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THE BRIDGE BETWEEN WEST AND EAST NAZARBAYEV'S KAZAKHSTAN

The authors in this paper dissect Kazakhstan's early steps to be a modern democratic nation state. First, they provide a short introduction of Kazakhstan in general and explains the political leadership's first successes to build a modern, democratic state. Secondly, they introduce Nursultan Nazarbayev's main characteristics of his personality in order to comprehend the background of the president's decisions. The authors further explain the role of two global players – the United States and China – in the stability of Kazakhstan. They examine the financial assistance of the United States and its influence on the internal stability of this enormous country, and then they review the effects of the new Kazakh-Chinese oil pipeline on Kazakhstan's economy. Finally, they assess the near and mid-term future of Kazakhstan under President Nazarbayev.

I, for my part, am sure that by the year of 2030 Kazakhstan would have become a Central-Asian Snow Leopard and would serve a fine example to be followed by other developing countries.

Nursultan Nazarbayev

There is a sea between Europe and Asia that is estimated to be about 30 million years old, known as the Caspian Sea. It has been landlocked for 5.5 million years. As the world largest inland body of water it covers 371.000 km² (143.000 sq. mi.) and holds the main characteristics of both sea and lake.¹ The Caspian Sea is often referred to a lake; however, it is not a freshwater one, its salinity is about one-third of the sea water. The Caspian Sea is bordered by five independent states: the Russian Federation, Iran and three former Soviet Republics – Kazakhstan, Turkmenistan and Azerbaijan.

The Caspian Sea has played always an important role in the region. Its rich fauna has helped to develop shipbuilding and maritime navigation in the region. The appearance of ship transportation accelerated the external trade and tightened the commercial ties among the nations around the Caspian Sea. Under the Russians, Peter the Great was the first, who recognized the strategic importance of the sea. As a result he established the first naval base in the Volga delta in order to support his land forces and reinforce Russia's dominance in Central Asia.²

In the late nineteenth century, the Caspian Sea region became more critical and complex as the commercial oil industry began to develop. During this time, Russia opened the Caspian Sea area to private — mainly international — investors. Thanks to the Nobel brothers — and later to the Samuel & Co. (predecessor of Shell Transport and Trading Company)³ — the natural oil reserve became the region's main link with the external world.

The Caspian region has a long history of geopolitical struggles, which became more complicated after the collapse of the Soviet Union. Moreover, the new international players of oil and gas business, with their different interests, do not facilitate regional problem solving. The aggressive policy of these foreign governments to gain control over the "black gold" and other valuable natural resources of the region placed great pressure on the shoulders of unskilled decision makers in the three newly independent states. Since the world knew that Kazakhstan, Azerbaijan and Turkmenistan possessed remarkable hydrocarbon reserves the political leaders of these countries have attempted to exploit their respective countries' natural treasures. Without their vast resources they would be unable to unravel their massive domestic problems.

¹ Wikipedia the free encyclopedia, http://en.wikipedia.org/wiki/Caspian_sea (accessed March 26, 2007)

² Akiner, *The Caspian*, 4.

³ Ibid, 5.

This article dissects Kazakhstan's – the biggest and most diverse newly independent former Soviet Republic (excluded Russia) – early steps to become a modern democratic nation state, which is ready to reshape the nature of the country. First, we provide a short introduction of Kazakhstan in general and explain the political leadership's first successes to build a modern, democratic state. Second, we introduce Nursultan Nazarbayev's – the first, and so far, the only democratically elected president of Kazakhstan – main characteristics of his personality in order to comprehend the background of his decisions. Under his leadership, Kazakhstan has become a relatively powerful and independent state; defying critics whom assumed Kazakhstan would fail because of its close political, ethnic and economic connections to the Russian Federation. We further explain the role of two global players – the United States and China – in the stability of Kazakhstan. We examine the financial assistance of the United States and its influence on the internal stability of this enormous country, and then we review the effects of the new Kazakh-Chinese oil pipeline on Kazakhstan's economy. Finally, we assess the near and mid-term future of Kazakhstan under President Nazarbayev.

NAZARBAYEV'S KAZAKHSTAN

Kazakhstan, geographically, is the ninth largest country in the world with an area of 2.7 million km² (1.56 million square miles).⁴ This vast landlocked country shares its border with five independent states. Its two most remarkable neighbors are the Russian Federation (6846 km) and China (1533 km). Kazakhstan's population is 15.185.844 (July 2005 est.), with only 5 people/km² (estimated).⁵ The majority of the population is either ethnic Kazakhs (58%) or Russians (27%) with Ukrainian, Uzbek, German, Uighurs and other minorities. The main religious groups are Muslim, Russian Orthodox and Roman Catholic.⁶

This ethnically and religiously diverse country declared independence on 16 December 1991, following the abortive coup in Moscow. In the succeeding years, under Nursultan Nazarbayev (elected president in 1991), Kazakhstan has made remarkable progress in developing its economy and building new democracy. Using his strong presidential power – as head of state and commander in chief – Nazarbayev established a constitutional republic with a bicameral Parliament. In the early years of independence, Kazakhstan gained admission to the United Nations and became a member of other main international organizations like the Commonwealth of Independent States⁷ and the Shanghai Cooperation Organization.⁸ While seeking to protect his country's independence, Nazarbayev has pursued good relationships with Russia — as a member of the stated organizations — unambiguously for security and economic reasons. Furthermore, Kazakhstan is also an active participant in NATO's Partnership for Peace program. Using these organizations and programs, the Kazakh president built a stable relationship with all of its neighboring independent states.

The vast natural resources and its relatively stable, although absolutely uncompetitive, political life made Kazakhstan attractive target for foreign investors. The president wisely opened the country's economy to foreign investors. The large amount of direct foreign investments⁹ was significant and resuscitated Kazakhstan's energy, manufactory and service life. But the changes in the country have not come without soreness. The country still faces economic, political and ethnic problems; nevertheless, the president has a clear vision which is shared with many of his fellow citizens. In 2007 he sent the "Message of the President of the country to the people of Kazakhstan".¹⁰ The motto of his message is: prosperity, security, and ever growing welfare of all Kazakhstanis. Reading his vision, one can deduce his personality from the document. Additionally, analyzing other articles about him, and reading his personal statements, the reader can have a clear picture of his character.

⁴ Wikipedia the free encyclopedia, <http://en.wikipedia.org/wiki/Kazakhstan> (accessed March 26, 2007)

⁵ CIA – The World Factbook, <http://www.cia.gov/cia/publications/factbook/geos/kz.html> (accessed March 25, 2007)

⁶ Wikipedia the free encyclopedia, <http://en.wikipedia.org/wiki/Kazakhstan> (accessed March 26, 2007)

⁷ The Commonwealth of Independent States, <http://www.cisstat.com/eng/cis.htm> (accessed March 24, 2007)

⁸ The Shanghai Cooperation Organization, <http://www.secsco.org/home.asp?LanguageID=2> (accessed March 24, 2007)

⁹ 2006 Index of Economic Freedom, <http://www.heritage.org/research/features/index/country.cfm?id=Kazakhstan> (accessed March 24, 2007)

¹⁰ Kazakhstan Info, <http://www.kazakinfo.com/AboutKazakhstan/Economy/Nazarbayev2030/tabid/52/Default.aspx> (accessed March 27, 2007)

NAZARBAYEV'S PERSONALITY AND HIS LEADERSHIP STYLE

Let's see what kind of man Nursultan Nazarbayev is, based on his 2030 vision? Actually, who is he? Is he a Soviet-trained dictator, a new khan, or a great strategist, who can modernize Kazakhstan's economy? Undeniably, he can control enough oil, gas and other natural resources to act largely autonomously.

Kazakhstan's first elected president demonstrates the creative potential of narcissism¹¹ as played out on national and international scenes. He is an individual, who has a grandiose charisma and sense of self-importance, accompanied by a self-created vision to change the future of Kazakhstan. He has the ability not only to engage the population of his country but also to inspire his countrymen to follow him in fulfilling his dreams. He is able to plan and work towards his goals successfully, as he is absolutely goal oriented and extremely optimistic. However, he is acutely sensitive to criticism. This sensitivity is multiplied by his paranoia and poisoning his environment. He is a self promoter, he is very self-assured, loves to receive awards and believes in being special.¹² Indisputably, Nazarbayev is more a leader than a follower. That's why it is difficult to separate the procedure of state building, from his personality in Kazakhstan.

In 1989, he was appointed to be the first secretary of Kazakhstan's Communist Party and built a close relationship with Gorbachev. His first goal was to impress Gorbachev. He quickly gained Gorbachev's respect and began his transformation to Kazakh state politician. He was grateful to Gorbachev; he was a useful and dependable ally to the former Soviet leader until his last days in office. With his loyalty, Nazarbayev paid his debt back.¹³

In the early years of his carrier he created a system to buffer him from popular criticism and trained himself to block out other voices and opinions. Strategically, Nazarbayev chose the best time, because he was strongly supported, even idolized, by the Kazakh people. In 1990, he took his next step to fulfill his dream by assuming the title of president of Kazakhstan and took the preliminary steps in preparation for his first "democratic" election. As a result of his conspiracy he ran unopposed in the popular election in December 1991 and received 98 percent of votes and achieved his dream. Using his newly gained formal power he extended his term as president to 2000 through a referendum held in 1995.¹⁴

In the course of time President Nazarbayev became a more and more sophisticated state person, as well as a corrupt and nationalistic political leader. Understanding that he never traveled abroad as a "local" politician it is comprehensible. After his first international trip, Nazarbayev discovered his country's political and economic potential, and in his mind outlined a picture of Kazakhstan as the wealthiest, most stable and most attractive independent regional state.¹⁵ He began to put more emphasis on cooperation with other Central Asian neighbors in order to decrease Russia's economic dominance, but also compensating Russia's partial withdrawal from the region. Exploiting his newly gained experiences on the international arena, Nazarbayev elaborated his country's new foreign policy. He believes that the strategic partnership with states as the United States and China will help him to enhance Kazakhstan's position as a regional power.

THE US IS ON THE STAGE

Since the independence of Kazakhstan, the country is increasingly in the focal point of the United States' interests. The first reason is that Kazakhstan was the only non-Slavic former Soviet Republic to had inherited nuclear weapons¹⁶ after the collapse of the USSR; however, Russia maintained overall control over these weapons. More importantly, the United States believes, that Kazakhstan's success is vital towards securing a major part of the immense and largely untapped Caspian oil and gas reserves. Former US Deputy Secretary of State, Richard Armitage, proclaimed that "Kazakhstan can and should, in my view, serve as a guiding light"¹⁷ in the Caspian region. The substantial US

¹¹ According to the legend of Narcissus, the Greek boy fell in love with his own reflection in a pond.

¹² Post, *Leaders and their followers*, 25-32.

¹³ Olcott, *Kazakhstan*, 28-29.

¹⁴ Ibid, 26-30.

¹⁵ Ibid, 49.

¹⁶ CRS Report for Congress, <http://www.ndu.edu/library/docs/97-1058.pdf> (accessed February 23, 2006)

¹⁷ CRS Report for Congress, <http://www.ndu.edu/library/docs/97-1058.pdf> (accessed February 23, 2006)

government aid further reinforces the US' commitment to Kazakhstan's development by budgeting \$1.054 billion between fiscal years 1992 through 2003 for Kazakhstan.¹⁸

In Fiscal Year 2004 the United States continued its assistance program and budgeted \$74.2 million for Kazakhstan. In 2004, the US government aid focused on national security assistance and law enforcement. That's why; more than fifty percent (\$39.4 million) of US assistance was earmarked — in US term — to support the Global War on Terrorism. Much of the US aid was aimed to secure civilian nuclear materials, provide equipment for border- and pipeline security, improve Kazakhstan's prevention capabilities against weapons proliferation, interdict narcotics trafficking, and reform law enforcement.¹⁹

Besides the security and law enforcement effort the US assistance allocated four other aid programs in FY 2004. The democracy programs (\$10.6 million) supported citizen participation and transparency, fostered human rights, encouraged independent media, and strengthened civil society. In the social sector (\$21.5 million), through the USAID, the assistance program helped to mobilize communities to solve local issues and encouraged community development. With the market reform program, the US attempted to help Kazakhstan, by diversifying the country's economy into poorer regions; assisted banking sector reform and reorganized environmental regulations in the energy sector program. Humanitarian assistance (\$0.3 million) concentrated on shipment and distribution of donations to the Kazakh population. In addition, the US government assigned \$2.4 million for cross-sectoral initiatives.²⁰

Understanding some unfavorable progress in Kazakhstan's political life, in Fiscal Year 2005 the United States concentrated its aid effort "to maintain citizen participation in politics, support grassroots civic organizations, and develop more responsible local government."²¹ The Foreign Military Financing and other training assistances were used to support the Kazakh Peacekeeping battalion and to start the creation a rapid reaction brigade.

Nevertheless, the American decision makers made a common mistake in US foreign policy implementation. Protecting mainly US investors, US policy makers pushed the political and economic reforms too hard in this newly independent state. With the absence of a democratic tradition in Kazakhstan, foreign investors had feared, that their access to Kazakh oil and gas reserves would be restricted. This policy made Kazakhstan's political leaders a bit restless. They saw their positions destabilized in a western style democratic system, and endeavored to compensate this perceived problem by quickly building the eastern pier of their bridge, the Chinese connection.

Does it mean that the American assistance was useless? The answer is clearly no. Without the political and economic support of the United States this country could not handle so well its extensive internal problems and would not be a new and remarkable hydrocarbon exporter country. It only means that the Kazakh leadership was looking for a different alternative, and they found a substitute in China, which is proving to be a more patient state.

THE CHINA CONNECTION

China, as the world's most populated country, and second largest energy consumer, is a new player in the Central-Asian region. China's national interests include better collaboration and continued progress of stability along its northern border with Russia. China has also been eager to increase bilateral and multilateral economic trade with the newly independent Central-Asian states, in addition with Russia. China sees Kazakhstan, as an important state in the Caspian Basin, because of its vast territory, rich oil and gas reserves, and strategic location. More importantly the Sino leadership sees the Kazakh hydrocarbon reserves — likely to prove to be the most significant in the region — as a solution to reduce China's dependence on the Persian Gulf oil reserves.

Kazakhstan's oil and gas deposits are mainly concentrated in the western part of the country, near or under the Caspian Sea. The list of international investors in the oil and gas sector of the country is very long and includes most

¹⁸ CRS Report for Congress, <http://www.ndu.edu/library/docs/97-1058.pdf> (accessed February 23, 2006)

¹⁹ U.S. Department of State, "U.S. Assistance to Kazakhstan – Fiscal Year 2004," <http://www.state.gov./p/eur/rls/fs/35987.htm> (accessed February 23, 2006)

²⁰ U.S. Department of State, "U.S. Assistance to Kazakhstan – Fiscal Year 2004," <http://www.state.gov./p/eur/rls/fs/35987.htm> (accessed February 23, 2006)

²¹ CRS Report for Congress, <http://www.ndu.edu/library/docs/97-1058.pdf> (accessed February 23, 2006)

of the major international companies, consisting of China National Petroleum Company.²² The remarkable distance between China and the Kazakh oil and gas fields presented technical difficulties which made the proposed pipeline project more challenging to both China and Kazakhstan. Even more, at the end of the last century, some specialists thought that the Chinese-Kazakh proposals were hopeless. As Ebel and Menon wrote; “Neither China nor Kazakhstan have the funds to build the pipeline.”²³

In spite of the negative international environment in December 2005, China and Kazakhstan put into operation their first cross-border oil pipeline,²⁴ which will cost a total of \$3 billion, and will be able to carry more than 10 million tons of oil per year.²⁵ The pipeline provides Kazakhstan a reliable market for its products, while China will have a stable and secure supply of crude oil. Additionally, this physical link between the two countries has helped to develop more bilateral ties and expanding economic, trade, energy and security partnerships. As Chinese Vice President Zeng Qinghong characterized the new Sino-Kazakh relationship while visiting Kazakhstan in January, 2006 “No matter how the international and regional situation changes, China will remain Kazakhstan’s good neighbor, sincere friend, and reliable partner.”²⁶ His words reinforced Nazarbayev’s foreign political efforts to further stabilize Kazakhstan’s position in Central Asia.

THE KAZAKH FUTURE

President Nazarbayev won 91% of the votes in the presidential election in December 2005, guaranteeing him another seven-year term to rule Kazakhstan. However, the CRS Report suggests that “Kazakhstan’s moves toward democracy have been halting.”²⁷ Will the president be able to build a bridge between West and East – in socio-political means instead of simple geography? Nazarbayev’s foreign policy is well balanced. On one side it supports the Western and Chinese endeavors while on the other side try to retain Russian support. Domestically, it looks like, that he is adopting China’s economic policy; pursuing a capitalist economic system without political liberalization.

Nursultan Nazarbayev is in many ways exemplary of the narcissistic personality. He tends to form relationships only if he can clearly see the benefits of such cooperation. Nazarbayev’s personality features can play a detrimental role in his decision making process. While one should understand that it is useful to know groups don’t make decisions, individuals do. In Kazakhstan Nursultan Nazarbayev is this individual, at least for the time being.

Keywords: Kazakhstan, Russia, USA, China, political leadership

Kulcsszavak: Kazahsztán, Oroszország, USA, Kína, politikai vezetés

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²² Peck, *Economic development in Kazakhstan*, 179-180.

²³ Ebel and Menon, *Energy and Conflict*, 218.

²⁴ “Kazakhstan-China oil pipeline to open in May,” *People’s Daily Online*, February 27, 2006, http://english.people.com.cn/200602/27/eng20060227_246399.html

²⁵ “Natural Gas and Pipeline,” China National Petroleum Corporation, <http://www.cnpc.com.cn/english/zyyw/trqygd.htm> (accessed February 26, 2006)

²⁶ Chinese Government’s Official Web Portal, “Vice President Zeng Qinghong visits Kazakhstan,” http://english.gov.cn/2006-01/10/content_154406.htm (accessed March 3, 2006)

²⁷ CRS Report for Congress, <http://www.ndu.edu/library/docs/97-1058.pdf> (accessed February 23, 2006)

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