" was introduced in 1960-70 in order to reflect the definition of management which is on the high level, from the current management on the level of production. The reason of such definition was first the changing in condition of business. As a leading idea, the essence of transformation to the strategic management from operative administration was the necessity of transforming of center attention of top management to environment. It was necessary for timely reacting on changing in the organization, timely meeting the challenge, thrown by the external environment.

Consequently, strategic management may defined as:

- Realizing a figurable regulation, timely changing in the organization, meeting a challenge from environment and allowing to have competitive edge;
- Orientate of production operation;
- Basing on human potential, as basis of organization;

At the same time, a system of strategic management, developing in modern times, involve:

- Allocation of funds for strategic goals in spite of factual management structures of production and commercial operations.
- Creation of management center of each strategic goal;
- Assessment and stimulation of production department and their managers on the level of achievement.

Therefore, a modern system of strategic management allows organization to survive and develop, reaching of its goal within the long-term perspective.

There is a limit in strategic management as well as on using the strategic management shows that this type of

management as another is not universal for any situation and any tasks.

Firstly, strategic management can not give exact and detail vision of the future. Developed in strategic management description of desirable future of the organization is not detailed description its internal state and position in the external environment, and is rather qualitative wishes, in what condition there should be an organization in the future, what position it should occupy in the market and in business what to have organizational culture, into what business groups enter and so on. Thus all this should determine will survive in the future in competitive or not.

Secondly, strategic management can not be as rules, procedure and scheme. It has not a theory and decision of set tasks or set situation which need to conduct. Strategic management is the certain philosophy or ideology of business and management. And every manager understands and implements on his own way. Certainly, there is a range of recommendations, rules and logic scheme of problem analysis and strategy. However on the practice the strategic management is:

- Symbiosis of intuition and high art to lead organization to the strategic goals;
- High professionalism and creativeness of the clerks ensuring connection with environment, renovation of the organization and its productions, and also realization of the current plans;
- Active participation of all clerks in implementation of the tasks concerning organization, searching of the best achievement of the goals.

Thirdly, there required a massive efforts and much times in order to start the implementation of strategic management process. It is necessary a strategic planning, which is differed from long-term plans and required of implementation at any time. It is also creating of duties, realizing of following environment. Marketing service relating to society is required essential additional costs.

Fourthly, strengthening a negative consequence of strategic mistakes. During a tight schedule are creating new products, cardinal changing the investment's direction, when unexpectedly appearance a new business opportunity and they disappeared. Especially tragically for company is the unallternative way of functioning or strategy realizing, which do not

Fifthly, the strategic planning is a main base for strategic management. However it is not enough, because the strategic plan is not providing its success implementation. In reality an important component of strategic management is realization of plan, which is supposed of creation of organizational culture, allowing to realize a strategy, creation of motivating system, labor organization, creation of the flexibility in the organization and etc. However if the strategic management has an inverse effect to the planning that is more strengthen a significance of implementation phase. That is the organization can not be transformed into strategic management, if it has a good strategic planning system.

Balance maintaining within cooperation of organization with environment is a key role at any management. Every organization has a three process:

- Resources of external environment (enter);
- Conversion of resources into products (transformation)
- Delivering of products in external environment (out)

A modern market is an important in this process. In the structure of strategic management the first bloc is environment analysis.

Three fundament of environment analysis include:

- Macro environment;
- Immediate surrounding;
- Internal environment of an organization.

Analysis of internal environment (macro- and immediate surrounding) is aimed at how to work company successfully and what difficult can expect it.

Analysis of macro environment includes economy impact, legal control and management, political processes, natural environment and resources, social and cultural society, scientific-technical and technical development of community, infrastructure and etc.

Immediate surrounding is the following components: buyers, suppliers, competitors, labor market.

Internal environment analysis is a potential opportunity of companies in competitive fighting in the process of implementation of their goals. Internal environment analysis also allows understanding the goal of company, correctly formulating a mission, that is estimate meaning and business line of the company. Organization also providing a work, give the opportunity of the participation in the profits, guaranteeing a social protection and so on.

Internal environment includes the following directions:

- company's clerk;
- establishing control;
- Production in the sphere of organization, operational and process characteristics and research and development activities;
- finance;
- marketing;
- organizational culture.

One of the key of the company are balance supporting between organizations as well as establishing of a balance, interests among different social institutions and population who are interested in business and influencing to the character, content functioning trend.

Main principles and tendency of strategic management of organization in modern Kazakhstan are:

1. Planning of income and expenditure is a main strategy of the company. In condition of the crisis the means may invest only in solid and attractive projects, it can help to strengthen position of the company. High level of risk can be compensated by the improve efficiency of investment.

Estimation of efficiency of production is characterized a performance of specific projects and business management.

It includes four levels:

- 1) calculation of business expenses;
- 2) definition of needed investments (capital investment);
- 3) forecasting of annual income;
- 4) determination of the date of return to capital and normative standards.

2. Task sharing of strategic and operative management of production. First is manager (board of directors) and staff (advisory board), second executive board, sale, marketing and production director and etc.

3. Spectrum of strategy management in the sphere of company position and activity.

4. The organization of small and medium business in 1980 was a period of rebirth of small business. Strategic management takes into account the cooperation of small and medium business. At first this is the business system, that is a large of number of small business for production of final products. At the second, is franchising – system of cooperation between large and small business. However a large company presents its trade mark and equipment, training, control quality.

Opposition in Kazakhstan: Nagging Problems

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Today there are ten political parties in Kazakhstan but only one of them—the People's Democratic Nur Otan Party—supports the government. The rest are regarded as the opposition.

The Communist Party of Kazakhstan (CPK), the Communist People's Party of Kazakhstan (CPPK), the Azat Democratic Party of Kazakhstan, and the National Social-Democratic Party of Kazakhstan (NSDPK) can be described as the active opposition.

The camp of the moderate opposition is made up of the Ak Zhol Democratic Party of Kazakhstan, the Adilet Democratic Party, the Party of the Patriots of Kazakhstan (PPK), the Kazakhstan Auyı Social-Democratic Party, and the Rukhaniyat Party.

The parties' relations with the government, their political views, their actions, and the tone of their statements divide the parties into active and moderate.

The moderate are critical yet, on the whole, constructive when they come to a dialog with the other parties and the government; the active are mostly driven by the idea consolidating the opposition bloc into a united front to stand opposed to the ruling elite.

Heated polemics about whether or not the opposition in Kazakhstan meets the standards political science has established in the West have been going on for some time now. The analytical and expert communities have more or less agreed that the answer is "No."¹

This approach is based on the critical/loyal attitude toward the government or, rather, toward the president. Some people mistake oppositional sentiments for an anti-system stance.

Political science claims that a party becomes oppositional when either it has lost an election or fails to achieve a parliamentary majority thus standing no chance of acquiring a place in the cabinet. This means that the degree of involvement in executive state power is the main criterion.

Several parties may win an election and form a coalition government while opposition parties might acquire seats in the parliament to form a parliamentary opposition. The first side with the government, while the latter criticize it; they might, however, side with the authorities on individual issues. They are described as the opposition because they have been left outside the government.

The second constitutional reform made it possible to take a scholarly approach to the concept of opposition: before that the parties were excluded from cabinet-forming. The first years of independence (1991-2007) created a non-classical approach to the phenomenon of the opposition: it is commonly believed that in Kazakhstan the opposition stands against the government rather than the ruling party.

Today Nur Otan is the ruling party, the rest belong to the opposition; none of them have factions of their own in the parliament. Indeed, the one seat held by the PPK in the Senate cannot be taken seriously because it opens no doors to the executive structures. Below I shall proceed from this.

The opposition in Kazakhstan appeared in the 1990s at the dawn of pluralism in the former Soviet republic. Independence and economic reforms brought to the fore an opposition that disagreed with the radical changes that removed the old values. They are the CPK before its registration; the Alash Party of National Freedom; the Kazakhstan branch of the All-Union Communist Party of Bolsheviks; the Solidarity Workers' Movement of Kazakhstan, and others. At the turn of the 1990s, ethno-political alliances—the Azat and Alash civil movements of Kazakhstan; the Zheltoksan National-Democratic Party of Kazakhstan; the Unity inter-national movement, and others. They were all actively involved in defending ethnic values and worked toward the revival of national self-awareness. In the 1994 parliamentary elections the opposition acquired about 40 of 176 seats in the Supreme Soviet of the 13th convocation.

The opposition forces gained more weight when a multi-party system appeared in the republic. Today many of the former top officials belong to the opposition: P. Svoik, M. Auezov, and G. Abilseitov belonged to the Azamat public movement (1995); A. Kazhegeldin and B. Tursynbayev (1998), the founders of the Democratic Choice of Kazakhstan (DCK, 2002), and Zh. Tuyakbai (2004).

In Kazakhstan, prominent politicians frequently move over to the opposition: because of their unbridled ambitions some of them fell out of favor; while others were pushed out because they scorned the ruling elites' unwritten laws. In some cases this was Ak Orda's deliberate strategy designed to stir up political rivalry.²

Prominent Russian political scientist A. Kurtov is convinced that the opposition in Kazakhstan should be described as a "sham:" "Several top officials who used to fill high posts in the state structures, including the presidential administration, were appointed leaders of the opposition parties. In this way the people's opposition sentiments were channeled in a direction controlled from above. Today, the political struggle in the republic is a mere imitation."³

This is hard to accept; the opposition in Kazakhstan was formed both from above and from below.

At first, the former variant prevailed. In 2001 the power establishment was stirred into action; the economic reforms divided the elite and pushed the "Young Turks" of Kazakhstan into politics. Driven by economic considerations and encroachments on the reformers' freedom to do business

they wanted continued political reforms and modernization. They insisted on qualitatively new structural reforms in the legal sphere and culture; this frightened the old elite, which resorted to its traditional measures: threats, repressions, and dismissals from civil service.

In the early 21st century, the national elite split and a new opposition appeared with much better organizational abilities and money sources than the opposition of the early 1990s.

The DCK was the first step toward a counter-elite and a "systemic opposition" with good material, organizational, intellectual, and information resources (newspapers and web sites).

The opposition learned a lot from the election campaigns: it learned how to attract thousands of active supporters and how to keep the government on tenterhooks so that it would tap all its resources.

Since the early 2000s, the opposition has been receiving support from influential international organizations operating in the republic, the OSCE in particular, which became much more interested than before in the way human rights and freedoms were observed in Kazakhstan. The external factor became another of the opposition's important resources, which means that the opposition is growing more aware of its civil duties and becoming more responsible. With time this will help to create a legitimate mechanism of power change.

The entire history of the republic's opposition (which goes back to 1991) speaks of its fairly fluid nature: the Communist Party of Kazakhstan alone has survived since that time as an organizational structure. It too, however, split and produced a clone in the form of the Communist People's Party of Kazakhstan. Some other structures appeared, and became less active after a while, only to disappear under the pressure of the circumstances.⁴

At times the opposition seems to gain momentum but this is an illusion. Russian analyst A. Vlasov has aptly pointed out that "the Kazakhstan opposition thrives amid intrigues at the top;" instability inside the ruling elite creates the illusion of a strong opposition which disappears as soon as the opposition permits squabbles in its ranks.⁵

Prominent civil servants who drift over to the opposition are seen as a positive and partly negative factor. Today, they prevail among the opposition leaders; the so-called "common people" are outnumbered.

People in general mistrust former bureaucrats turned oppositionists: the most determined of them spent their lives strengthening the political system they now criticize; some of them belonged to the president's closest circle before they decided to move over to the other side. Their reasons are not always clear which causes justified doubts about their sincerity.⁶ For this reason people mistrust the opposition as a whole.

Political scientists and analysts rightly noted that since the 2007 elections the opposition has been in a crisis. This opinion is substantiated by the round table of the POLYTON Discussion Club held on 24 October, 2008.⁷ The following confirms the crisis' very real nature:

First, nearly all the opposition parties are highly inconsistent in their actions because they lack clear strategies; they are meandering along with the changing political situation. For example, the NSDPK election program of 2007 looked more like a patchwork of populist, whereby highly attractive, slogans. Had the party carried out its promises an economic collapse would have followed;

Second, the opposition lacks ideas to attract new supporters; its ideologists cannot cope with this task, which calls for creative minds;

Third, the opposition is unable to respond to social developments and use them in its interests;

Fourth, its contacts with the man-in-the-street cannot be called anything but inadequate;

Fifth, inadequate self-positioning as a real alternative to the powers that be;

Sixth, the new political leaders lack authority; today none of the opposition leaders can compete with President Nazarbaev.

NSDPK Chairman Zh. Tuyakbai became a politician in the parliamentary corridors and has never developed into a public figure. His very short term as deputy chairman of Nur Otan during the 2004 election campaign revealed that he was no orator and had no charisma, two shortcomings television made even more glaring. In 2005, as the single opposition presidential nominee, he was revealed as a man completely dependent on his closest circle.

A. Baimenov, who chairs the Ak Zhol party, is not a strong leader either; he looks more like a cabinet politician.

Azat Chairman B. Abilov is too emotional and eccentric.

S. Abdildin, the experienced head of the Communist Party of Kazakhstan, successfully ran against Nazarbayev in 1999; today he remains on the sidelines: the communist ideology is not that popular in the republic.

G. Zhakiyatov, the president's most consistent and uncompromising opponent, has all the qualities of a public politician and is fairly popular among the people; for this reason he has been removed from active political activities.⁸

Seven, for a long time the opposition remained disunited.

"The opposition of Kazakhstan does not have a clear program of action and is organizationally disunited," wrote one of the leading European analytical publications that covered Dick Cheney's visit to Kazakhstan in 2006. The American diplomat suggested, in very moderate terms, that the opposition should create a program of real action and start looking for common points conducive to a dialog with the government.⁹

The opposition leaders admit that their ranks are disunited¹⁰ even though opposition parties regularly form coalitions and blocs: the Coalition of Social Protection (1992); Round Table of Political Parties, Public Associations and Trade Unions (1993); the Republic Coordination Council of Public Associations (1994-1997); the People's Front of Kazakhstan (1998); the Forum of Democratic Forces of Kazakhstan (1999-2001); the Coordination Council of Democratic Forces of Kazakhstan (2004-2005); and the Bloc of Democratic Forces "For a Just Kazakhstan" (2005-2006).

They had their strong and weak sides but they all fell apart under the pressure of tactical disagreements and ambitions in the absence of a leader recognized by all the opposition forces. The opposition cannot agree on how to deal with various tasks or on how to change the political system and carry out democratic reforms.

A. Kozhakhmetov, a prominent oppositionist and head of the Shanyrak public alliance, promotes a most interesting system of views:

(a) the "Westerners" are convinced that dictatorship cannot be defeated with domestic means and that foreign interference is needed;

(b) those who describe themselves as close to the common people insist that the West is guided by the interests of big money and is, therefore, quite comfortable with the present regime. It is for the people themselves to remove it: they can and should do this;

(c) those who believe that the regime can be talked into

changes are out to prove that neither the West nor the people can change the present regime. It should be persuaded to start changing and will change after a while;

(d) the "nihilists" reject everything and believe that nobody can do anything at all; everything will take its own course and arrive at the desired result. Everything that is or will be done, they argue, is nothing but petty intrigues that have nothing to do either with real changes or with the speed of the reforms.¹¹

The above calls for two additions.

1. While criticizing the government for its harsh pressure, the radical opposition repeatedly called on the people at the top to enter a dialog yet consistently ignored all the dialog alternatives suggested (a Permanent Conference, National Commission for Democracy, State Commission for Specifying and Programming Democratic Reforms, and a Public Chamber).

Not only the republic's authorities (which could be described as prejudiced) but also independent Western experts are aware of the radicals' hardly constructive approach. The foreign mission¹² that visited Kazakhstan on the eve of the 2005 elections minced no words when accusing the opposition leaders of their unwillingness to talk to the government and of their inability "to take the first step toward clearer ideological and political statements." The foreign visitors pointed out that "the most vehement criticism of the government comes from former cabinet members still nursing their grudges."¹³

It seems that the opposition does not merely respond to the "pressure the government puts on the opposition" with the alleged intention of creating "another valve to release the steam of public discontent." The opposition refuses on principle to be involved in any dialog with the powers that be in order to avoid sharing the responsibility for important decisions. Even if the suggested dialog structures were intended "to release the steam of public discontent," this might have been useful. The opposition involved in a dialog, on the other hand, could no longer exploit social discontent.

In exchange the opposition could have realized some of its suggestions; in fact, this already happened in the past. On 1 September 2005, when speaking at the opening of the parliament's second session, President Nazarbaev mentioned that he intended to set up, under his chairmanship, a State Commission for a Program of Democratic Reforms staffed with deputies and members of the presidential administration, the government, public associations, and NGOs; the most radical of the oppositionists were not forgotten either.

The president instructed his administration to come up with a program related to the country's possible OSCE chairmanship in 2009. The government, ministries, and departments were expected to work in compliance with it. In fact, these initiatives were first formulated by head of the Ak Zhol party A. Baimenov in a statement known as Twelve Steps of the Government Toward the People of Kazakhstan dated 12 April, 2005.

Today it has become clear that nearly all the initiatives suggested by the DCK related to political reforms have been realized. The president is obviously prepared to take notice of all the constructive suggestions coming from the opposition and to realize those that will not undermine political stability and may prove useful in the long-term perspective.

It should be said that the government never refers to the sources of its initiatives, which allows the opposition to accuse it of "stealing" their slogans and inspiring ideas. First, the ideas have never and nowhere been a subject of laws protecting intellectual property; second, "true democrats" should be rejoicing that "their" ideas are being realized at the national level no matter by whom.

A. Baimenov's position can be described as fair: "We have said many times that the realization of our ideas is more important than their source. We think it important to raise the nation's standard of living, carry out economic reforms, and improve the political system; we want our ideas to work in the interests of all."¹⁴ He confirmed his position by his contribution to the State Commission for Specifying and Programming of Democratic Reforms and as a Majilis deputy in 2006 and 2007. Much of what Ak Zhol had written became laws.

On the whole, however, a constructive approach is much weaker than a radical one even if it is much more promising. On the other hand, the radical opposition's unyielding tactics hold no promise. Take O. Zhandosov, for example, one of the country's most talented economists: his rich experience so far remains untapped.

2. Unwilling to be involved in a nationwide dialog with the government, the opposition leaders are seeking contacts behind the scene to obtain all sorts of preferences (the NSDPK and Ak Zhol).

"The specifics of the post-Soviet countries presuppose that any oppositionists, even those far removed from the system, are directly or indirectly connected with this or that 'court' group of influence." The oppositionists themselves readily agree with this.¹⁵

Some of the opposition members are trying to join the power bandwagon no matter what (G. Kasymov, PPK). A. Chebotarev believes that "so far the opposition prefers to obey the rules the government has established for it and, strange as it may seem, is indulging in their criticism."¹⁶ Some of the opposition leaders never bother to conceal the fact that this is a professional status which earns them their living and allows them to "haggle" with the government.

The government, in turn, demonstrates flexibility when dealing with the opposition: it flirts with some of the parties and their leaders. In 2006-2007, the president met the Ak Zhol and NSDPK leaders twice; no other parties or leaders were given this chance either before this period or later.¹⁷

This suggests that the government has also contributed to the weakness of the opposition.

We all know that the country's leaders have never wanted a one-party system: its domination was never regarded as desirable. A two-party system looks preferable. A lot is said about an opposition that cannot be raised in a greenhouse but should take shape in natural conditions; the government, in turn, should assist this process.¹⁸

On the other hand, a civilized attitude (of the government in particular) toward the political opposition is just taking shape in the country. Today much is being done to present the opposition as a destructive or even extremist force; the opposition is not yet seen as an important guarantor of stability and the state's sovereign democratic development.

The "opposition" concept should be specified together with its legal status, forms, and methods. This has been fully confirmed by foreign experience; in many countries the opposition, its status, and its rights are clearly outlined to ensure its continued activities. This can be realized either within stable political traditions (not all of them registered in laws) or within corresponding legal acts (the Constitution, laws, and rules of parliament).

Kazakhstan has not yet acquired the relevant traditions, therefore any law or new regulations in the already existing legislation (On Public Associations, On Political Parties, On Elections, On the Parliament and the Status of Deputies, and the rules of the parliament and its chambers) could speak volumes about society's readiness to move forward toward even

greater modernization of the political expanse. The people at the top agree that such a legal act is very much needed.¹⁹

The term "opposition" first appeared as an official term in the Conception of the Transfer to Sustainable Development for 2007-2024, in which the "political basis of Kazakhstan's sustainable development" included efforts designed to foster the culture of political opposition, strengthen constructive opposition as a basis for competition among public figures and programs, and express the interests of all the public strata and groups.

This means that the republic has already acquired a foundation for social relations as an object of legal regulation.²⁰

In 2007 the NSDPK put on the table a draft law On Opposition Activities²¹ that cannot be described as a panacea; it might have proven useful as the start of a discussion on the place, role, and status of opposition activities. In Kazakhstan, where democratic legal development has its own specifics, this draft law can be regarded as a political education project for the people, and for the government and the opposition in particular.

This law would have given the opposition the legal status of an equal entity of social and political life in Kazakhstan; it would have created clear rules to be followed both by the government and the opposition. Any violation of them by any of the sides would have incurred sanctions against the culprit; the law would have offered the opposition wider and, most important, real possibilities to be involved in state governance.

The government preferred to ignore the draft law; in view of its habit of taking its time before responding to the opposition's initiatives the republic might acquire this law at some time in the future. Since 2005 the government has not only been accepting the opposition as a much needed element of political life but has also been striving to enter a dialog with it.

At the same time, the authorities deal harshly with the opposition when they feel this is appropriate; in favorable conditions, however, they refrain from intrigues. In 2005, for example, the favorable situation in the country and the hopes for a better future associated with the president made the administrative resource unnecessary: the turnout of Nazarbaev's supporters was very high.

Most of the time the government fights the opposition with all the means at its disposal: it keeps the political expanse under control, persecutes the leaders or bribes them, refuses to register disagreeable political parties, organizes information blockades, and uses the laws as it sees fit.

Analysts have concluded that the opposition in Kazakhstan "was set up under the constant control of the Ak Orda strategists and is managed within the limits set by the presidential administration."²²

It should be said that the mechanism of power change at the presidential level does not work in Kazakhstan; this is one of the reasons why the opposition remains weak.²³

It is thought that there are two reasons for the absence of a social base for the opposition. Two factors must be taken into account.

First, in 2000-2007 society felt comfortable with the social and economic circumstances and felt no need for an alternative political and economic course.

Second, the level of the nation's political culture and activeness remains too low to breed opposition sentiments.²⁴

The economic crisis of 2007 could have changed this; it gave rise to the "people's opposition": social actions of those who lost their money invested in housing projects, those who could not pay mortgage, and those who have no homes, as well as strikes at enterprises. Coupled with the mounting unemployment and crime this may increase social tension. The

political opposition could have profited from this by joining the protest movement or even heading it; the opposition leaders, however, let the chance slip through their fingers.

Disillusioned with its ability to ignite the nation with its liberal and democratic slogans, the opposition sided with the loosely structured national-patriotic movement which has an impressive grass-roots following.²⁵ The opposition leaders showed each and everyone that they were unable to sustain sociopolitical ideas and remain within the Western political standards of public political polemics. In Kazakhstan the opposition is constantly swinging from nationalism to social-liberalism and back, from the right to the left; its involvement in obviously staged information campaigns does not improve its credibility.

For these reasons the institution of opposition in Kazakhstan is still undeveloped.

Today the opposition can be described as a loose and amorphous entity which limits itself to public statements and declarations on the web; it has neither a scientifically substantiated long-term program, nor an electorate to speak of, nor strong leaders able to claim presidentship.

The opposition reached its peak in 2003-2004 and has been stagnating ever since. It became obvious after the 2005-2007 election cycle that it was being squeezed out of the political scene. This undermined its influence and badly affected its legitimacy. The opposition lost its chance to emerge as an alternative to the government; it proved too weak to sustain a prolonged political struggle, at least within the two-party system. Instead it preferred political propaganda.

All the analysts agree that the opposition forces should close ranks to form a common front in order to stand opposed to the ruling party and the regime. This would create a strong and politically active opposition. In fact, the ban on election blocs left the opposition with forming a common front as the only way of surviving as a political force.²⁶ So far there has been no progress in this direction.

In the last decade the opposition has formed all sorts of election alliances which fell apart once the elections were over. This is best illustrated by the NSDPK's failed attempt to set up, in January 2008, a people's coalition For Democratic Reforms by allying the Azat and Rukhaniyat parties as well as the CPPK, CPK, Auyt, Ak Zhol, Alga, and the Civil Society foundation headed by G. Zhakiyanov.

The Khalyk Kenesi public parliament set up in May 2008 crumbled under the weight of the "negative consensus" very much typical of the Kazakhstan opposition when people prefer to join "against something" rather than "for something." The parliament set up to demonstrate that an efficient structure can be created confirmed the opposition's political insolvency.

In April 2009, at a forum of the democratic opposition, the NSDPK, Azat, and Alga parties, together with the Communist Party of Kazakhstan, made another attempt to consolidate their forces; they set up an organizing committee of their leaders expected to formulate the ideology and organizational principles of the new structure and carry out inter-party consultations with an eye to making use of the previous positive and negative experience. It was announced that the new structure would acquire a short-term program of action based on the parties' personal, financial, and media resources; specific actions were also mentioned.

This was the first time the opposition was so clear about its intention to form a single political party and took the first organizational steps in this direction. All previous attempts were limited to alliances of independent structures, while intentions to consolidate forces within a single party remained on paper.

This is true of the idea of a united democratic party voiced in the early 2000s by the Republican People's Party of Kazakhstan, the People's Congress of Kazakhstan Party, and Azamat and of the 2007 election "mergers" of the NSDPK with the True Ak Zhol party and the Ak Zhol party with the Adilet Democratic Party.

In fact, the problems that interfered with the April merger strategy are numerous.

First, it could hardly be expected that the rightist Azat party would be able to live side by side with the leftist NSDPK and CPK.

Second, the opposition set about the business of sharing power even before it acquired it.²⁷

If the opposition comes to power any time soon its numerous leaders will clash over who gets the highest posts. There are ample examples of this: Victor Yushchenko and Yulia Timoshenko in Ukraine; Kurmanbek Bakiyev and Felix Kulov in Kyrgyzstan; and Mikhail Saakashvili and the elite in Georgia.

To avoid this, the opposition needs a leader superior to the other presidential contenders. So far there is no figure able to unite the opposition and lead it. Today there can be no united opposition in Kazakhstan. Elusive absolute unity should be forgotten in favor of a new party or a much stronger old structure able to dominate the opposition.

This suggests that real tasks should be formulated and consistently addressed: a clearer ideology and more active work with those population groups that profited less than the others from the reforms. Equal access to the media is just as important.

Today there is no opposition of this kind in the republic. Members of the opposition (O. Zhandosov being one of them) are convinced that this situation will survive "as long as an authoritarian regime remains one of the key characteristics of our society. By distorting the views on life in many minds, and in the opposition in particular, it interferes with normal development."²⁸

In view of the opposition's numerous internal problems, however, this kind of statement seems very disputable.

¹ See: "Partiia 'Ak Zhol': ravenstvo, trud, dukhovnost," *Materialy "kruglogo stola" diskussionnogo kluba "POLYTON" im. N. Masanova*, 13 July, 2007, available at [http://www.club.kz/index.php?lang=ru&mod=discuss&submod=large&article=24]; "Pochemu my ne uchastvuem v vyborakh," *Materialy "kruglogo stola" diskussionnogo kluba "POLYTON" im. N. Masanova*, 3 August, 2007, available at [http://www.club.kz/index.php?lang=ru&mod=discuss&submod=large&article=25].

² See: S. Akimov, "Vlast i oppozitsiia v Gruzii i Kazakhstane," 1 April, 2009, available at [http://ia-centr.ru/expert/4335/].

³ A.A. Kurtov, "Kazakhstan: Kontrevolutsiia parlamenta, ili Kratkaia istoriia izgnaniia oppozitsii," 19 August, 2007, available at [http://www.ferghana.ru/article.php?id=5295].

⁴ See: "Politicheskii krizis kazakhstanskoi oppozitsii," *Materialy "kruglogo stola" diskussionnogo kluba "POLYTON" im. N. Masanova*, 25 February, 2005, available at [http://www.club.kz/index.php?lang=ru&mod=discuss&submod=small&article=145].

⁵ See: A.V. Vlasov, "Shansy kazakhstanskoi oppozitsii zavisiat ot voli vlasti," 26 June, 2007, available at [http://www.easttime.ru/analitic/1/3/236.html].

⁶ See: Ya. Butakov, "'Troianskie koni' oppozitsii," 18 December, 2005, available at [http://www.analitika.org/article.php?story=20051218225800313].

⁷ See: "Demokraticeskaiia oppozitsiia: krizis ili izmenenie strategii?" *Materialy "kruglogo stola" diskussionnogo kluba "POLYTON" im. N. Masanova*, 24 October, 2008, available at [http://www.alternativakz.org/index.php?go=mnenie&in=view&id=145].

⁸ See: A.V. Vlasov, "Nuzhna novaia oppozitsiia. Kazakhstan: rasstanovka sil posle vyborov," 18 December, 2005, available at [http://www.apn.kz/publications/article100.htm].

⁹ See: A.V. Vlasov, "Pervye i vtorye litsa kazakhstanskoi oppozitsii," 23 May, 2006, available at [http://www.analitika.org/article.php?story=20060523010547531].

¹⁰ See: "Institut oppozitsii v Kazakhstane: realnost i perspektivy," *Krugly stol v diskussionnom klube "Polyton"*, 26 January, 2007, available at [http://www.club.kz/index.php?lang=ru&mod=discuss&submod=large&article=225]; "Bulat Abilov: Nachnem peremeny s sebia. Vystuplenie na Forume demokraticeskoi oppozitsii Kazakhstana," 11 April, 2009, available at [http://ia-centr.ru/expert/4418/].

¹¹ See: "Politicheskii krizis kazakhstanskoi oppozitsii..."

¹² The mission consisted of Gerald Frost, CIC General Director, Kenneth Minogue, an emeritus professor from London University, Prof. Dennis O'Keefe, a social scientist at the University of Buckingham, and David Ruffley, a Tory MP.

¹³ A. Grozin, "Dialog vlasti i oppozitsii: neobkhodimoe uslovie stabilnogo razvitiia demokratii v Kazakhstane," 10 January, 2006, available at [http://www.analitika.org/article.php?story=20060110215722303].

¹⁴ Ibidem.

¹⁵ See: A.V. Vlasov, "Ak Zhol' pochti ne viden," 3 September, 2007, available at [http://www.ia-centr.ru/expert/132]; idem, "Pervye i vtorye litsa kazakhstanskoi oppozitsii..."; "Institut oppozitsii v Kazakhstane: realnost i perspektivy," *Krugly stol v diskussionnom klube "Polyton"*, 26 January, 2007; P. Danilin, "Kazakhstan: partiia vykhodiat iz pelenok," 12 December, 2005, available at [http://www.analitika.org/article.php?story=20051218230359932].

¹⁶ "Demokraticeskaiia oppozitsiia: krizis ili izmenenie strategii?" *Materialy "kruglogo stola" diskussionnogo kluba "POLYTON" im. N. Masanova*, 24 October, 2008, available at [http://www.alternativakz.org/index.php?go=mnenie&in=view&id=145].

¹⁷ See: A. Omarova, "A segodnia my dolzhny dvigatsia vpered," *Megapolis*, No. 25, September, 2006.

¹⁸ See: D. Kaletaev, "Partiia dolzhna stat realnoi oporoi dlia svoego lidera," 21 November, 2008, available at [http://ia-centr.ru/expert/3027].

¹⁹ See: "Kazakhstanu nuzhen zakon ob oppozitsii," *31-i kanal*, 20 August, 2005.

²⁰ See: O. Romaniko, "Pravovye osnovy oppozitsionnoi politicheskoi deiatelnosti v Kazakhstane," 24 March, 2008, available at [http://suv-demokrat.csu.ru].

²¹ See: "OSDP prezentovala obshchestvennosti razrabotannyi eiu proekt zakona 'Ob oppozitsionnoi deiatelnosti,'" *Panorama*, 13 April, 2007.

²² E. Kovel, "Teni zabytykh partii," 2 December, 2008, available at [http://ia-centr.ru/expert/3095]; A.V. Vlasov, N. Kharitonova, "Kazakhstan: rasstanovka sil posle vyborov," 12 December, 2005, available at [http://www.analitika.org/article.php?story=20051218230359932]; A. Nurmakov, "Gotovias k budushchei voine," 24 August, 2007, available at [http://www.posit.su/site.php?lan=ru&id=100&pub=532].

²³ See: A. Grishin, R.G. Abdullo, "Kazakhstan: ravenenie na fone ravnykh," 30 April, 2009, available at [http://ia-centr.ru/expert/4548/].

²⁴ See: "Pochemu my ne uchastvuem v vyborakh..."

²⁵ See: B. Shamekenov, "Natsional-oranzhizm po-kazakhstanski," 19 September, 2008, available at [http://www.posit.su/site.php?lan=ru&id=100&pub=14255].

²⁶ See, for example: A. Nurmakov, op. cit.

²⁷ See: A. Shaigumarov, "Vozmemsia za ruki, družia, chtob ne propast po odinochke!" 15 April, 2009, available at [http://ia-centr.ru/expert/4477/].

²⁸ "Ob'edinenie demokraticeskikh sil: prichiny i perspektivy," *Diskussiia v klube "Polyton"*, 29 June, 2007, available at [http://www.club.kz/index.php?lang=ru&mod=discuss&submod=large&article=246].

Nationalism Literature: Critical Examination of State vs Nation

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For a significant part of the 20th century, the role of nationalism and national identity was significantly underappreciated by the mainstream studies of International Relations (IR). This is especially true for the Cold War period when most scholars in the field were supremely concerned with the security matters of nation-states with the emphasis on 'state' part. This is quite peculiar oversight becomes even more puzzling given the evidence of the rise of national movements and nationalizing tendencies in vast areas of the world that have consequently obtained statehood during the process of decolonization. Only by the end of the super-power stand-off, a few scholars have "rediscovered" the importance of nationalism; most notably, Benedict Anderson (1991)¹ and Ernest Gellner (1983).

The above is intended not to argue that there was no discussion of nationalism; in fact, there were scholars who looked into the issue as early as the 19th century—Ernest Renan comes to mind (1996). The trouble is that the *mainstream* theories of IR mostly assumed or implied existence of nations without questioning the ultimate causes and ways in which such extraordinarily strong feelings of community have emerged. Frequently, the scholars in the field of nations and national identity essentially assumed the permanent nature of the phenomenon casting it in physical or biological terms. Of course this does not apply to all, but it was not before the 1980s when such issues became the center of the attention, especially with the publication of Anderson's ground-breaking treatise.

Even though the concept of nationalism became very well known in the 19th century, the field of studies devoted to this phenomenon is yet to produce a coherent theory of the nation. In many respects, nationalism studies mirrors the multitude and vicissitude of theoretical perspectives in IR along with the drawbacks and advantages of such state of affairs. As a result, when national identity approach, when applied in area studies, mostly introduces more question than it solves. Prime example of this issue is the lack of a comprehensive account of how the break-up of the Soviet Union prompted the search for new identities in Central Asia despite the empirical and theoretical richness of the region well suited for studying precisely the topic of nationalism.

This paper will review general nationalism literature available in English. One particular core concepts, the inherent relationship between the state and the nation, will be identified as a commonly accepted assumption in the field,

or maybe even a core tenet of nationalism approaches. In the first part, this paper will suggest a classification scheme which will be used for a brief overview of the general literature. In the second, this classification scheme will be applied to a brief overview of the nationalism literature. Concurrently, it will be argued that most theories of nationalism do not engage critically the connection between the nation and the state. While it is undeniable that such connection exists, unproblematic assumptions about it lead to frequent conflation of the two concepts. In the third part, an argument will be provided to with suggestions on how to improve on the identified common problem.

1. Classifying approaches to the study of nationalism

Even at the cursory glance at this field of study, it is quite evident that there is a great diversity of opinions about how one should explain nationalism, and it is not easy to classify them into definitive approaches. The problem, as it were, lies in the basics: how to define concepts of nation and nationalism: such "terms are shrouded in ambiguity due to their imprecise, inconsistent, and often totally erroneous usage." (Conner 1994, 91). On top of what Conner calls "terminological chaos" (Conner 1994) is the issue of multiplicity and multifacetedness of the nationalism phenomenon which produces an equally dazzling variety of analytical frameworks intended to explain it. In this paper, the definition of nation will be used in the context of the author being discussed unless specified otherwise.

There are many different classifications of the approaches to the study of nationalism, varying not only from scholar to scholar but also from one time period to another in writings of a single author. For example, Smith's framework expanded from considering two primary approaches, constructivist and primordialist in his 1989 article to a 4-way classification which discerned primordialists, perennialist, modernists and ethno-symbolists as separate schools of nationalism in 1990s (2004). His method of defining different types of the nationalism studies is quite powerful and acceptable by a number of scholars, but it does not really satisfy some needs since it unnecessarily puts scholars who share core assumptions into different categories, while failing to separate those who fundamentally disagree with each. In fact, it could be said that primordialists, perennialist, and ethno-symbolists all have one crucial belief in common—that all nations, despite their modern appearance, have a core elements of culture that stretch back in time differing only in ways they assess the role of ancient historical legacy in

¹ This is a second edition of his fundamental work which originally came out about the same time as the Gellner's one – in 1983.

modern nationalism; while at the same time, many modernists do not start with the same ideas about the causes and role of nationalism today.

It is true, as Breuilly says, that classifications "are not right or wrong; rather, they are either helpful or unhelpful" (1993, 9) and Smith's one is no exception. It is not wrong but for the purposes of a structured literature review a different classification might be of a better value since Smith had somewhat different goals in mind when devising his system. As such, proposed divisions, like any other in nationalism literature, are not either completely definitive or mutually exclusive but they intend to highlight the variance in how nationalism relation with political institutions is highlighted.

1. Constructivist. This category ranges from political explanations of the role of nationalism to a more social, or even psychological origins of such type of human collectives, none of which presumes a pre-determined course of development of human societies. Partly psychological, partly community and society oriented approaches to understanding nations focuses on the process of creating communities through construction of common identity. Anderson produced a pioneer work in this area, one of the most respected theories of nationalism, known as "Imagined Communities" (Anderson 1994).

2. Functionalist. This approach highlights a fundamentally different role of nationalism which emerged for a particular *reason*, with definite and empirically confirmed causal path where nation is created to serve a particular function. On the one hand, nations and nationalism are closely associated with states and therefore the emergence and development of nations is linked to the emergence and the development of states. Breuilly's analysis of nationalism revolves around the role of the state in establishing a nation as a type of politics (Breuilly 1994). On the other, some studies the modernization and economic development in the last few hundred years inextricably relate such processes to the emergence of nations. Gellner's classical study of nationalism identifies industrialization and modernization as the main driving forces of nation building in emerging state system (Gellner 1983).

3. Perennialist. Lastly, the most traditional account of nationalism is that of natural, historical roots of ethnic groups enshrined in shared myths and culture that traces back the genealogy of that particular nation back in time. Smith is the strongest proponent of the historical origins of nations, linking nationalism of a particular group of people to their group memories of the common past (Smith 1995).

The strength of this classification is its relative simplicity. It underlines the fact that most theories of nationalism see it as a modern phenomenon but differ about its origins. However, just like any other attempt to categorize nationalism approaches in the field, it also suffers from the diffuse "borders" syndrome when theories fall in two or more types. For example, Anderson could as easily fit in the functional group (1991) while Gellner's discussion does contain some elements of constructivism (1983). Smith expressly attempts to bridge perennialism and constructivism but in the final analysis he really believes in ancient roots of nations, leaning toward the former category (1989, 1995). Still, there is a benefit in discerning between types of nationalism studies this way which allows determining where national identity is applied in political arena, for example, determining the relationship between nationalism and foreign policy.

2. Examining classical approaches to the study of nationalism

CONSTRUCTIVISTS

This category includes those works that underline a socially constructed and socially conditioned nature of nationalism. The main purpose of this approach is to demonstrate that while nationalism did become important in the last couple of hundred years, it was not pre-determined by the course of events prior to it or by the ancient history of human associations. In many respects, this school of nationalism is spearheaded by the work of Benedict Anderson.

"Imagined Communities" by virtue of focusing on self-referent communities that 'imagine' or share the awareness of belonging to the same group of people (1991). Anderson aptly identifies the process of bonding of the members of future community which involves the use of print media, and the development of vernacular languages both of which contribute to the expansion and, at the same time, delimitation of the community, the nation. The appeal of Anderson's account lies in his exposure of the constructed nature of nationalism which evolves gradually over the time with the expansion of intangible but quite strong mental association of human individuals with each other. Such communities or, ultimately, nations become self-aware and inevitably seek to acquire a certain degree of political autonomy over their own matter if not a sovereign status, i.e. state (Anderson 1991). Of course, Anderson assigns an important role to print-capitalism in promoting the vernacular languages which serve as the vessel for development of nations, but his argument does not suggest that such outcome (i.e. transition from religious to national communities) was an inevitable one or that nationalism was the only possible form of human communities that could form in this way.

While it is not quite clear why only nations become the largest and ultimate referents of community, Anderson provides a good starting point for understanding the process of constructing the communal identity which can be defined as a nation-building project. Such projects were and are still taking place in all nations of the world in one form or another, and they all shared one important trait identified by Anderson—the process of bonding, connecting people across space and time and the process of their inclusion into a single easily identifiable group of people distinct from other groups of people without necessarily involving the notions of common ethnical origin, culture or historical roots. Such processes of creating a common identity can be easily spotted in most newly independent states through their effect on domestic structures and institutions, as well as the flow of reforms within those countries, as Sarsembayev found when applying Anderson's model to Kazakhstan (Sarsembayev 1998).

In similar fashion, Calhoun asserts the importance of 'manufacturing' community feeling, the kind of (re)production of national culture through the Foucauldian discursive formation which is nationalism (1997). While Calhoun denies that he trying to develop a *theory* of nationalism, Calhoun still manages to produce a fairly balanced, if a little indeterminate, framework for analyzing the role and impact of national movements. He remains apprehensive of two major approaches to the study of nationalism, modernism and primordialism, while attempting to mediate between the two. However, Calhoun's main contribution to understanding nationalism lies definitively within the former camp since he determines that the main driving force behind bringing national feelings into primacy is the rise of the state

as well the individual identity over kin and ethnic identities (Calhoun 1997, 39). Calhoun asserts that nationalism "is a way of constructing collective identities that arose alongside transformations in state power, increased long-distance economic ties, new communications and transportation capacities" (Calhoun 1997, 29). In this respect, his argument intersect a degree with that of Gellner (to be discussed below) but unlike the latter, nationalism for Calhoun is much less deterministic and more subjective, dependent on specific conditions of phenomenon being studied.

Calhoun's conception of nationalism as sort of via-medium between the state and an individual certainly qualifies to be considered a distinct theoretical approach to the issue even though it is a relatively thin, mechanistic one; and despite the authors misgivings to the opposite. The problem with Calhoun's analysis is that he significantly downplays the importance of non-ethnic identities, and focuses solely on the political dimension of nationalism as expressed in state-individual relations.

Yet another important theoretical exploration of nationalism worth mentioning is suggested by Conner (1994). He was one of those few scholars, who at the heyday of Cold War tried to emphasize the role of nationalism while the majority of IR studies were still devoted to security issues (1972). Conner's later work delves into the psychological realm of nationalism, exploring the appeal of national idea to the masses. He specifically distinguishes between *patriotism*, the loyalty to the state, and *nationalism*, the loyalty to once nation, arguing that the latter is much more powerful than the former due to the deeper psychological images it is capable of invoking (Conner 1994, 197). This division stands in stark contrast to most other scholars of nationalism who see a deep connection between the state and the nation.

While Conner does not really expose the source of the national psyche, he does assert that it has very little to do with the ancient history, or ethnic origins, or economic development. In other words, nation does not really have a *rational explanation*, in fact, he argues, origins of nations are really hard to analyze precisely because they are really not a rational phenomena but a "subconscious and emotional" ones (Conner 1994, 204). However, unlike other forms of group identity, nationalism is relatively recent because it is primarily a mass phenomenon and as such became possible not so long ago (Conner 1994, 222).

Conner's exploration of nationalism issue is certainly intriguing but it is not quite satisfactory due to his ambiguity in discerning between a nation and other types of group identities (especially ethnic groups). Hroch's approach certainly does not have that drawback. By drawing on Deutsch's theory of community construction through social mobility and communication, he tries to explain how ethnic groups turn into nations via the three-stage process of national movements. Hroch argues that nationalism is an ideology formulated initially by elites and spread later in the masses. His main contribution to the field is the idea that nationalization of ethnic groups is not a pre-determinate process, so unlike Deutsch, he does not believe that presence social mobility and communication networks are sufficient conditions for spurring national movement—an important ingredient is a sense of emergency, "a nationally relevant conflict of interest" (Hroch 1996, 67). Nation is not really an inevitable consequence of political or cultural development but a result of complex process subject to multiple and contingent causality.

The limitation of Hroch's model is that it is intended to

explain the development in Europe of the 19th century and hardly transportable to some of the post-colonial experiences in the second-half of the 20th century. Whereas for Hroch, national movements emerge within a larger polity with an ultimate goal of autonomy or even sovereignty, de-colonization frequently created states *prior* to the completion of similar national movement processes in the Third World.

FUNCTIONALISTS

Unlike the largely contingent nationalism explanations of constructivists, functionalist school asserts the inevitability of nationalism due to objective, almost physical precursors.

Gellner is a prime example of such approach. For him, national identity is the product of economic forces, specifically, that of modernization and industrialization. Once the human communities shifted from agricultural economies to industrial ones, the requirements for production capacity increased and could no longer be supported with traditional, pre-national societies which were quite fragmented. Such fragmentation inhibited economic development since it increased transaction costs by imposing multiple reference systems of values, norms of behavior and relative tastes. What was needed is a more egalitarian, educated and more or less homogeneous group of people who would be mobile and adaptive enough to be able to participate in a large scale economy as both consumers and laborers. Essentially, nationalism emerged as a response to demands of industrializing societies and their elites, to support that very mode of production (Gellner 1983). Along with the political structure, the state, nationalism was a perfect foundation for the flourishing of industrial enterprise by providing the mobile, readily interchangeable workforce to fuel economic growth. Nationalism becomes the form of mobility, egalitarianism which allows all members of the society to participate in large-scale economic processes without the hindrance of localized identities and specialization of pre-modern societies.

This account can hold currency even today, since most of the newly independent states struggle to modernize and develop the social base for industrialization of their countries. Thus, it can also be postulated that nation-building projects are a necessary component of the economic reforms and development in such states. In fact, in Central Asia success of many economic reforms were closely associated with the development of national idea. On the other hand, his theory implicitly questions the continued relevance of nationalism in economically developed states, thus affecting the projections for the continued importance of nationalism in the future. In addition, his theory may suffer from the problem of endogeneity, at least in Central Asian context—economic success might be needed to reinforce nation-building processes rather than the other way around.

In similar fashion, Breuilly advances the idea that nationalism is a form of politics which allows individual human beings to participate fully in the modern state functioning (1994).¹ In some ways, he is similar to Calhoun by stating that he is not offering a full-fledged *theory* of nationalism but rather an analytical framework; and also by suggesting that nationalism is a way of connecting individuals to the state. Unlike Calhoun, though, Breuilly's nationalism is nothing more than a form of politics, and as such it is not a type of shared community but a means of acquiring power which ul-

¹ Breuilly's original theory of nationalism first came out in 1982, book cited in this paper is the 2nd edition.

timately expresses itself in the form of nation-state (Breuilly 1994, 1). All other considerations such as history, symbols, ethnic identity are secondary since they simply constitute a sort of a toolkit of achieving power in the modern world. Similarly to Gellner, Breuilly argues that modern nation states superseded fragmented nature of pre-modern polities and centralized 'public' powers in fewer, more specialized institutions, reforming the corporate division of labor in the process, creating the need for a new system of interaction between individuals and the state—nationalism. He illustrates his approach by conducting a large comparative study involving over thirty cases from Europe, Middle East, Africa, and Asia (1994).

Breuilly's account is very insightful and amount of empirical work is quite impressive. However, it does seem that he does not fully appreciate the power of national identity in its own right, and analysis of nationalism as a form of politics does not seem to provide a full picture.

PERENNIALISTS

Finally, perennialists or, alternatively, primordialists, offer a more historicized point of view which allows little room changing deep-rooted ethnic identities.

While Anderson mainly deals with the feelings of shared identity Smith, on the other hand, emphasizes just those traits of national identity that are relatively absent from Anderson's analysis: the shared history and genealogy of ethnic groups (ethnies) which eventually evolve into political units, nations (1989). Smith believes that nations which emerge on the basis of historically constituted ethnies with shared culture, myths, and territory represent the most resilient and strongest human group identities. For him, the sense of continuity and belonging to a distinct group of people with common culture and history constitutes a vital part of the self-image of an individual. Thus, Smith defines nations as ethnically-bound groups rather than constructed identities. Furthermore, he determines that nations are the primary means of political expression and provide legitimacy for the existing international system of states; as well as establish the social cohesiveness within each state, i.e. provide a measure of order on their own, without the continuous state enforcement (Smith 1995). The last two concepts are very important for the newly independent states, that is, if they can claim to govern over a nation, they acquire a certain degree of stability without the necessity of setting up a strong domestic administrative apparatus. In fact, if Smith is correct, it is absolutely necessary to form a nation in each state to claim the right to sovereignty and to be a part of the international system.

However, not every independent state can readily establish the claims to historical origins, myths and culture of the nation it purports to represent, i.e. to discover the *ethnie* to support its legitimacy and define a new nation. While Smith agrees, that nations are indeed a modern invention, there *always* ancient connections that promote development of national consciousness. However, most other authors would disagree about the presence of ancient roots since they are frequently 'conjured up' from the elements of various ancient cultures, which do not necessarily have any direct bearing on modern ethnicities. Central Asia may be suffering from precisely this issue—modern nations in the region share a lot of historical events and figures which complicates their efforts to differentiate between themselves and establish powerful and distinct national identity.

3. General critique

No doubt, the above literature review does not exhaust the number of possible approaches to the study of nationalism. However, within the limits of this paper, the above discussion provides a good starting point for evaluating literature in the field.

Overall, the contributions to the study of nationalism have achieved a breaking point in the 1980s and especially after the end of the Cold War. This development is spurred by the *perceived* explosion of ethnic-based conflicts in the aftermath of this major shock to the international system since prior to it similar events were cast in terms of security agenda of the two superpowers. However, the problem plaguing the field continues to be a paradox of the great importance and lax definition of its core concepts.

At a fundamental level, most of the established, classical studies of nationalism are built on the European experience of state- and nation-building. This causes the problems of applicability of their concepts and ideas to the experiences of the rest of world, especially to decolonizing states. In particular, nationalism studies either implicitly or explicitly relate the emergence of the state to that of nation and vice versa. The resulting assumption is that every single state requires an establishment of corresponding national identity for proper functioning and its absence it is bound to cease to exist. However, the fact of the matter is that quite a few newly independent states in recent history were created in the absence of corresponding national movements, which often dictated the need for national mobilization in the aftermath, rather than prior to the establishment of the state, as most nationalism theorists would dictate.

Additionally, as it has been pointed out above, the general critique of the above approaches to the study of nationalism is their lack of analytical distinction between the concepts of *nationalism* and that of *state*. In some cases, for example, for Breuilly and for Calhoun, both are almost like two sides of the same coin (phenomenon). However, for others, such assumption is quite problematic and yet there is no analytical distinction between the two. The problem, as it were, is that both nation and state are analytically distinct and may not even require each other's presence for defining oneself.

The main argument here is that major approaches to the study of nationalism assigned agency to either state or nation but not both at the same time. This, as well as the general terminological confusion abound in the field, might be primary causes of the continued conflation of these two terms. Therefore, for further theoretical advancement in the field, it is vital to examine *concurrently* the agency of both nation and state in order to determine their relationship with greater analytical precision.

4. Conclusion

By most accounts, nationalism came to the front of international affairs in the 19th century when it joined the ranks of fundamental social principles that were considered to affect human lives for at least a few hundred years prior. However, it was not until "slightly before the break-up of the last Eurasian empire" (Hall 1998, 1) that its study has acquired the mainstream status in social sciences. Scholars devoted to the study of this concept of human communal identity agree that nationalism is one of the most pervasive and important forces in world politics today, so far, they failed to explain fully its emergence and persistence. The two major theoretical issues that scholars in the sub-field of nationalism are facing are the questions of why and how

human communities organized themselves into nations; and why do national identities exert such significant psychological and social power over human beings.

The paper attempted to show that the field of nationalism in general suffers from underestimating either the power of state or national identity. Most authors tend to emphasize one or the other but not both at the same time. One of the reasons discussed was the general terminological confusion in the field; and the other is the frequent conflation of state and nation. An interesting resolution of the dilemma is suggested by foreign policy analysis studies which incorporate national identity as primary explanatory variables. Examples discussed above suggest that both state and nation can have agency and the relationship between is dialectical rather than uni-directional as it appears in the mainstream nationalism literature.

Ultimately, the jury is still out on the question of which of those crucial elements of various nationalism theories explains the phenomenon the best; and the field does not display any sustained effort to synthesize those major conceptual framework. Perhaps, as some authors indicate, it is not really possible (Breuilly 1994, Calhoun 1997). It is quite remarkable that most scholars in political science and international relations have come to recognize the importance of nations in politics but yet there is very little agreement on the most fundamental questions of nationalism—why

nationalism is important and how nations came into being. Additionally, the field of study of nationalism is plagued by the difficulty of establishing a clear-cut distinction between the concepts of state and nation, and quite a few scholars are accused of conflating the two. Yet another major is the difficulty of establishing the precise boundaries of a nation due to the presence of multiple and frequently overlapping identities that frequently 'clash' with the sense of belonging to that particular nation. Additionally, there is also general a problem of differentiating between ethnic and civic nationalism, or, as Connor hints by attempting to differentiate between nationalism and patriotism.

The above discussion does not intend to show that the study of nationalism introduces more puzzles than it solves. It is quite encouraging to know that nationalism has finally acquired its own research program with a number of high-profile scholars working in it, and there is no doubt that in the last quarter of a century there quite a few intellectual breakthroughs in understanding complicated issues related to nationalism, offering unique and compelling accounts of nationalism origins and its role in modern politics. While the work in this discipline is far from being over, it does display progress and no sign of slowing down. As discussed above, the potential of cross-fertilization by introducing foreign policy analysis into nationalism literature is quite promising but it needs more work to develop to full potential.

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