

# 11

Dosym SATPAEV

## *An Analysis of the Internal Structure of Kazakhstan's Political Elite and an Assessment of Political Risk Levels*

Without understating the distinct peculiarities of Kazakhstan's political development, it must be noted that the republic's political system is not unique. From the view of a typology of political regimes, Kazakhstan possesses authoritarian elements that have the same pluses and minuses as dozens of other, similar political systems throughout the world.

Objectivity, it must be noted that such regimes exist in the majority of post-Soviet states, although there has lately been an attempt by some ideologues to introduce terminological substitutes for authoritarianism, such as with the term "managed democracy."

The main characteristic of most authoritarian systems is the combination of limited pluralism and possibilities for political participation with the existence of a more or less free economic space and successful market reforms. This is what has been happening in Kazakhstan, but it remains

Editor's note: The chapter was written in 2005, and the information contained here has not necessarily been updated. Personnel changes in 2006 and early 2007 include the following: Timur Kulibaev became vice president of Samruk, the new holding company that manages the state shares of KazMunayGas and other top companies; Kairat Satybaldy is now the leader of the Muslim movement "Aq Orda"; Nurtai Abykaev was appointed ambassador to Russia; Bulat Utemuratov became presidential property manager; and Marat Tazhin was appointed minister of foreign affairs.

important to determine which of the three types of authoritarian political systems – mobilized, conservative, or modernizing (that is, capable of political reform) – exists in Kazakhstan. Correctly judging the qualitative characteristics of the country’s political elite and the political system’s future level of legitimacy depend upon this determination.

Before answering this question, it is necessary to review the evolution of Kazakhstan’s political system from 1991 through 2005. This time span can be divided into a number of stages. The following categorization is wholly the author’s and pays special attention to an analysis of the development of the presidency as the institute that has played the most important, system-forming role.

## **Stages in the Development of Kazakhstan’s Political System 1991–2005**

Over the last fourteen years, Kazakhstan’s political system passed through the following stages in its development:

### **1991–1995: The Immediate Post-Soviet Period**

#### **Main Characteristics**

- “Pro-Western,” democratic romanticism;
- Retention of certain elements of the Soviet command-based administrative system;
- Exceptional political activity among the general population;
- The beginning of the gradual strengthening of presidential power along with the parallel curtailment of the influence of legislative organs of state;
- Search of an optimal model of socio-economic and political development.

### **1995–1999: Definitive Personification of State Power**

#### **Main Characteristics**

- Constitutional enshrinement of the presidency’s expanded powers;
- The final formation of a mechanism for preservation of the balance of

## *An Analysis of the Internal Structure*

power between influential pressure groups;

- Popularization of the theory of Kazakhstan's "special path";
- Choice of an "Asian model" of political and socio-economic development following a thesis of "first the economy and then politics";
- The beginning of contentious confrontation between the government and the opposition.

### **1999–2001: Temporary Stabilization**

#### **Main Characteristics**

- Quick tempo of economic reforms with the retention of the conservative political system;
- Expansion of presidential powers as an indicator of the established authoritarian system;
- Stability inside the political elite.

### **2001–2004: Growing Inter-elite Conflicts**

#### **Main Characteristics**

- Disparity between the open economic system and the closed political system;
- Shifts in the balance of power among the domestic political elite, leading to schisms within the elite;
- Formation of the early beginnings of an electoral politics, when a number of previously grey cardinals emerging as public figures on the political scene;
- Unification and activation of the Kazakh opposition and its increased clashing with the government.

### **2004–2005: Reaction to the Changing of the Elite in Georgia, Ukraine, and Kyrgyzstan—Mobilization and Preparation for the Presidential Elections**

#### **Main characteristics**

- Legal changes directed at strengthening state control over Kazakhstan's informational and political space;
- Confrontation with the "third sector." Toughening of state control of

local and international NGOs;

- Confrontation between the opposition and the government grows more ferocious;
- Transformation of the party system, with the creation of new multi-party coalitions, both in the pro-presidential and opposition camps, and the dissolution and disappearance of a number of political parties.

In addition to Kazakhstan's heavy handed, administrative political system, the country suffers from a significant level of political unpredictability similar to other Central Asian states due to the existence of five key problems:

- Lack of constructive relations between the government and the opposition;
- Lack of a mechanism for the smooth transfer of power. The entire political system is fixed on one person and small, separate groupings;
- Domination of secretive and non-transparent political dealings over public policy making gives birth to the dominance of narrow interest groups over issues of state;
- Lack of a long-term strategy for political reform and the persistence of a habit of reacting to immediate political challenges (terrorism, the opposition, etc.);
- The government's lack of a full, stable legitimacy.

### **The Main Factors Affecting the Level of Political Stability in Kazakhstan**

The peculiarities of Kazakhstan's "political stability" are founded on a number of factors, the first of which is a presumed stability in the relations among the political elite. These factors are conventionally divided into internal and external factors, with the former being of greater significance than the latter.

## **Internal Factors**

### **Political**

#### **Preservation of the Balance of Power between Influential Pressure Groups**

The balance of power between different elite pressure groups is one of the most consequential factors in analyzing Kazakhstan's political situation, which is strongly affected by:

- a. The distribution of power between competing political figures;
- b. The ability of the president to keep the situation under control, not giving one or the other of the competing groups such power that they are able to expand their political and economic interests.

### **Economic**

#### **Internal and External Economic Factors**

##### *Internal*

1. Stability of the extraction and export of mineral resources;
2. Measures taken to limit the role of the shadow economy;
3. The diversification of the economy;
4. Anti-corruption measures.

##### *External*

1. The global economy's quick pace of development;
2. Favorable environment and prices on global markets for energy resources.

#### **External Geopolitical Factors**

1. Political stability of neighboring states;
2. Regional stability in Central Asia.

The political risk dynamic in all Central Asian states are usually determined by three types of risks: domestic risks (which are sufficiently var-

ied, but which include a number of consistently present risks), regional risks (interstate relations between the Central Asian states, influence of “third” states on regional politics, and the existence of conflict zones in the region), and global risks (the negative consequences of globalization).

Of all of the Central Asian states, only Kazakhstan currently has a risk level below medium, a level that is acceptable to investors and large geopolitical players, but which does not guarantee political predictability.

One thing that unites all Central Asian states is the predominant role played by two risk assessment variables – the lack of a clear-cut mechanism for the succession of presidential power and peaceful, institutionalized means for the transition between political elites.

A peculiarity of Kazakhstan’s political elite is that it was never an internally consistent monolith, but consisted of different groups, subgroups, and key personalities, whose level of influence directly depended on their degree of proximity to the main center of political decision making – the country’s president.

At the same time, the government was, until lately, sufficiently monolithic in its relationship with society and, foremostly, with the opposition. The situation changed cardinally at the end of 2001 when conflicts arose among different groupings in the elite that lead to serious changes in the configuration of relations, not only between different elite groupings, but throughout Kazakhstan’s political space.

## **Stages in the Development of Kazakhstan’s Political Elite**

The formation of Kazakhstan’s political elite taken place in a number of stages:

### ***1991-1994***

Soviet, party-executive nomenclature and related pressure groups dominate. State property is redistributed. High levels of corruption permeate all levels of government.

### ***1994-2001***

Representatives of the business elite enter the halls of power and the

first signs of friction and confrontation between the old nomenclature and the new political elite appear. The president builds a new system for balancing power between the various pressure groups, while strengthening his own power.

### **2001–2003**

The balance between elite groupings begins to be violated, leading to splits within the political elite. The reasons for the disruption of the old balance are two-fold. First, the excessive growth in the influence of certain members of the president's family caused dissatisfaction among parts of the political and business elite. Second, there is a growing disparity between the fast pace of economic development and the closed nature of the political system.

*The Result:* Possibilities for the business elite to participate in the legitimate struggle for power are limited.

### **2003–2005**

The president restores the balance of power within the political elite. Kazakhstan faces presidential elections. Counter-elite activists play a significant role within the framework of the oppositional Democratic Coalition "For a Just Kazakhstan."

## **General Characteristics of Kazakhstan's Modern Political Elite**

- The elite is closed in nature and removed (economically, politically, informationally, and mentally) from the general population;
- The elite functions within the framework of a rigid hierarchy where concepts of professionalism are often disregarded in favor of concepts of personal loyalty and blood ties. This is also true, though to a lesser degree, for the business elite;
- The governing elite is not monolithic. On the contrary, it is caught in a state of continuous contradiction, as a result of which different blocks of convenience are formed around shared interests and the immediate

- political conditions among the elite;
- The main struggle within the elite is not for the right to spread its ideals of state and social development, but for the right to extend its influence over the head of state and other elite groupings, and only through these levers of power to influence the state and social development;
  - The president of the country is the only guarantor of any stability within the political elite.

### **The Main Pressure Groups within Kazakhstan's Ruling Elite**

The current analysis of the main pressure groups active in Kazakhstan's political system is a relative analysis. It is the continuation of the author's previous scholarly studies, which focused on the issue of lobbying in Kazakhstan. The author's first attempt at classifying Kazakhstan's pressure groups was presented in the book *Lobbying: The Secret Levers of Power*, which was published in 1999.<sup>1</sup> This study used the systemic analysis of David Easton to analyze the activities of groups of the Kazakh elite.

Currently, all of the republic's main lobbying groups are represented by two blocks, which are organized into hierarchies stretching from leaders to low ranking members, while also featuring cooperation between leaders at various parallel levels throughout the two groupings. These two blocks consist of the president's "inner circle" and his "outer circle."

It should be noted that these two main groups do not exist independently and isolated from each other. They maintain a constant interactive process in many areas in a manner that features partnership as well as competition bordering on confrontation.

1 Dosym Satpaev, *Lobbizm: Tainye rychnagi vlasti* (Almaty, 1999).



## **The Inner Circle**

**The President's family** is the most natural, important, and influential political formation in his close circle. The family cannot be represented as an absolute homogenous group, without any internal conflicts working toward a shared goal. Nonetheless, the family is tied together by tight blood relations, which justifies referring to it as a single formation. After certain family members made obvious pretensions to political power, the president made his family play a lower profile role, and the family has stopped playing the role it did earlier when many issues could be decided with the help of or mediation from a family member.

This grouping can be divided into two main subgroupings:

### **The Grouping of Rakhat Aliev and Dariga Nazarbaeva**

Rakhat Aliev is the son-in-law of Kazakhstan's president, Nursultan Nazarbaev. He is married to the president's oldest daughter, Dariga Nazarbaeva and occupies the post of deputy minister at the Ministry of Foreign Affairs.

The grouping began to form in 1994 and 1995, and its power is concentrated in the state services, especially the power ministries and the media.

The advantage of this grouping is that they have been able to retain control over all of the resources necessary to produce the targeted pressure needed to realize their economic, political, and ideological interests, despite frequent clashes with other groupings. The protection of the President, as well as the determination and professionalism of the grouping's representatives, has played a large role in this.

### **The Grouping of Timur Kulibaev**

Timur Kulibaev is the president's second son-in-law. He is married to the president's middle daughter, Dinara Nazarbaeva. For a long time, Timur Kulibaev occupied the position of Vice President in the national oil and gas company, KazMunayGas, which he recently left. His departure coincided with the completion of the sale of his stakes in Nelson Resources to the Russian oil company LUKoil as well as the sale of his stakes in PetroKazakhstan to the Chinese oil company CNPC. According to some estimates, Timur Kulibaev may have made around \$430 million from the sale of his stock to LUKoil, while he may have gotten \$630

million for his shares in PetroKazakhstan. As a result, he may have realized a personal profit of around \$1 billion.

His grouping formed in 1999 and 2000 as a result of a merger with the Kazkommertsbank financial-industrial holding. Conditions surrounding recent political and economic developments in Kazakhstan—increased pressure from the Aliev group and loss of access to the head of state—forced Kazkommertsbank to enter into an alliance with Kulibaev's grouping, thereby gaining access to the family, as they shared interests with him and he was able to maintain the group's status in the face of possible pressure from the Aliev group.

The Kulibaev grouping's main strength is focused in strategic spheres of Kazakhstan's economy—industry, oil, banking, and communications—as well as in certain media outlets.

The main advantages of this superpowerful, oligarphic-monopolistic grouping consist of its colossal economic and managerial resources as well as its access to the head of state. The grouping's weaknesses include insufficient political and ideological resources as well as its underrepresentation in the government's administrative organs.

**A grouping that formed around the president's nephew, Kairat Satybaldy, also deserves separate mention.** The grouping coalesced in 2000 and 2001. Kairat Satybaldy, who served for a long time on Kazakhstan's National Security Committee, now occupies the position of Vice President in the national railroad provider, Kazakhstan Temir Zholy. This grouping also has some power over the activities of the state-owned KazMunayGas. In general, this grouping has not yet accumulated serious influence within the republic, being still in the process of formation.

### **The President's Companions**

This grouping does not represent a single, unitary formation, but rather includes a number of individuals with access to the head of state. Presently, this set of groupings is mainly located within the presidential administration, representing a kind of headquarters where all of the main decisions affecting the life of the country are worked out.

**Grouping 1. The Grouping of Nurtai Abykaev**

This person has been close to the president for twenty years already. He is now the chairman of the Senate (upper chamber) of the Parliament of Kazakhstan. Through the power of its leader and other representatives of the group, the grouping develops basic governmental policies that affect all areas of societal life and accompanies these policies with total support, from conception through to realization, including the choice and placement of responsible personnel and the general management of state property. As far as informational support is concerned, the group controls practically all state-run media.

**Grouping 2. The Grouping of Bulat Utemuratov**

Bulat Utemuratov is the secretary of Kazakhstan's Council of National Security and has also belonged to the President's inner circle for quite some time. According to some information, the grouping controls, fully or partially, the firms Kazzinc, Kazfosfat, Mercur, Almaty Commercial-Financial Bank, Channel 31, the newspaper *Megapolis*, and internet news site *Navigator*.

**Grouping 3. The Grouping of Marat Tazhin**

This grouping is one of the most influential in the president's inner circle. Marat Tazhin occupies the post of deputy director of the presidential administration. As opposed to other groupings, this grouping does not openly display its ambitions and provides the quintessential example of the classic nomenclature pressure group. The grouping enjoys a special trust with the president and has tremendous influence on the development of the conceptual bases that guarantee the republic's political stability and national security. The grouping carries out the correction of domestic and foreign policy as well as ideological and propaganda support for the state's policies.

**Grouping 4. Grouping of Imangali Tasmagambetov**

This grouping is quite varied in as much as its members include representatives from business as well as the nomenclature. The leader of the group is the mayor of Almaty, Imangali Tasmagambetov. The grouping

is distinguished by the level of neutrality that it maintains in various inter-elite conflicts. The group is held together primarily by ties to representatives from the old Komsomol nomenclature and officials working with Tasmagambetov at his previous positions. The grouping has a certain influence over operational management in areas affecting all parts of societal life, including the management of state property. This grouping has influence over an array of Kazakh language publications, such as *Ana Tili* and *Qazaq Ädibieti*.

### Protégés

Those who are considered to have been personally appointed by the president belong to this grouping. It must be divided into two levels—an upper level consisting of technocrats and other professionals, and a lower level consisting of high ranking officials and government administrators.

**The technocrats and professionals** are united by the similarity of its members. They represent a type of person whose careers depends upon their personal and professional qualities. They definitely appreciate the possibilities and privileges that the current political regime has granted them and consider themselves tied to the regime by a certain agreement, but still feel themselves to be sufficiently free.

It should be noted that they have a certain economic and financial base, but do not have sufficient resources to play an independent political role—and they apparently do not have any great desire to participate in such games in any case.

A grouping of **high-level officials and administrators** consist of almost all of the oblast *akims* (governors) as well as certain members of the government, especially the power ministries' leaders and female ministers. This group of individuals is united a certain understanding of political reality as it has formed, a lack of a specifically stated political position, and a readiness to work in any necessary policy area demanded by upper management. Nonetheless, they possess good organizational skills, being the government's "work horses."

## **The Distant Circle**

### ***National-Level Business Elite***

According to expert assessment, Kazakhstan's financial and banking elite formed at the end of the 1980s and beginning of the 1990s thanks in large part to economic liberalization, economic relations created by the transition from a planned to a market economy, and the legalization of the of the institution of private property. Gradually, capital began to accumulate due to a number of factors, including the practically free central credit that the National Bank gave out in early years of independence. As it strengthened, banking capital began to actively penetrate and participate in the leading sectors of the real economy, including energy resources, metallurgical, oil and gas, transport, communications and similar sectors, in addition to fulfilling their banking functions. As a result of this process, both financial and economic spheres are controlled today by a small number of financial-industrial groups. The most significant financial-industrialists, with their large financial resources, began in 1994 to convert their financial power into political power. Of course, they wanted to actively participate in the process of reaching important government decisions or, at the least, exercise some influence over them.

With this aim in mind, financial-industrial groups sponsor and advance the careers of their people during parliamentary elections as well as sponsoring careers in key positions in the government administration and seeking for new potential partners and allies in the government. A number of these industrialists actively participate in socio-political activities through the creation of political parties and social movements that express their interests. Finally, big business groups control sufficiently famous and popular printed and electronic media, with the help of which they also pursue their interests in politics and economics.

It must be noted that these groups' level of influence in the economic and political life of the republic periodically changes. This mainly happens when key figures from one or another grouping are promoted to or removed from a position in the governmental administration or nationally important companies. As a result of the president's decisions to make frequent shifts in government cadres, this or that group can gain or

lose control over certain state structures, companies, firms, and even whole sectors of the economy.

### **Regional Elites**

Given that Kazakhstan is a centralized state, it is perhaps not surprising that a strong regional elite has not yet formed. The following represent a few of the factors inhibiting the formation of a regional elite in Kazakhstan:

- Lack of a mechanism for electing regional leaders, who are currently appointed by the president;
- The regions' financial dependence on the center;
- The president's lack of interest in the appearance of strong regional leaders.

At the same time, the leaders of all Kazakhstan's regions are animals of the existing system of intergroup relations within the elite. This is facilitated by the president's practice of frequently shuffling key personnel, horizontally as well as vertically, along the axis of government power. As a result, regional officials are systematically shifted along the routes from the center to the regions as well as within the government.

### **The Level of Potential Conflict within Kazakhstan's Political Elite**

Currently, Kazakhstan's political elite retains its potential for generating conflict that are able to cause new clashes between different elite groups, increasing the level of political risk in Kazakhstan.

The following are some of the potential reasons that new conflicts might arise:

#### ***Objective Reasons:***

- Lack of a sustainable balance between elite groups;
- Curtailment of possibilities for this or that grouping to realize its economic ambitions;

## *An Analysis of the Internal Structure*

- The uncoordinated personnel policies of the state and leading businesses;
- The objective maturing of the elite, which requires increasing freedom for action.

### *Subjective Reasons:*

- Persistent rumors about the imminent, unexpected transfer of presidential power and constant discussion of the list of potential candidates for succession;
- The continuous psychological tensions within the political elite resulting from overly frequent changes of personnel;
- Fatigue of having only one group at the top of political power.

## **Possible Scenarios for the Development of Kazakhstan's Political System**

### **Two Questions**

**Which of the three types of authoritarian political systems exists in Kazakhstan?**

- Mobilized
- Conservative
- Modernizing (with the ability reform itself politically)

**What will the extreme concentration of government power in the president lead to—to authoritarianism for the sake of authoritarianism's sake or to authoritarianism for the sake of modernization?**

### *The Optimal Variant for Development*

- Political modernization;
- Appearance of new channels for recruiting a political elite;
- Increased quantity and quality access to political decision making

processes;

- Adoption of a clear-cut difference between business and politics;
- Introduction of a mechanism for electing local leaders;
- Growth in the middle class;
- More active integration of Kazakhstan into the global economic and political space, which automatically increases the demands made of governmental management;
- Formation of electoral forms for supporting various government institutions;
- Creation of an effective mechanism for transferring power;
- Diversification of the economy (low prices on raw material commodities plus good management, or good prices on raw materials and good management).

**Result:** A lowering of the level of political and investment risks in Kazakhstan and a soft transition from conditions of a “stable instability” to a state of “stable development.”

### *The Negative Variant of Development*

- Retention of a closed political system;
- Oligarchic forms of corporate governance;
- The dominating role of the political elite over business. New conflicts arise between the business elite and nomenclature pressure groups;
- Limited numbers of access points to political decision making processes;
- Limited channels for recruiting new members of the political elite;
- Preservation of the economy’s orientation on raw materials (low prices for raw materials plus bad management, or good prices for raw materials and bad management).

**Result:** A high level of political and investment risk remains in the country, resulting in political and economic crises. Forced changes in the political elite lead to unexpected consequences.



## **Three Models for the Changing of the Elite**

- Russian (successor)
- Azerbaijani (dynastic forms for the transfer of power)
- Ukrainian, Georgian, Kyrgyz (victory of the counter elite)

The Russian model for the transfer of power is probably the most acceptable model in Kazakhstan, allowing political stability in the country to be retained. In addition to searching for an optimal model to transfer power, Kazakhstan's political elite must answer an additional question. They must think about beginning to realize political reforms. In this regard, there are four problems that need to be solved:

1. The strategic initiative for conducting reforms is in the hands of the president. In such conditions, much depends upon who is closest to the president's "ear." Unfortunately, there are more "conservatives" and "hawks" near the presidential ear than there are liberals or supporters of "political dialogue." An important factor for the president is the preservation of his "political face," so that initiating political reforms does not seem like a concession to international or domestic pressure.

2. Different political powers within Kazakhstan must be allowed to participate and to contribute their ideas to the understanding of "political reform." There is currently no political consensus for these reforms and the existing political groups view differently the tempo with which such reforms should be pursued.

3. There does not currently exist an authoritative political power in Kazakhstan that could serve as a legitimate partner to the government in the development and realization of political reforms. Such a political power can only consist of a full-fledged democratic coalition, the creation of which is possible, but not likely in Kazakhstan's current political environment.

4. The super-personification of governmental power in Kazakhstan, as well as in the rest of Central Asia, poses a significant threat to their internal political conditions. The most negative variant for some countries in the region could be an intensification of the struggle of political, financial, and clan groupings over the post of the head of state to the point

Dosym SATPAEV

of armed conflict, which would lead to unexpected consequences. All of this could negatively impact regional stability in general.

(Translated from Russian by Kevin Krogmann)