

Nursultan Nazarbayev

**PROSPERITY, SECURITY
AND EVER GROWING WELFARE
OF ALL THE KAZAKHSTANIS**

Message of the President of the country to the people of Kazakhstan

**WE ARE IN FOR A NEW CENTURY,
NEW TIMES ARE COMING...**

Virgil

EACH EPOCH SETS ITS OWN GOALS

Heine

INTRODUCTION

**NOTHING IS MORE REMOTE AS YESTERDAY,
NOTHING IS MORE CLOSE THAN TOMORROW**

Kazakh folk proverb

Dear fellow-citizens,

I appeal to you, the people of Kazakhstan, to share my vision of the future of our society and the mission of our state. I want to present to you a strategy which I am sure will help us in gaining this future and accomplishing our mission. I wish to share my considerations as to the future which looms far ahead in the next century, in the new millenium, in the pretty remote perspective.

Time has come to say once and for all what future we want to build for us and for our children. What do we need it for? I believe, with each of us there has ripened a profound awareness of the fact that one can no longer live for the day only, merely in an incessant turmoil of settling present day tasks.

We must have a clear-cut knowledge and understanding of what we mean to construct, what should be the trajectory, the highway of our development which is to ensure our gaming the objectives we've set. Through correct identification of our priorities, in choosing relevant strategies, by manifesting our firm will and persistence in following this path, we shall dispense with unnecessary off-tracking, with waste of energy, time and resources. When provided with well-considered strategy and firmness of purpose in accomplishing our goals, we shall be able to overcome any serious obstacles blocking our way.

Hard conditions we have to tackle with today must not deprive us of hope and enthusiasm. Clear awareness of our prospects, honest presentation of eventual difficulties and privations impeding our way will help in mobilizing the efforts of all the citizens of our society for settling this task common to all. We must well remember that apart from the goals set for the period of today, our generation bears tremendous responsibility to future generations, it is in fact responsibility of parents and grandparents to their children and grandchildren.

What will our children and grandchildren be - the way we want to see them in that remote future - when they are our age? Will they be well-off, well-fed, healthy and well-educated? Will they live in a prosperous and democratic society? Will they live in peace? Will they feel safe, safe as to themselves and to their children? Will they be able to feel safe walking along the streets, feel safe for their property? Indeed, will they succeed to a strong state and to friendly relations with their neighbours, whether remote or close? It is today that we must answer these seemingly simple but pretty important questions. Once some man of wisdom remarked that if one doesn't know his way, he may reach the goal following any path. Having this in mind we must always have a clear-cut vision of the model of the future presented both generally and as specific short-term objectives. What's the wherefore of it? Taking some actions we shall permanently stick to a certain standard to verify the way we follow, whether we make progress or move off track, whether we outstrip the developments or lag behind them.

When mentally contrasting every passing day with the day to come, with the process being repeated time and again, one comes to somewhat different perception of the scope and import of problems set ahead. When we feel ourselves a part of the world and of the planet at large, we can't help feeling the nagging breath of the new epoch and new times drawing ever near. Kazakhstan, as a new state, emerged in the world in the epoch which saw the end of many a powerful empire: Ottoman one. Austrian-and-Hungarian one and, only recently, the Soviet Union. Today we are building a new state, a new market economy and a new democracy, and this - at the very time when many other independent states have already trodden that path similar enough. Today we live in an epoch of ever growing globalization and ever close interrelationships when powerful outer forces would inevitably play a pretty substantial role in determining our future. If we are serious and clever enough in our intentions, if we are capable of

honest analysis of both external and internal factors of our development, then we do have a chance of choosing the right way: to identify priorities and elaborate the relevant strategy on the basis of our general consolidation, on the basis of our history and unique circumstances.

Sure enough, we may and ought to study the experience of other countries and take advantage of auspicious tendencies in the world community. Yet only we, none other than we, are capable of coping with this enormous work which is indispensable for the implementation of our dream of and hope for building the Kazakhstan, which our children and grandchildren will be proud of when they are our age. Why is it particularly today that we set this task? It is because we were not ready for this yesterday, we were short of both experience and knowledge, we could hardly afford it because of unfavourable circumstances and all sorts of instabilities. And the task itself was quite different. The essence of the preceding period consisted in eventual survival of an independent state in stormy conditions of the budding transition period. Many prognosticated that we shall be a sheer failure, that we shall not cope with unprecedentedly tremendous tasks of building a state, that our social and economic transformations will collapse altogether. Yet, even today, it is quite clear that we have withstood the first trial with flying colours. Here we are - alive and kicking. Notwithstanding all the obstacles we safely emerged from the abyss of chaos and disorder. At present we pass over to the stage of stabilization. The fact that we have successfully settled our most urgent and paramount problems gives us a chance of retrospective analysis, of trustworthy evaluation of the way we've passed. From now on we can afford facing the future, contemplating perspective development, making elaborate plans. An experience in achieving our statehood, in implementing political and economic reforms, knowledge about the world and the laws that govern it, tolerance and understanding of the Kazakhstanis - all these gains won in the most arduous conditions make us ever stronger and more confident. Frankly speaking, we cannot afford putting off solution of this task for tomorrow, we can't afford waiting for the completion of our reforms. In other words it was too early yesterday but it might be too late tomorrow. A well-considered strategic plan summons one's efforts, it makes one more disciplined, enhances one's activity.

Such plan concentrates the attention of the state on a pretty narrow range of priorities, thus urging the Government to daily settle these tasks and strategies. Finally, it enhances daily and annual activities which -in the long run--would bring us to scoring our goals. Yet it is far from enough. Just as essential is to put these guidelines into practice, to realize the plans we contemplate. That's why it is utterly indispensable to set up a system in which each and every ministry and department would organize its work in such a way that each day, month and year could bring us ever nearer to the objectives we've set. Every day public servants must have the awareness of the strategic goals and priorities, and settle them without wasting their time in meddling with minor, daily chores. The laws and decisions we adopt must be correlated with our strategy whereas the work proper-be concentrated and purposeful. From the next year onwards our annual plans must meet our long-term priorities. More than that: a system of monitoring must answer the question - how far we have advanced in gaining the objectives we've set. Which is why we need a system of strategic planning, strategic control, accountability and responsibility. The main prerequisite for our sustainable, steady progress is consolidation of our society in achieving the goals we've set, unity of all the walks and groups of population as to the strategy aimed at settling common problems. It will become well feasible if we duly take into consideration needs of the society in general and various groups of the population in particular, if we identify relevant priorities and ensure realization thereof.

This should be done in an atmosphere of cooperation between the state, particular groups of the population and the private sector. This Message has been elaborated within the framework of my Constitutional duty to address annually to the people of Kazakhstan concerning basic trends in domestic and foreign policy. Yet, as I've mentioned above, our state and the society at large need a more global vision and a strategy to be guided by as a coordinate system which would enable us to draw up our annual plans of actions. That is why these issues are given particular consideration in the Message. Subsequent annual Messages of the President to the people of Kazakhstan devoted to major trends in the domestic and foreign policy will contain evaluation of implementation of the long-term strategy. Along with this they will identify specific objectives for the year to come.

1. WHAT ARE OUR WHEREABOUTS FOR TODAY?

THERE OCCURS A MOMENT OF HIGH TIDE IN A MAN'S LIFE

WHICH BRINGS LUCK IF ONE AVAILS OF IT.

BUT IF ONE MISSES IT, HE WILL HAPPEN TO FOLLOW

A WAY OF SHALLOW WATERS AND DISASTER.

Shakespeare

BRIGHT OPPORTUNITIES COME TO ALL BUT

ALL TOO MANY DON'T EVEN SUSPECT THAT HAVE ENCOUNTERED THEM.

Dunning

All along the latest six years we were involved in pursuing two major strategic goals.

First, Kazakhstan became a sovereign independent state. Today many take the fact for granted but the Kazakhstanis must have remembered that it was a fairly rare occurrence in our history.

Second, we have embarked on the way of implementing broad-scale social, political and economic transformations. The said goals are not yet scored though some areas clearly manifest tangible results.

Now, it is important to give this situation a profound consideration, to analyse our development from the point of view of world expertise and - consequently - to compare the progress of our transformations and that of forming our new institutions with the best world experience. Just as essential for us is to analyse our advantages and flaws.

Such work would serve an indispensable prelude to elaborating our own strategy. I'd like to start from analysing our domestic advantages and external opportunities which Kazakhstan enjoys as well as our weakest points and troubles we anticipate from without. As a matter of fact, our country may be proud of eight advantages.

First, we've laid the foundation of our independent sovereign state. We have already set up all the requisite state institutions and each passing month brings ever greater experience and knowledge. Yet development of our state is far from completion.

Second, we have parted with our former political and economic system for good and all. I mean the system that for seventy years dominated our lives. Today we have an altogether new state, and an utterly different political and economic system is at work now.

Third, under the influence of transformations unfolding in our society we all, though wholly unawares, have changed dramatically, while getting used to a qualitatively different system of values and to an altogether new standard of human relations. In short, we have become free. State-and-collective world outlook was replaced by a private-and-individual one and the event reversed each and every aspect of our life.

Sure enough, the discarded system offered more secure minimum social benefits and was a success in a number of fields. However, we must remember that this system fell apart because it proved to be noncompetitive from the economic point of view. It obviously failed on the social level too because living standards of the most people lagged behind those abroad. Likewise it meant frustration with reference to a man as a personality who was denied basic freedoms. With time our own experience is sure to prove that free market economy and democratically elected government are capable of bringing prosperity and freedom to Kazakhstan. During the transition period our citizens have suffered much and sacrificed just as much. Yet, we do all this not only for our own benefit but for the benefit of our children and grandchildren, first and foremost.

Fourth, one of our basic assets is undoubtedly quality of our population, that is of our human resources. By right, we may be proud of a highly educated population with a pretty high standard of scientific and creative potential. Few countries can boast of it and many strive to achieve such standard as one of their strategic goals. This indeed is a tremendous achievement of our people...

and of the former system for that matter. We must do our utmost to further develop this invaluable asset of ours and grant it ever new, ever civilized opportunities of development.

Fifth, our natural resources are an enormous wealth. Yet, paradoxical as it is, the world experience testifies to the fact that many a country possessing substantial natural resources failed to dispose of them in the best possible way and - consequently - to this day they rate as poor. East-Asian countries marked with most effective and dynamic development happened to be the countries which could hardly boast of natural resources. All this is but to emphasize the fact that actually paramount factors are people themselves, their willpower, energy, persistence and knowledge. In fact, it is the very "key of gold" that would enable us open the door to welfare and independence.

However, a negative world experience is also a good teacher. It shows quite unequivocally that absence of strategies or that of the ability of realization thereof outweighs the notorious potential of natural resources. Hence-the major conclusion we have to make-we have to work out a well-considered strategy and to persistently put it into practice in defiance of all the difficulties. The wealth of the entrails of the earth is the property of all subsequent generations. However the circumstance must not lull us to relaxation. On the contrary, all of us, the Government included, must live and work as though we never possessed it.

Sixth, a truly omnipotent factor represented by our vast land areas, our arable lands. We have many parameters in common with Canada and Australia save for one though capital index-the level of their effectiveness, productivity and exporting potential. Here again, the main, the essential is a realistic and effective strategy, people and financial assets.

The seventh advantage consists in our political stability and in unity of our society. We are by right proud of the fact that we managed to escape direct confrontation within the society and stabilize the situation. Unfortunately many a developed and post-Communist country failed to gain the same.

However, so far there is a long way to go to gain the overall stability, the more so-consolidation and unity, and we have to do much for us to feel a single family, to know our objectives and to gain coordination in advancing thereto. Yet, the aim is not equality in poverty and misery, in constructing a new system of egalitarianism.

Naturally, it is out of the question that some ethnic or religious groups be granted any priorities against the other ones. Our strategic objective is a unity of multiform groups of the population, reasonable combination of personal and social fundamentals which add substantially to consensus and hierarchic traditions of our society. A society in which a dramatically huge gap separates a small group of the rich from masses of poor people will never survive and is doomed

to misery. Just as equally there is no future for the country in which various ethnic and religious groups exercise different rights, in which some groups are granted all sorts of benefits and opportunities whereas the others are denied same, where political parties and movements tear the society apart, where there exists enormous unbalance between freedom and responsibilities of mass media, between liberalism and democracy and the might of the state. We have already suffered from one extreme, God beware us of running to another. I think that awareness of these sensible things has already fixed up in social consciousness.

Eight, I'd like to put particular emphasis on tolerance and patience of the Kazakhstanis, on their cordiality and affability. It is witnessed by all foreigners. I am only too grateful to my countrymen for their enduring all the hardships and privations of the transition period with such understanding and patience and I deem these qualities to be a serious pledge of our success, of the consolidation of the society, of attracting foreign investments and involvement of the world community in settling our problems.

Along with all these advantages, we can enjoy quite a number of opportunities of purely external nature. The opportunities of that sort are determined, first and foremost, by the geographical, geopolitical and economic position of the country. It is worth while to distinguish three basic opportunities for Kazakhstan. The first opportunity stems from our geographical position on the very crossroads in the Eurasian region.

The process of globalization of international economic and political processes makes this factor a paramount one. Being a member of the single family of Turkic peoples, our forefathers used this important strategic factor to advantage: all along the legendary Silk Route they set up a broad channel of trade between European and Asian countries.

Today we initiate its restoration in cooperation with other countries pertaining to our region and substantiated by support extended by the world community. It goes without saying, that in future the system of trade, financial flows and migration of people between Europe and Asia would be on the rise. Actually it is the very reason, apart from politically stabilizing factors, which prompted me to advance and to further develop the idea of Eurasianism, which has, I am sure, a bright strategic future. Single-handed, Kazakhstan, as any other contiguous country, is unable to realize its profitable transit potential. It must be done jointly, in close and mutually advantageous cooperation.

Situated on such cross-roads we do afford a tremendous potential of major marketing areas for our produce all along the perimeter of our borders. Neighbouring markets embracing about 2,000,000,000 people are capable of absorbing- with a rare exception-any Kazakhstani product, provided, naturally, that it is competible and there is a network of related transport routes. These neighbours, more particularly Russia, China, a group of Islamic and Central Asian states, countries of the Near and Middle East, historically represent important world centres.

Establishing peace and good-neighbourly relations of confidence on the whole of the Eurasian continent is an indispensable prerequisite for successful development. Countries involved in wars, rivalry, competition and confrontation would impermissibly waste their resources, time and energy thus being doomed to stagnation and lagging behind.

Second, support lent on the part of foreign states and donor agencies to substantiate laborious processes of state construction and implementation of reforms offers us additional opportunities. When compared, quite a number of countries are less fortunate than ours. This factor, more particularly, at the initial stage of the transition period is very important for us because we do need financial assets and knowledge from without.

Third, the process of globalization and scientific and technical progress, especially in the development of new informational and telecommunication technologies, offers unique opportunities for such vast and thinly populated country as ours. Yet nothing guarantees that we shall keep abreast with these processes rather than lag behind them.

Consequently, it is utterly indispensable to understand these technologies, to succeed in complete integration thereof in our society and to support scientific and technological personnel. When speaking about negative features of our present-day reality, one should make note of the fact that many of our weak points are of temporary and transitory nature, rather they result from Soviet legacy and hardships of the arduous transition period.

First, our mentality is shaped up by several generations of people who were brought up in the spirit of Communist principles. Some people enthusiastically took advantage of recent changes, but quite many didn't. People are influenced by subjective and objective factors, they are slow to adapting themselves to eventual changes. As of old, they are waiting for assistance to be rendered on the part of the state in solving their problems.

Such philosophy and outlook prevent them from coping with the new difficulties, they deprive them of energy and wish to undertake actions on their own. It is but an open secret that many officials do not understand as yet that today the role of the state doesn't consist in taking decisions which should be taken by people themselves. On the contrary, it must consist primarily in shaping up conditions in which free citizens and the private sector will be able to take effective measures in support of their families and themselves.

We must be patient in our transforming mass consciousness. In this we must seek support in the younger generation which is more flexible in adapting to the new system of values and has a fresh vision of the future. In fact the state is unable to reverse established human mentality

overnight. However, the state is capable of accelerating the process of changes through elucidation of objective trends, through bringing home essential information and-most importantly-by way of implementing social and economic policies aimed at self-sufficiency. It would take decades until a new world outlook comes into existence with us.

Second. Objectively, realization of economic reforms, disintegration of the USSR and integration of Kazakhstani economy in the system of world economic relations couldn't help resulting in substantial downfall in volumes of production and- consequently-in deterioration of overall social situation. A good portion of technologically outdated and power-consuming industries, poorly trained, hardly coping with new conditions economic management-such are basic factors that brought about non-competitiveness, shut-down of numerous enterprises, losses in traditional marketing areas, nonpayments and production downfalls. As consequence within the last eight years our country suffered from a more than two-fold decline in the level of production while budget receipts suffered ever greater reduction. If we remember that the said downfall coincided in time with high rates of economic growth in many developing countries, then the implication is that in relative terms our economy suffers from a more than three-fold lagging behind. It is only natural that such figures make us act as effectively and energetically as ever.

Third. As a result of the economic downfall we witness obvious deterioration in incomes and in living standards of most of our citizens. Elimination of egalitarianism and creation of an actively functioning labour market resulted in an ever growing gap between the rich and the poor. Unfortunately, the section of the middle class-major support of the state and basic stabilization factor of the society-is quite insignificant.

Fourth. National savings and accumulation of capital which must act as a motive force in the economy proceed rather slowly. Consequently, short of internal capital and savings, Kazakhstan became ever more dependent on the foreign capital, both on the private one and on the international financial agencies. Further rehabilitation of the economy depends on a massive influx of investments which is possible only on condition of eventual improvement in the investment climate.

Fifth, painful transition from the command-and-administrative economy to the market one has given birth to most acute problems of poverty and unemployment hitherto unknown to us on such a wide range. They pave the way for crime and narcomania, they give rise to social depression and build up a potential for social instability. Quite tangible unemployment combined with delayed payments of pensions and wages is generated mostly by economic problems, shortage of financial capital and strategies inefficient in their solutions. Lack of effective programmes for reforming agrarian and social sectors (health care, education, science, etc.) and reduction of budget allocations in crucial conditions of the transition period has brought about deterioration and stagnation in these vital areas of our society. All these processes naturally generate the sixth weak point of ours-demographic depopulation which is fairly dangerous in any of its manifestations.

For the first ever time, over the last 50 post-war years, starting from 1992, we witness a decrease in our population. Just as negative is the seventh aspect-a poorly prepared and inefficiently organized state. Yet, we can't regard it as a purely Kazakhstani feature. In fact, all post-colonial, developing and post-Communist countries had to counter that phenomenon. Today solution of many a problem depends on this factor and it would take quite a time to cope with it. So far, we are miserably short of people capable of settling strategic problems, of doing it honestly, with a sense of patriotism and on a high professional level.

Long-standing habits of petty interference with all the affairs, altogether unnecessary and harmful halo of secrecy prompting concealment of information from the society and even from each other, bureaucracy and localistic tendencies, nepotism and clannishness, collective irresponsibility, dullness and inertia, inadequate multi-stage hierarchies, corruption - this is but a far from complete "bunch of virtues" of our bureaucracy brought up by the former regime and coming to the fore in the last years to acquire overt, undisguised forms. Another aspect of the problem is surely a painfully low quality of our corps of enterprise managers. Much has been done though to address the situation, and every now and then we had to resort to a sort of an administrative surgery.

But one thing is obvious - this problem is one of the first priorities. As the Head of State I must say the following: we thought it reasonable to spare a certain time for our officials to adapt to the situation and we did it. By now this term has already expired and we cannot afford being kind-hearted at the expense of other people, endangering the destiny of the country. Besides it does affect development of the country. We have to most seriously undermine this potential for reproduction of pernicious habits and step up capital reforms among the government staff and that of civil servants.

Finally, we must pay most serious attention to the incompleteness and instability of our legislation. It is not enough to build a foundation-it must be substantiated with floors, walls, roof and all. This is a fairly important issue whose solution determines improvement of the investment climate, reduction of poverty, elimination of crime and development of our social sphere. I enumerated these negative factors along with the positive ones in order to outline the tasks we'll have to tackle when implementing our national strategy. In identifying advantages and opportunities as well as weak points and potential troubles threatening our country, one has to bear in mind that they are dynamic in time and dialectically interrelated. An opportunity may turn into a trouble and vice versa. What is an advantage today might transform itself into a flaw and vice versa. Just how effectively we succeed in availing of the opportunities and in neutralizing troubles, in raising our assets and lowering our liabilities-all these depend on ourselves, on this specific way in which we set our goals and priorities, on timeliness and flexibility in implementation thereof.

2. KAZAKHSTAN'S MISSION

GIVE SOME THOUGHT TO WHAT LIES AHEAD
AND CHOOSING A GOOD AIM PURSUE IT TO THE END

Firdusi

WHEN A SHIP HAS NO KNOWLEDGE
WHAT PORT IT IS BOUND FOR, NO WIND WILL BE FAIR

Seneca

Today we are on the threshold of great opportunities. Many of you know that some of the poorest countries in Asia extricated themselves of poverty within some thirty years to turn into prosperous industrial states. Korea, Taiwan and Singapore were pioneers, so say, followed by Malaysia, Indonesia and Thailand. Our great neighbour, China, demonstrates amazing rates of growth. Likewise manifesting their power and abilities are India and Brazil. We are full of hope and confidence that friendly Russia too would soon acquire a new image of a great country.

Forty years ago when Singapore gained its independence, it was one of the poorest countries in the world with an annual per capita income less than \$200. Today the per capita income of Singaporeans exceeds \$20,000. Malaysia, a country similar to ours with respect to the population, ethnic composition and many other parameters, gained a 10-fold rise in living standards of its citizens within less than twenty years. Such staggering achievements made these countries world famous assigning them the name of Asian Tigers. Are there any obstacles which might prevent Kazakhstan availing of fine opportunities from scoring the same success? None whatsoever.

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. Tigers are not found in Kazakhstan while the Snow Leopard inhabiting our mountains is but a stranger in the world community. Though a relation to the Tiger in the animal kingdom, Snow Leopard bears some substantial distinctions therefrom. It will be virtually a Kazakhstani Snow Leopard with inherent elitarianism, sense of independence, intelligence, courage and nobleness, bravery and cunning. It will never be the first to attack anyone, ever prone to avoiding direct clashes.

However, any time when his freedom, habitation or descendants come to be threatened, the animal would defend them with all its might. The animal must be wiry and springy, it must not suffer from obesity and laziness for otherwise it would hardly survive in severe environment. He

will be persistent and stubborn in mastering ever new peaks, in its indefatigable search for secret but sure paths that lead to the goal. He will neither be frightened by severe cold or threats nor made soft in intolerable heat or opportunities. He will exercise fine wisdom in bringing up its descendants: he would protect them against unwelcome visitors, he would share most tasty morsels with them attending to their health, education and world outlook thus preparing them for an early life of their own in conditions of ruthless competition in any environment. He would keep vigilant watch so that the water he drinks be pure and the environment he inhabits and the air he breathes be clear and healthy.

Kazakhstani Snow Leopard would also possess western elegance multiplied by the advanced level of development, oriental wisdom and endurance. He will be all at one in his strivings, victories and failures with his brothers brought up by a single mother, i. e. by Uzbek, Kyrgyz and other Central Asian Snow Leopards. He will be ever proud of their progress and achievements. But such Kazakhstan of 2030 will not shape up all by itself. We shall build it proceeding from our intentions and our will to succeed. If we don't avail of this opportunity, if we waste days and weeks without making plans for the future, without thinking of the future nor taking specific actions today, then we shall blame none but ourselves if we are a failure.

Nothing comes easily and at once. Objectively inherent to a successful and stable development are certain stages which defy overskipping at one stroke. We shall be unable to build a powerful state and its armed forces, to solve demographic, ecological and social problems, to raise the living standards of each and every person if Kazakhstan fails in shaping up a healthy, prosperous economy. In its turn, achieving high rates of economic growth demands political stability, energetic and purposeful reforms. This would require a highly professional, intelligent, courageous and patriotically minded Government capable of pursuing the right policy, of overcoming resistance offered by the old and the discarded, of inspiring the doubtful.

Success of these enormous efforts depends on the support extended by the Kazakhstani citizens. Yet it would be extended when people witness real improvement and justice. That's why ever growing well-being of people must be the basis of our everyday activities whereas our combatting corruption must be resolute and uncompromising. To build such future and not to go astray, we must have a clear vision of what we actually want. That's why when speaking about a long-term period, I, as the Head of State suggest the following as the mission of our country: to build an independent, prosperous and politically stable Kazakhstan with its inherent national unity, social justice and economic well-being of the entire population.

Prosperity, security and raising the living standards of all the Kazakhstanis—such are key words to characterize Kazakhstan we all want to build. In process of our advancement into the XXIst century they must remain our guides. What is Kazakhstan of 2030 the way I visualize it? Our young state would grow up and reach its manhood and with it our children and grandchildren would also become grown up people.

They would be responsible and enthusiastic representatives of their generation, would be in the prime of their life. They would be well-educated and healthy. They would be prepared to work in conditions of modern market economy sticking though to the traditions of their forefathers. They would have an equally good command of the Kazakh, Russian and English languages. They would be patriots of their peaceful, prosperous, rapidly growing country well-known and respected all over world. Our children would become highly skilled workers and farmers, engineers, bankers, men-of-arts, owners of shops, teachers and doctors, owners of plants and factories, stock brokers and sportsmen. They would produce oil, gas, electric power, manufacture various food items and supply all these to the world economy. Some of the Kazakhstanis would become producers of hightech commodities and such other items of produce, all - in demand on the world market owing to low price and excellent quality.

Certain representatives of our younger generation would become civil servants. Working in conditions of a new epoch they would be well-paid, professionally trained experts who would rate interests of Kazakhstan and the Kazakhstanis superior to their own ones. Citizens living in the year of 2030 would be sure that the state would protect their rights and uphold their interests. More than that: they would know that the state would take care of the few who - by virtue of some unfavourable circumstances-failed to win a proper place in the sun and had to appeal to the state for social aid. Kazakhstan of 2030 must be a clean and green country with clear air and pure waters. Industrial waste and radiation would no longer enter its homes and gardens. Our children and children of our children would live a full value life in healthy conditions. In the year of 2030 our descendants would live in a country which would no longer stay in the background of world developments. The Kazakhstan of theirs, being the centre of Eurasia, would play the part of a connecting link between the three rapidly growing regions - China, Russia and the Moslem world.

It would be inhabited by representatives of numerous nationalities sure of equal opportunities enjoyed by all the nations but deeming themselves to be citizens of Kazakhstan, first and foremost. I am afraid though that Kazakhstan of 2030 would not as yet be an epitome of perfection. It would not be the richest, the most educated, the most advanced country in the world but, nevertheless, it would be a country that has covered a long way with flying colours and is now entering the future with firm confident steps.

Sure enough all this is but a vision of the future, a model thereof, an ideal objective and a dream. Obviously many of you would just give a bitter chuckle, they would think it a sheer Utopia comparing this ideal picture with the present day reality when people are short of basic things. No, it is not so. My vision is quite attainable and the world experience supports feasibility of such plans. Yes, today many of us have it very hard. But when was it easy? Was it easy with our fathers and grandfathers all along this century, say, in the years of the Civil war, at times of famine and starvation, at those of mass repressions, in the years of the Great Patriotic war and in conditions of the post-war devastation? I don't think people had it easy in either the last or prelast century.

Naturally now it is but a mere history. Yet even today each year our planet as a witness to 800,000,000 of those who starve or can't get enough to eat, many hundreds of millions of people have no roof over their heads. Millions perish in murderous wars. Why then some of us sigh and moan wasting their precious energy to empty battles and grumbling? I don't believe that we have such a short memory not to remember that whatever the trials we always came out victorious owing to our consolidation, enthusiasm and faith in the future. We worked several days on end, starved ourselves giving all to children and were dead sure that they will have a better lot. What prevents us from doing it today and tomorrow? Why are we so despondent and losing heart?! And this - at the time when such bright vistas open to the country and to each of us.

Bright vistas and vast opportunities whose main medium is freedom- the very thing we couldn't afford before. All depends on ourselves only, on our faith. And enthusiasm. Cohesion and labour. "Don't ask what country can do for you, you'd better ask what you can do for the country". These words uttered by John Kennedy in his appeal to the American people sound today as topical as ever.

3. LONG-TERM PRIORITIES AND STRATEGIES OF REALIZATION THEREOF

THE MAIN THING IN THE WORLD OF OURS IS NOT
WHERE WE STAND BUT RATHER
IN WHAT DIRECTION WE ADVANCE

Holmes

For our country to achieve the prospects I mentioned above we have to implement the following long-term priorities:

1. NATIONAL SECURITY: Ensure development of Kazakhstan as an independent sovereign state preserving its complete territorial integrity.

2. DOMESTIC POLITICAL STABILITY AND CONSOLIDATION OF THE SOCIETY: Safeguard and strengthen domestic political stability and national unity. It would enable Kazakhstan put the national strategy into practice in the course of the current and the upcoming decade.

3. ECONOMIC GROWTH BASED ON AN OPEN MARKET ECONOMY WITH HIGH LEVEL OF FOREIGN INVESTMENTS AND INTERNAL SAVINGS. Gain realistic, stable and steadily growing rates of economic growth.

4. HEALTH, EDUCATION AND WELL-BEING OF KAZAKHSTANI CITIZENS: Consistently improve standards of life, health, education and opportunities of the Kazakhstani. Improve natural environment in the country.

5. POWER RESOURCES: Effectively utilize power resources of Kazakhstan through rapid increase in extracting and exporting oil and gas with the aim of gaining revenues which would enhance stable economic growth and improvement of living standards of the people.

6. INFRASTRUCTURE, MORE PARTICULARLY TRANSPORT AND COMMUNICATION: Develop these key sectors in such a way that they add to strengthening of national security, political stability and economic growth.

7. PROFESSIONAL STATE: Establish an effective and up-to-date corps of civil servants and state-owned formations of Kazakhstan loyal to the cause they serve to and capable of acting as representatives of the people in achieving our priorities. For each of these long-term priorities we must elaborate and consistently implement a special strategy concentrating our efforts on specific actions outlined in one-year, three-year and, finally, five-year plans. These long-term priorities must serve the purpose of focusing the efforts exerted by both the state and our citizens, they must make the basis of criteria in forming the budget of the country and personnel policy.

LONG-TERM PRIORITY 1:

NATIONAL SECURITY

EXTRA CAUTION PREVENTS EXTRA DISASTER

Popular wisdom

The entire historic experience in developing human civilization testifies to the fact that the first and foremost of all the prerequisite conditions which determines consistent and sustainable growth of the state is security of its nation and preservation of statehood.

It is not enough to gain freedom and independence, one should uphold and strengthen them and pass over to our descendants. Future generations would forgive us all those hardships, privations and problems that fell to our lot and the fact that we failed in overcoming them.

But we shall vainly await forgiveness if we lose our statehood, if we waive strategic fundamentals of sovereignty, our lands and resources. It is only natural that this logic in the vision of the perspective must be permanent in time whatever the internal and external circumstances as for the strategic course of Kazakhstan policy for a long-term period. In fact it is the topmost strategic priority in Kazakhstan's development up to 2030.

Priority status of security is obvious: if the country fails to survive, to preserve its security, we shall hardly be able to speak of the plans of sustained development. A retrospective look at the conception and subsequent development of the state of our forefathers graphically substantiates the fact that they waged a historically difficult and tough struggle for the benefit of their descendants and for the preservation of their statehood. And the necessity of incessant search for the solution of this strategic goal urges us to undertake a well-considered and adequate evaluation of the present day situation in the parity of geostrategic forces and trends in the changes thereof.

We understand only too well that all possible potential troubles threatening national security of Kazakhstan at present and in the nearest future do not imply and will never imply a direct military invasion or a threat to the territorial integrity of the state. It is perfectly clear that neither Russia, nor China, nor the West, nor any Moslem country has any impelling motive to attack us. And this relatively predictable state of calm and stability must be made use of to effectively strengthen economic potential of Kazakhstan which would serve the basis for our building a reliable system of national security.

To ensure our independence and territorial integrity, we must be a strong state and maintain friendly relations with our neighbours, which is why we shall develop and consolidate relations of confidence and equality with our closest and historically equal neighbour - Russia. Likewise we shall develop just as confident and good-neighbourly relations with the PRC on a mutually advantageous basis. Kazakhstan welcomes the policy pursued by China for it is aimed against hegemonism and favours friendship with neighbouring countries.

Just as actively we shall consolidate our links and integration processes with Central-Asian states. No less active should be the level of strengthening relations with the countries of the Near and Middle East.

The second component of our strategy consists in strengthening relations with major industrial democratic states including the United States of America. By and by these countries come to the

awareness of the fact that emergence of an independent prosperous Kazakhstan meets their national interests.

Third, in every possible way we shall use the assistance and promotion granted by such international institutions and forums as the UNO, the IMF, the World Bank, the Asian, European and Islamic banks of development as it will secure support extended to Kazakhstan on the part of the world community.

The fourth element of our strategy consists in developing rich natural resources which may serve a reliable basis for the protection of national sovereignty and territorial integrity.

Fifth-with all Kazakhstani citizens we must develop a strong sense of patriotism and love to their country. Long-standing firm links between the people and the state have become rather lax while the new ones i.e. those between personal and national interests have not yet established.

Fortunately, there appeared an understanding of commonness of interests of the people and the state. I have no doubt that such awareness would strengthen as living standards of people would experience improvement. In its turn it would enhance perception of such seemingly simple wisdom as, say, this: welfare of every citizen depends on sovereignty and security of the state he lives in.

Once our collective security is ensured, each and every would gain far more than when only one's personal interests are met, with the security of the society balancing on the brink of its being lost altogether. However lucky is a man, all the same he is defenceless if his country is in danger. It is the representatives of the domestic capital that must be particularly conscious of it thus demonstrating superiority of public interests as against private ones.

Yes, we must display to the world at large our unity, will to independence, civic motivation and patriotism so that any powerful country harbouring evil intents against us be already in the know that any attempts of using force or threats to use force would face tough resistance. Without clear-cut citizenship stand it would be too hard to implement other elements of the strategy whose aim is securing independence. As regards our defence policy, it must be clear to all that we are a peace-loving nation and lay no claims to anyone's lands, resources or wealth. As to lands and resources, we have all these in abundance, and as to the wealth we shall make it with our own hands.

We, for our part, shall expect adequate attitude to Kazakhstan, the one we exercise to other countries and shall be ready to react adequately. In our epoch, as the world abandons military

confrontations, rivalry is being transferred from the military area to those of politics and economy.

We do hope that this trend would become predominant and shall do our utmost to enhance establishment of peace and good-neighbourliness. Yet we must be well aware that Kazakhstan's consistent integration - in the course of its economic growth - in the world economy may willy-nilly involve the country in an unpredictable vortex of various regional conflicts of military, political, economic and confessional nature. That's why absolute priority in security belongs to our foreign political activity and to the formation of a close network of Kazakhstan's mutually-advantageous relations with its neighbours and leading countries of the world.

Even today, in the end of the XXth century, after our learning the lessons of the World War II and the cold war, we have not yet parted with the threat of the world being split up into blocks and alliances. However such way is unacceptable to Kazakhstan which ensues from our five-element strategy.

Ethnic composition of our country is too motley, our interests are too important and the prospects too bright for us to afford dependence on the relations with some certain country or reliance thereon. Kazakhstani people and Kazakhstani government must exert every effort to shaping up an economic field tolerable and liberal for major transnational capital, they must encourage creation of "warm climate" for long-term investments in the country.

We must become extremely tough opponents of any military settlement in conflicts, we must advocate the principle of "better a bad peace than a good quarrel". The best weapon of ours to ensure protection of national interests and parity of forces - for the nearest and remote perspective - must be conducting a policy of integration, primarily-consolidation of the Central-Asian Union among Kazakhstan, Kyrgyzstan and Uzbekistan, non-interference in affairs of other states, predominance of acts of consensus rather than confrontation.

Though we sincerely hope that the world has become conscious of utter uselessness of armed conflicts, let's not forget that any reasonable state relies not only on promises of other governments but also on the might of its own country. That's why there must be no doubt that we shall attach high priority to the construction and modernization of our Armed Forces, to improving the level of their occupational training, their combat readiness and equipping thereof with modern armaments. In order to build an up-to-date effective army, air force and naval forces of the Republic of Kazakhstan we have to strengthen their equipment and personnel and intensify the latter's training. It would continuously claim economical and effective spending of budgetary funds which we allocate and shall go on allocating for our Armed Forces.

Besides, our country would make use of the military assistance and would co-operate with its neighbours in sharing the burden of regional defence. As regards issues of security and integrity we must always be on the alert. Our affability and hospitality which we display and shall display should not be taken for open-heartedness and obedience. Rated among leading priorities of national security must be a forceful demographic and migration policy. If our government bodies treat this issue indifferently, then on the threshold of the XXIst century we shall follow Russia into the situation of a "demographic cross" when the size of the population would go down but this time - not only because of external migration processes but also in a natural way. This trend has to be stopped immediately.

LONG-TERM PRIORITY 2:

DOMESTIC POLITICAL STABILITY

AND CONSOLIDATION OF SOCIETY

NOTHING WOULD COME OF THE AFFAIR WITHOUT UNITY

Tole-bi

Peace maintained with neighbours represents an issue of paramount importance but it would not be settled if the country is torn apart by internal discord. If various groups, irrespective of the thing which unites them, be it political ideology or religious, ethnic or class interests, are in a state of confrontation, it would result in a dangerous situation when people would be distracted from the goal of achieving general welfare, from realization of the national interests. Here it doesn't go about a state of direct confrontation or war.

Northern Ireland, former Yugoslavia, Peru, Afghanistan, Cambodia and Rwanda - these and other countries came to be a proof of the fact that not a single civilization, not a single culture is insured against fatal consequences of dissociation.

Our mission consists in destroying the old and preventing the appearance of the new barriers which create obstacles on the way to unity regardless of what these barriers are based on-be it habits, affections or particular interests, prejudiced attitude, religion, age community or such other factors.

Through inhancing all possible forms of a dialogue as well as by consolidating mutual links and relations among people, gradually, step by step, we shall deepen our national solidarity and build our national potential. Our strategy for gaining this priority constituting the society includes the following components:

- guarantee developing our own uniform civic motivation based on equality of opportunities for all the citizens of our country;
- ensure eventual elimination of causes for ethnic differences and mind that all ethnic groups have equal rights;
- narrow the gap between the wealthy and the poor in our society and pay particular attention to the problems of the country-side;
- steadfastly settle social problems which arise in the course of the transition and subsequent periods;
- be more vigorous in building a reach Kazakhstan which would ensure both political stability and consolidation of the society in a long-term perspective;
- develop all forms of communication among people; - strengthen mutual respect, tolerance and relations of confidence between various confessions.

Today it is not everybody that can answer a seemingly simple question: "Who are we - the Kazakhstanis?". Settlement of the problem of self-identification would take certain time and require a certain level of historic development.

For over 70 years Communist regime failed to form a united Soviet people. Many a post-colonial multinational country, even after the expiration of several decades, failed in completing this process.

Several decades would elapse before this feeling takes shape and gets firmly established with us. Yet even today we can name a number of factors which unite us. It is our land in its borders, our parents who cultivated it, it is our common history in which we jointly suffered from bitter failures and shared the delight of achievements. It is our children who are destined to jointly live and work on this land. And each of us is at one in the awareness of his duty to his parents, in his striving to make life of our children ever better tomorrow.

Today it is a real platform for unity and consolidation in the name of these specific objectives. During the first years of independence and reforms we did our best to rapidly depart from Communist-collective elements toward private and individual ones.

Rapid development of individualism based on private ownership not only promoted replacement of value reference points but also undermined indepth roots of inter-ethnic contradictions, it rapidly brought their potential down. Chauvinism and nationalism however are not yet forgotten for good and all.

Efforts to stir up these sentiments do not arouse the least interest with the population, rather the reverse: they only irritate people. Suffering rapid decline is russophobia, and regeneration of the Kazakh traditions and the language is perceived as quite natural. Unlike that of previous years, the society became more calm and constructive, it came to discuss ethnic problems with greater mutual understanding and openness.

Our movement to the market which is both cosmopolitan and international brings jts beneficial fruit - it relaxes inter-ethnic contradictions. However, even a free market without an adequate role played by the state is not free from flaws.

Like a pendulum, after gathering speed in transition from one system of values to another, it seems to have missed the point of equilibrium which we need so badly. Today we witness new poles of confrontation: between the poor and the wealthy, the rulers and the ruled, the countryside and the city. The society is fully aware that the above gap exceeds the admissible limits. If Kazakhstan is a state of a thin layer of the well-off, then, by virtue of too low vitality, instability both within and without, it will be doomed to vegetative existence at best. We have already been a state of the poor though not in its pure form.

First and foremost, the state must represent the interests of the middle class-farmers, "white" and "blue" collars, intelligentsia, petty bourgeoisie. Incidentally, these were the very groups that were so fiercely attacked by the Bolsheviks. They knew only too well where to deal the main blow to make a transition from capitalism to Communism.

They delivered mortal blows against the bulwark of the capitalist state. Just remember how persistently we were instilled hostile attitude to kulaks, to "rotten intelligentsia", labour aristocracy and petty shopkeepers. Doesn't this enmity persist to this day? Domestic political stability and development would rest on all the three classes: the rich, the middle and the poor. The society needs all of them, though naturally -'in a normal civilized proportion.

Polarization acquired a graphic manifestation in the relations established between the city and the countryside. In both cases we witness a global process of social differentiation with the gap therebetween growing steadily. Within the nearest decade the country-side must become a priority area from the point of view of giving an additional impetus to market transformations, to emphatic settlement of social problems and development of infrastructure. We are to expect considerable rejection of a free labour force in the country-side, significant migration to the city from the country-side and ever developing processes of urbanization.

The country-side of today has become an epitome of major social problems: nonpayment of wages and pensions, backwardness, poverty and unemployment, poor ecology, poor infrastructure, education and health care. Meanwhile the country-side manifests the highest demographic potential. Badly needed resources laboriously "collected" at the central level don't reach the country-side accumulating in the city. We must do away with such practices. In the shortest possible time we must complete all transformations in the country-side substantiating them with a vigorous emphatic social policy. Our objectives are quite clear here. We must grant peasants and countrymen an opportunity of more effective control over their lives and besides supply them with means to realize this opportunity.

Strategically these problems may mostly be settled with the help of economic growth. A well-off Kazakhstan would offer more opportunities for each and every. As the great world leader put it "high tide sets all ships afloat". Our strategy must be elaborated in such a way so that everybody has a chance of obtaining a portion of the ever growing national wealth.

Meanwhile many people will have it hard in the transition period and the Government has not enough means to help all of them. In this field our strategy would consist in directing state-rendered assistance to the most vulnerable groups of the population and to them only. However today we are more interested in raising the number of those who are able to cope with the difficulties on their own.

Speaking of the future for our children and relations among the people the way we see them, we must have a vision of the model of our future society, of the civilization which we intend to construct. Today when history discarded the dispute between a totalitarian and a liberal society, it became obvious that the models of the liberal society themselves vary greatly and differ from one country to another.

Basic difference is witnessed between the two types of models, Anglo-Saxon and Asian ones, which was demonstrated so graphically by Asian Tigers. Having common features, in certain aspects they manifested a striking dissimilarity. While individualism was specific of the first model, the second one was characterized by communitarism. In the first case they actively advocate a limited role of the state while in the second case this role is overemphasized: the state must be actively involved in planning and lead the private sector in the society at large. In the

first model emphasis is made on the macroeconomy, in the second one - on the microeconomy, etc.

As I have already noted, in previous years we actively followed the Anglo-Saxon variant and the goal we set was rapid changes. Yet, today we face a strategic alternative - which way to choose.

There is no consensus on this score in the society. We are a small, but nevertheless, part of Europe and historically we gravitate to the Western civilization - that's what some say. Others argue that we are predominantly an Asian country and consequently have to stick to the experience gained by the "Tigers", Japan and Korea.

The third would say, however, that we are deeply imbued with Russian mentality and principles of collectivism and our choice must largely coincide with the perspective model of Russia.

The fourth would object to it maintaining that Moslem population is predominant with us and we must make our choice in favour of the New-Turkic model.

However paradoxical but all of them are right and wrong at the same time. We are a Eurasian country having its own specific history and specific future. That's why our model would bear likeness to neither model. It would imbibe the achievements of various civilizations. We shall face no alternative on this score.

We shall act dialectically using both, taking advantage of the best achievements of all civilizations which proved themselves effective. Our model would govern our own path of development combining elements of other models, but resting mostly on our specific conditions, history, new civic motivation and strivings, taking into consideration specifics of each stage of development.

LONG-TERM PRIORITY 3:

ECONOMIC GROWTH BASED ON THE DEVELOPED MARKET ECONOMY WITH A HIGH LEVEL OF FOREIGN INVESTMENTS

THE GREATER FREEDOM ENJOYS THE ECONOMY,
THE MORE SOCIAL IT IS

Erhard

Our strategy of healthy economic growth rests on a strong market economy, an active part played by the state and attraction of significant foreign investments thereto. It includes ten basic principles: Limited interference of the state with the economy combined with an active role thereof.

Success of economic reforms and braking thereof on certain legs of the route requires reappraisal of the role of the state. Authorities, both in the centre and in the periphery, must stop any interference with the economy, cease launching sowing campaigns, harvesting, etc.

In the economy the state must play a substantial though limited part in creating legitimate limits of the market in which the private sector is offered a leading part. We mean finalizing formation of the legal basis that would provide for registering ownership rights, on shaping up competitive markets and reliable means of antimonopoly regulation, on maintaining fiscal and monetary policy, on developing a network of social protection, on providing for the development of requisite infrastructure, education, health care, and on pursuing effective environmental policy. If, for the time being, the markets are weak and underdeveloped, if the market space is encumbered with fragments of the administrative system, the state must interfere having in view development of the market and clearing of the space.

So far as the economy itself is lingering in a transitory stage of unstable development, regulating role of the state and its interference must be duly adequate. We must raise effectiveness and quality of state administration to at least an order, must help to enhance and supplement activities of the private sector and the national capital to correlate with the new world economic paradigm.

At the same time the state itself must be a guarantor of free economy. Its mission is to establish market rules and then safeguard their observance acting both just and impartial. We are a sensible and vigorous nation. If rules of the game are clear-cut and their observance is easily provided for on a just and impartial basis, then I have no doubt that citizens of Kazakhstan will be quick enough to adapt to the market economy.

However the fact that the state will play a limited role on developed markets in no way implies that it will be deprived of will and power, thus turning into a passive observer. Quite the contrary: it must be very strong for the laws to be honoured, it must be competent and

knowledgeable as to the world and domestic markets for it to be on the alert for permanently changing conditions. It must minutely plan its activities so as not to be lax and disorganized, it must identify interests of various groups of the population and development priorities, it must closely co-operate with the private sector thus consolidating and cementing the society.

Today however the state exercises too great administrative zeal where it shouldn't and, on the contrary, it is fairly passive and inert where its role must be great indeed. However it becomes ever more obvious that such state of affairs turns into an obstacle in our development. On the other hand, can we deem ourselves a strong state if we fail to decently (and completely!) collect taxes and duties, if we fail in paying wages and pensions on time, if laws and decrees are ignored time and again? That is why law-abiding taxpayers and honest owners of enterprises as well as the most vulnerable strata of the population suffer permanent losses. Meanwhile unscrupulous heads of enterprises and persons who defy paying taxes prosper and enrich themselves. Everybody knows the strategy of solving these problems.

Accordingly, our duties are as follows:

- eliminate persisting administrative interference of the government with trade and production;
- complete the process of privatization including real estate, the remaining small- and middle-range enterprises and the agro-industrial complex;
- sensibly organize and simplify the central Government and local authorities; - seriously reappraise the role, powers and responsibilities;
- establish absolute supremacy of law and protect law-abiding citizens from crime. At the same time apply all power of laws and authorities to those who live a fairly-well-to-do life by using illegal means.

During the last three years our economic strategy consisted in achieving macroeconomic stabilization that implies reduction of the deficit of state budget and consistent pursuing of a tough monetary and credit policy. Today we are as close to the solution of this problem as never before. However, successes of today give us no grounds for being calm. We are sure to fail implementation of goals we set if inflation in the country exceeds the critical level, if the rate of national currency is far from adequate to the general condition of the economy and to our strategic objectives while interest rates remain high and inaccessible for the real sector or - on the contrary - are negative in real terms.

Lessons drawn from international experience are unequivocal. Any of the countries which scored outstanding economic successes had to obligatorily take all possible measures of tough suppression of high inflation rates in the period preceding rapid economic growth and subsequently it had to exercise close control over the macroeconomic indices to be kept in prescribed limits. Those who went astray were doomed to failure.

To become the first ever Asian Snow Leopard, we must deem, as a priority, utilization of the best international experience in the field of macroeconomic indices-low inflation, low budget deficit, steady national currency, high rate of savings. Such formula proved effective for Japan, Korea, Indonesia, Taiwan and Chile. Hopefully, it would prove as effective for Kazakhstan. So far we have never faced the alternative: inflation or economic growth. We must never forget that our finite goal is economic growth, and macrostabilization is but a means of gaining this objective. Of course, financial stabilization, as no other process, has seriously complicated the situation with many a social group. It couldn't be otherwise in conditions of systemic structural transformations. In fact, a market is a democracy, which rests upon a most severe financial liability. The majority of the population has already understood this wisdom.

Naturally, macrostabilization was accompanied by tough depression and painful shortage of cash. But structural transformation of the real sector is underway, and presently both monetary and commodity masses would get reconciled. Time will come and people tempered by the hard period in their life and work would overcome this crisis.

As a Kazakh folk saying goes: "he who knows not what tightness is will never rejoice space". Through reducing inflation to an acceptable level, we transfer strategic emphasis onto the economic growth.

But the economic, the more so government strategy in no way coincides with the monetary policy, and today we are capable of taking a far greater and more adequate range of measures. In this respect our attention in the nearest years would concentrate on the real sector of the economy meaning rehabilitation and growth thereof, an effective social policy, though in conditions of tough fiscal and monetary limitations.

When speaking about macrostabilization in a long-term perspective, we must be ready to countering troubles arising in this field. Significant influx of currency cash which might invade the country as a result of the development of our natural resources and of, hopefully, ever growing exports in certain sectors of the economy, might push the rate of our currency ever up thus seriously endangering it. This would imply "loss" of other industries, exporting and processing ones, first and foremost. That is why we must be capable of absorbing a portion of the influx of currency cash without extensive use of import.

By virtue of sparsity of the population and low purchasing capacity thereof, Kazakhstan's domestic market is negligible indeed. That's why we must prepare strategies of financial investments abroad well in advance having carefully studied the world experience and mechanisms currently effective on investment markets. From now on liberalization of prices which we have accomplished will never be subject to whatever doubts and changes. Institutions of private ownership too would undergo consolidation at the expense of land property as well as by establishing of such a judicial system which would protect ownership rights and performance of contracts. Privatization of enterprises.

This process is mostly completed. It needs but finishing touches, primarily in the agrarian complex and social sphere. Besides we need efficient regulation of the process of share circulation. As to state-owned blocks of shares at the enterprises of strategic import, they would be used with sense and measure.

We scored fine successes on our way to liberalization, yet in agriculture, in a number of industries and in the social sector the standard of market relations persists to be too low. Actually, the whole of the production sector suffers from the crisis of payment system which is the result of the actions of incompetent or corrupt chiefs of enterprises, who are not accountable or poorly accountable to related owners.

Building of an open economy and free trade is prompted by our situation as a connecting link between numerous major markets. Such policy would be far more effective in linking countries and continents rather than any efforts to isolate one's own markets. From the start our national capital must get hardened and be ready to combats on its own markets. It is a very tough mission but otherwise it would never win the day on external markets in future.

However, while it is too young and too weak, is actually making its first steps and, wittingly, is in an unequal position, the state would protect it and help it to stand on its own feet as soon as possible. When we compare countries which gained topmost economic results, even with insignificant domestic markets, with those which preferred the way of self-isolation, we come to see for ourselves that closed markets, excessive government regulation as well as attempts to achieve self-sufficiency, though capable of producing transitory improvements, are in the long run doomed to failure. Besides we shall proceed with the development of power and such other natural resources with the aim of gaining revenues from exports which would promote not only economic growth but political stability and provision of national security. As before proper protection of foreign investments and opportunities of profit repatriation would remain in the focus .of our most particular attention.

There exist several sectors of economy (development of natural resources, infrastructure, communications and information) which are of paramount importance for our country. Development of these industries would enhance not only the economic growth but also the social sphere and Kazakhstan's integration into the world community. These are capital-consuming

industries whose development requires both foreign capital and tough strategic control on the part of the state. However, as was recognized by Adam Smith, there exist certain public needs which are far less attractive for the private sector. In these cases and as a last ditch measure the state would assume implementation of these tasks.

Our situation as a major inter-regional transport centre demands establishment of a more liberal regime for foreign investments than in some states bordering our country. Only in such situation we shall be able to attract the badly needed influx of finance and knowledge, only then we shall be able to substantiate our opportunities and regular trade exchanges. An open and liberal investment policy with clear-cut effective and strictly observed laws executed by an impartial administration would give a most powerful impetus to attracting foreign investments.

Elaboration of such policy must become one of our basic objectives because it is hard to imagine in what other way Kazakhstan can achieve rapid economic growth and modernization without foreign capital, technologies and expertise. We need a strong political will and effective actions for our investment climate to become more favourable and Kazakhstan itself - to rate as one of the first with regard to volume and quality of attracted foreign investments throughout the world. Besides we have to display supreme skill in utilizing relevant instruments needed in attracting as many world-famous investors as possible.

This was actually the very reason for my setting up - by virtue of a special Decree - of the State Committee for Investments and granted it a status of the only government body in Kazakhstan enjoying the right of conducting our policy in support of direct investments. One must remember that chasing foreign investments would be a long process which, incidentally, would never end. In this race we can't afford lagging behind. The need to formulate industrial technological strategy for Kazakhstan ensues from world experience. With a rare exception all developing countries passed the way from labour-consuming to capital- technology- and science-consuming industries. One cannot improve inert and cumbersome structure of production overnight. World experience testifies to the expediency of a certain continuity consisting in a steadfast reduction in the gross national product of the share pertaining to agriculture and extractive industry while the share of processing industries, primarily science-consuming ones with high extra cost and that of the services industry, must go up.

We have every ground to believe that, given favourable conditions in the future of oil-and-gas extractive industry which is the vital basis of the country as well as of the entire extractive sector, they would experience a considerable rise. It offers us a starting point from which to proceed in building our structural policy. Besides, our industrial strategy, as a rule, would not affect separate enterprises. We shall use instruments of state policy in such a way so as to enhance development of industries most appropriate for Kazakhstan. Not to become a country whose economy is oriented to raw materials only, we must develop light and food industries, infrastructure, oil-and-gas procession, chemistry and petrochemistry, certain subindustries of machine-building, finite science-consuming industries, services industry, tourism, all these - by priority rates.

Diversification of production would help us in ensuring sustainable growth. While the process of adaptation of entire branches and productions to the market in conditions of tough competition with liberal imports is underway, while our produce, save for raw materials, is hardly competitive on the world market, we are increasingly sliding to cumbersome raws-oriented structure of production whereas the whole of the civilized world advances in quite opposite direction. Downfall of production and its regressive structure is indeed a particularly dangerous factor which may no longer be ignored. If a free market is really free, it will invariably create new industries in our country.

Our mission is to present Kazakhstan in the eyes of world community as an attractive site for investments, and to actively attract investors to most critical industries. However, so far, one cannot rely on the market only. The government must set about launching an active industrial policy of diversification thus transferring the emphasis from macro- to the microeconomic level. At first, up to 2010, we shall have to focus on labour-consuming industries fairly perspective from the point of view of opportunities and competitiveness. They are - in order of priority - agriculture, timber-and timber-processing industries, light and food industries, tourism, housing construction and creation of infrastructure. By developing these industries we settle not only structural issues of the economy, but also problems of employment and poverty which is particularly important at the moment. We all understand only too well why economic growth is so vital for the future of our country. Without developing our economy we shall be unable to fund schools and hospitals, to protect our society against corruption and crime.

LONG-TERM PRIORITY 4:
HEALTH, EDUCATION AND WELFARE
OF THE CITIZENS OF KAZAKHSTAN

CLEANLINESS IS A PLEDGE OF HEALTH
WHILE HEALTH IS A PLEDGE OF WEALTH

Kazakh folk proverb

In and of itself, economic growth cannot safeguard welfare of our citizens. One can easily imagine a prosperous economy, in which people year in year out become ever more sick as a result of wrong approach to their health and because of polluted environment. In the course of our building the society we have to exert ever vigorous efforts for our citizens to be healthy all throughout their lives, for them to contact a healthy environment.

Accordingly, our strategy in accomplishing this goal includes the following components:

Prophylactics of diseases and enhancing a healthy mode of life. As the world experience shows the most important factor determining the health of the population of the country is actual measures taken by the state in prophylactics of diseases on the one hand and in enhancing a healthy mode of life on the other hand.

Prophylactics of diseases implies utilization of pure water and healthy foods, availability of purification systems, reducing the number of facilities polluting the environment and inflicting ecological damage, along with additional similar measures reducing other risk factors.

As to enhancing a healthy mode of life it implies our doing physical exercises, feeding properly, observing standards of hygiene and sanitation, avoiding use of drugs, cigarettes, spirits, etc. Our strategy for combatting diseases and improving our health when we suffer from shortage of sufficient means, should start with preparing our citizens to leading a healthy mode of life. We must launch an aggressive informational campaign in favour of a healthy mode of life and correct feeding, rules of hygiene and sanitation.

It must include the following:

Combatting narcomania and narcobusiness.

We have to toughen penalties for import and spread of drugs, we should launch a discussion in the society - whether it is expedient to introduce capital punishment for that offence as is common in a number of countries including Malaysia and Singapore. Drugs are an altogether particular and destructive threat and it is quite a problem to what extent principles of humanism may be applicable here. In fact, on one scale we have the life of the man who imports and spreads drugs while on the other we see several lives ruined through the fault of that man.

Reduced consumption of spirits and tobacco. Negative impact of spirits and smoking on man's health is scientifically substantiated. World experience offers several formulas of conducting government policy in this field: from imposing taxes on spirits and tobacco items to taxation of dipsomania treatment. However we'd rather take time in pursuing this policy. We must give careful consideration to this problem and repeatedly check our calculations if we do not expect reverse results in the form of the flow of contraband and rising crime. At first we must impose a final and universal ban on advertising the items in question.

By and by smoking must be ousted from public places but it all must be well-considered to avoid exaggerations. We must start with government buildings and establishments thus setting an example for others. Well, indeed, why should people endanger their health and put up with those who poison their environment?! I appeal to all to display intolerance to those who smoke. As to public consciousness and morals, they too must be less tolerable to spirits. Over the years of

Soviet power vodka has deeply imbued our everyday life, our customs and traditions. It became part and parcel of life in the country-side.

Today, when many of us have it hard, when we are obsessed with stresses, craving for spirits has grown considerably. Many countries tried to impose bans on this evil but so far it was to no avail. This notwithstanding, certain countries succeeded in achieving substantial positive results thanks to conducting rational information and elucidation policies, through culture and education. In industrially advanced countries they witness ever reducing consumption of spirits and a cut-down in the number of smokers.

One of the effective ways is also a diversification of mode of life - from pernicious habits to sports. Improvement of health of women and children. Protection of health of a mother and her child must always be in the focus of our state, our health protection authorities and the public. In due course, when we accumulate substantial revenues in our treasury, we shall obtain funds to officially support mothers and children in the form acceptable both for the state and for the effective demographic policy meant to aid families. For quite a time we have been rendering such assistance, in fact, to this day, despite pretty hard times.

As a matter of fact, I submit to public judgement a proposal of imposing a tax on those unwilling to have children, having in view subsequent allocation of these assets in support of families having many children. On a local level too it is necessary to look for new ways and means of supporting families, pregnant women and children. Indeed, we have to thoroughly consider the issue of eventual improvement of the institution of marriage and family, that of unmarried mothers. If we claim to be a society of high morals, we have to toughen mutual matrimonial responsibilities, primarily those to children. When parents care for their children and children, when grown up,- for their aged parents, when women command respect in the family and the society, then we may be sure of our country. After all, these principles were-from time immemorial-inherent with the Kazakhstanis, they must be restored and cherished.

Public should have its say as to adequate solution of the issue to be subsequently reflected in the law on family. Along with this we must specially distinguish parents who lead a healthy mode of life thus setting a glaring example for their children. I'd like to recommend companies and employers find relevant forms of commendation.

Annually they perform some 200,000 abortions. We think it expedient to hold a discussion whether it is sensible to impose bans on abortions. It is a pretty delicate issue and I'll have to follow the opinion of the majority. In any case we must choose a civilized way of family planning without endangering health and lives of women. In our age-related policies we'd rather focus our attention on our youth and the rising generation as well as on young families. Improvement of nutrition, raising purity standards of natural environment. Today poor ecological situation turns into a cause of nearly 20% mortality while in certain regions it is even more aggravated. One third of our compatriots drink substandard water. Inferior and irregular meals

too bring about ruinous demographic consequences. Accordingly, each of us must be quite particular as to what one eats or drinks.

Our experts should- through mass media - tirelessly explain and show the way one should feed and arrange his meals in keeping with one's income, the way one should follow prescriptions of up-to-date personal hygiene, of avoiding drinking low-grade water. Ecological, sanitation-and-epidemiology departments and standardization agencies must work in keeping with the priority of related objectives. As a matter of fact we must bar the way to whatever suppliers and producers of low-grade food items, to all who pollute the environment. Heads of government departments must set personal example thereof. Besides I appeal to our leaders of religious confessions, to other respectable members of our society to actively participate in the process. For these are issues of paramount importance. Relevant measures would mean too much for people's health, for many thousands of human lives.

LONG-TERM PRIORITY 5:

POWER ENGINEERING RESOURCES

WEALTH LIES NOT ONLY IN POSSESSION OF RICHES,
BUT IN ABILITY TO THOUGHTFULLY UTILIZE THEM

Cervantes

Kazakhstan possesses vast deposits of natural and energy resources. Its territory bears oil and gas fields, which rank us to the top ten of oil extracting nations. Kazakhstan has large deposits of coal, uranium, gold and other valuable minerals. We have a significant potential in utilizing solar and wind energy.

Despite it, we cannot satisfy our internal demands for a number of years. It is the result of the system of distribution, which goes back to Soviet epoch and also the lack of the required infrastructure. Similarly, the shortage of the required communications for exporting oil and gas to the world markets sharply reduces our opportunity to recover sufficient sources for the realization of our development programs.

Strategy of energy resources utilization will include the following components: Firstly, we shall sign the long-term partnership with main overseas oil companies to attract the best state-of-the-art technology, know-how, large capital for quick and effective utilization of our resources. We have already signed some large-scale contracts, the rest are under preparation. We are in search of partners for long-term outlook, whose challenges coincide with our challenges. In contracts

we shall strictly and reasonably stand up for interests of Kazakhstan, ecology, employment and labour training, the necessity of settling a number of social tasks.

Within utilization of our natural resources we are interested in concluding transparent agreements which will correspond to the best world practice and meet Kazakhstani interests. Here lies the guarantee of our incomes stability and contracts' fairness alongside with the world community back up. Strategy

Second part is the creation of the system of pipelines for oil and gas exporting. Only a large quantity of sovereign export routes can prevent our dependence on a single neighbour as well as monopoly pricing dependence on a single consumer.

Thirdly. Our strategy on utilization of fuel resources is directed to the attraction of interests of large countries to Kazakhstan and its role as a world fuel supplier. In this case companies and countries which will be involved in investing the development of our oil and gas business include the USA, Russia, China, Japan, and West European countries. Economic interests of these companies and countries to our resources exporting on the regular and stable basis will stimulate the development of independent and prosperous Kazakhstan.

Fourthly, with the attraction of overseas investments, we shall accelerate the creation and development of the domestic energy infrastructure, and settle the problem of self-sufficiency and competitive independence.

Finally the strategy stipulates efficient and expedient utilization of future profits drawn out of these resources. We should strictly control our strategic resources, cut down expenses and economically utilize means, saving part of them to our future generations.

LONG-TERM PRIORITY 6:
INFRASTRUCTURE, MORE PARTICULARLY
TRANSPORT AND COMMUNICATIONS

THREE DEEDS CREDIT A MAN: A WELL,
DUG OUT IN THE DESERT:
A BRIDGE, LAID OUT THROUGH RIVER,

AND A TREE, PLANTED AT A ROAD.

Oriental Saying

Historically transportation flows east to west and vice versa have been laid through our territory and their intensity hasn't been decreased for now Kazakhstan is to provide for competitiveness of the domestic transportation-communication complex on the world level and to increase trade flows via its territory.

To a certain degree the sector is sufficiently developed and in a long-term period it should follow the concentrated growth strategy, which means diversification of the national market and search of new markets, that would use our transportation and communication services.

This strategy will promote further development of automobile construction, tourism, system of rendering services; road and overhaul construction, reduction of a transport component within domestic production net cost.

RAILROAD TRANSPORT

Given the vastness of the territory and economy oriented on raw materials the bulk of freight traffic in Kazakhstan is made by railroad. To realize strategic tasks, we have the following to define as priorities:

- to modernize the main railroad routes, providing international transportation and trade ties, and also transit flows of goods via Trans-Asian main road;
- to finalize the development of Druzhba station and to intensify Druzhba-Aktogai leg of the route with the traffic capacity of up to 10 mln. tons of goods per year;
- to launch the construction of multimodal terminals in heavy loading areas; thus starting the utilization of container and package deliveries, providing technological unity of different transportation types.

- to decisively restructure all transportation-communication monopolies separating them from nonspecialized enterprises.

AUTOMOBILE ROADS AND MOTOR TRANSPORT

- to develop automobile roads in the directions providing international transportation alongside with the creation of high-speed legs of routes. To launch the construction of private main highways, privatisation and concession of the present. To provide their servicing on the level of modern international requirements;
- as a priority, to develop the network of roads in rural part of the country and in a long-term period to transfer them to solid pavement. To improve the traffic capacity of main highways and bridge constructions.

AIR TRANSPORT

- to set aviation in order and to enlarge the air fleet through leasing and acquisition of a definite amount of high-class aeroplanes;
- to start the reconstruction of airports; level of servicing is to reach international standards;
- to reorganize the system of air traffic management in order to develop transit air lines via Kazakhstan.

WATER TRANSPORT

- to reconstruct Aktau sea port, and to attract foreign investments for enlarging flotilla with "river-sea" vehicles.
- to enliven and involve into the activities river steamships, namely the vehicles with low net cost of loading and passenger transportation.

COMMUNICATIONS AND TELECOMMUNICATION NETWORKS

Telecommunications maintain functioning of market mechanisms through the access enlargement and information transmission. Telephones, faxes, e-mail are considered to be vitally important and necessary prerequisites for modern business development.

Being more international and flexible by their nature, informational technologies in comparison with other types, in a greater extent contribute to the business development of exporting and economy decentralization.

They integrate national economies and enlarge the informational range of the region, incorporate the countries into the world economic ties. Telecommunications may potentially smooth some distortions and negative phenomena taking place in social sphere, granting new jobs, decreasing economic migration between rural and urban regions.

Of great significance are informational technologies for health care and education, and also for environmental protection and improvement. One of the positive assets of easily accessible and comprehensively utilized telecommunication system is the guarantee that the people, despite the poor condition of roads, vastness of some regions and high tariffs, for passenger traffic will get an access to information.

The Government will render the minimum level of communication services to remote and underdeveloped districts. For example to retransmit regional training programmes for children and youth. It will be of minimum net cost; and in future it will be profitable.

Currently the Republic of Kazakhstan faces the necessity of establishing priority of an independent and effective system of telecommunications services of its own, competitive in future with similar infrastructures of the world developed economies.

Present-day status of Kazakhstani telecommunications, despite the sufficient density of lines in comparison with other countries turn to be a serious economic problem.

LONG-TERM PRIORITY 7:

PROFESSIONAL STATE

A COUNTRY DEVIATES FROM THE LAW

GOVERNANCE WHEN IT HAS A LOT OF CHIEFS

Solomon

Reorganization and improvement of state bodies has just started, but this process has to be given more active impulse. That is why early this year I have launched the realization of the strategy in reforming of our government and its staff.

On federal and local levels the Government will be cut down and it will be an on-going process. Our task is to create in Kazakhstan an efficient modern state service and management structure best suited for market economy; form the Government capable of realizing priorities; build a state protecting national interests.

Within the Soviet command economy the state managed to control everything and everybody. As a result it has become an awkward structure with numerous intersecting chains. In developed countries more than 80% of similar activities which were under the Soviet control, are not included into the list of state functions.

After collapse of the Soviet Union we had to solve anew issues of state construction and management.

Firstly it applied to provision of legislative basis for functioning of a new independent state, consequent maintenance of social-political stability. For now of topical significance is the issue that state management through complex systematic transformations of a society and economy is to become systematic.

Naturally, it can be reached on a step-by- step basis, but only in case of preliminary working-out of the coordinated logical programme of long-term reforming of state functions.

Strategy seven main principles, on the basis of which the Government and local bodies will be finally created have resulted in the following:

- 1) Comprehensive and professionally trained government concentrated on fulfilment of some most important functions;
- 2) Work on Action Programmes on the basis of the proposed strategies;
- 3) Efficient inter-institutional coordination;
- 4) Increase of authorities and responsibilities of ministers, their accountability and strategic control over their activity;
- 5) Decentralization within ministries: from the federal centre - to region and from the state to the private sector;
- 6) Decisive and merciless combatting corruption;
- 7) Improvement of the system of personnel hiring, their training and advancement. Governments, which have achieved success are comprehensive and concentrated on execution of some main functions, which can be fulfilled only by a state.

Moreover efficient governments focus on a limited number of priorities and on strategy realization to achieve these goals. Government effectiveness is based on three interrelated factors: structural composition, strategic coordination and the level of personnel training.

Our nearest task is to create a small and flexible staff, comprised of capable and dedicated personnel perfectly commanding methods of strategic planning. There is no need to dwell on the fact that the lack of coordination between ministries and institutions, and between regions is one of the main hotbeds of crisis in social activities.

Terms of reference for the solution of specific tasks which don't correlate with each other, duplication of functions and collective guarantee, formal replies lead to delays and red-tape intestine, lack of responsibility. It is the gist of the present state management. This problem is rooted in the lack of strategic programmes. Work of each ministry, institution, akimat as well as regional development itself, should be in conformity with the state strategy stipulating clearly defined goals and tasks. Undoubtedly, it will require new approaches.

Strategic planning, financial programming and project management should become the essence of improvement within state management in the nearest future. Interinstitutional and interregional coordination is wanted as air, as the manifestation of political will towards effective achievement of priorities. We have to establish a single coordinating body to control the activities and efforts of institutions involved in realization of strategic tasks. State system of coordination is to be efficient and transparent.

Results of its activities should be available to all subordinating bodies. Current situation in ministries and institutions is such that the level of responsibility exceeds the terms of reference. Distortion of balance of responsibilities and authorities into one or another extreme tangibly decreases the management efficiency.

As the world practice shows, granting of broad-scale authorities on internal management gives more advantages for a head of an institution than losses stipulated by the possibility of this power abuse. Ministers and akims must and shall possess broad powers, but their activities are to be accountable to high ranking bodies and be subjected to regular strategic control. Wider power concentrated in our hands implies larger personal responsibility for non-execution of obligations.

As I have said, each ministry and institution should be released from functions not characteristic of them, trying to maximally transfer them from the federal centre to regions and from the state to private sector. The less numerous hierarchy and intermediaries are, the stricter is separation of powers. Power decentralization and alignment of authorities to lower layers, directly involved in execution of the activities is so obvious that central and any other state bodies will be demonstrating their necessity and usefulness.

Within the market conditions we are to establish and strengthen competitiveness between regions on the principle: the best region is the region with better living standards. accordingly, productive forces should be concentrated in places with better conditions. Regional competitiveness is to be based on a larger independence of regions, especially in the bud-get sphere where excessive centralization is evident. We should relentlessly combat corruption notwithstanding persons and their positions.

The executive staff is to be decisively cleared and refreshed. New generation of public servants should serve their nation; be patriotic and just, dedicated to the work and highly competent. Creation and support of comprised of capable and dedicated personnel perfectly commanding methods of strategic planning. There is no need to dwell on the fact that the lack of coordination between ministries and institutions, and between regions is one of the main hotbeds of crisis in social activities.

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The executive staff is to be decisively cleared and refreshed. New generation of public servants should serve their nation; be patriotic and just, dedicated to the work and highly competent. Creation and support of civil service high reputation is our strategic objective, which is to be solved within the years to come.

Old mentality, ideological blinkers, legacy of the past; inability and lack of competence to work within new market conditions - are obstructions on the way of social economic development. There are some gleams of hope though. But generally, training of a new managerial staff generation is an imperative task for the nearest future. Technocrats capable and ready to roll up for achievement of priorities and challenges should enter management. Professionalism, patriotism, ability to set long-term tasks, skills and will to solve them within new conditions are the main criteria for selection and advancement of personnel.

The Republic has laid the basics of professional civil service. However we are in for a lot of work. We have to create a state system of cadres' management with efficient and effective training in the country and abroad, with just and fair procedures of career advancement, single informational system, guaranteed social protection system, rational attitude towards the basic management resource-human capital. Alongside with it, this state system should be selective for incompetent and unqualified workers. Regularly each employee has to prove his actual capabilities and usefulness.

THE AGENDA: 1998-2000

ONE TODAY IS WORTH TWO TOMORROWS

Franklin

There is a danger that the above will be castles in the air if we do not specify short-term objectives for the next three years until the early XXI century and do not fulfil them.

For the bulk of our people long-term prospects are of no importance today: it is too difficult to overcome present day privations. While the majority of people won't enjoy concrete results, even small improvements within the nearest future, they will be cynical towards long-term goals and high-flown promises.

First steps and results on our strategic path are more tangible and verifiable. On their basis realization of the correctness of the chosen trend will take place, people's trust to the state will be built; sense of patriotism and community will be developed. However, our compatriots are wise.

They understand that we shan't be able to cope with all the bulk of acute social problems until our economy is revived within a few years. They do understand that the state during the coming years will be restricted in resources for realization of our long-term priorities and for execution of short-term specific action programmes within a long-term strategy.

Nevertheless, our people await and deserve even insignificant improvements until the end of the century. That's why I submit for 1998-2030 the most important tasks within the context of the Republic of Kazakhstan strategic programme development until 2030.

Priority goals are as follows:

- national security strengthening through more active relationships with leading countries, capital attraction into Kazakhstan power engineering sector and working-out of the military doctrine of our country;
- settlement of the most pressing rural problems; - combatting poverty and unemployment;
- economic growth through strengthening internal political stability and unity of the society;
- finalization of all social and economic reforms primarily in the budgetary sphere thus resulting in timely and complete payment of pensions, wages, salaries and social benefits;
- creation of a favourable investment environment; - acceleration of government and civil service reform and strengthening of activities in combatting corruption and abuse.

NATIONAL SECURITY

By 2000:

Initiation via foreign political state institutions of stability of the forming strategic parity around Kazakhstan, which geopolitically will meet long-term interests of our country.

We shall advance to strengthening of our relationships with Russia, China, Central Asian neighbours, Islamic states and Western countries. Big business and companies from the USA, Russia, China, Great Britain will be involved in the development of Caspian Shelf and Karachaganak field, that will strengthen world powers interest the country independence and continuous fuel supplies to the world markets.

Efforts made by foreign political and intelligenc authorities will be concentrated on securing state independence and territorial integrity. There will be worked out a military doctrine of Kazakhstan which be subject to regular rearrangement depending on circumstances. Due to the lack of resources, demography strategy realization will be started mainly with utilization of its items which don't involve expenditures mentioned above. However, the Government will pursue payment of allowances to children and support mothers having many children.

RURAL PROBLEMS

As the settlement of most serious rural problems is concerned, by 2030 we shall:

- dismiss local administrations from their interference into market relations;
- privatise pseudoprivate entities with clear inkind personification of private property and plots;
- improve the rural economy through bankruptcy mechanisms;
- reduce the price of credits for farmers and real private entities, first and foremost;
- develop small-scale and middle-scale businesses in the country-side througn loans granted by Asian of Adian and European Banks for Reconstruction and Development, and through the assistance rendered by other agencies and donor countries;

- lend microcredits worth 25-30 thou. tg.

Within three years the Government is responsible to provide such assets not less than to 150 thou. peasants, who found themselves in the most desperate plight, and who cannot afford buying livestock and tools to start legally permitted businesses, which will keep them afloat and develop their business skills;

- go on attracting direct domestic and foreign investments;
- render assistance to farmers in produce marketing; - solve water-supply and irrigation problems;
- provide priority rural financing through all ministries and foundations.

COMBATING POVERTY AND UNEMPLOYMENT

Strategy of combatting poverty and unemployment during these years will be based on the following:

- introduction of a system of microcredits;
- small-scale and middle-scale business development;
- priority development of labour-intensive sectors and active attraction of foreign investments and domestic capital into them;
- tough approach to problems of unemployment under contracts, agreements, budget purchases;
- development of public works, primarily road construction and tree planting;

- removal of all unnecessary administrative barriers on the way of developing private entrepreneurship;
- efficient development of the sphere of services, tourism in particular.

ECONOMIC GROWTH

With the aim to realize our long-term priorities on this trend during the next three years we contemplate the following:

- tough monetary policy will be carried out;
- privatization will be finalized;
- legislation to improve country investment environment will be perfected and made more comprehensive;
- foreign investments will be more actively attracted; the volume and the results of which being notified in detail to the people;

As power resources are concerned: Kazakhstan will make every effort to complete the construction of the CPC Pipeline and to put it into operation by 2000, the other pipeline to the People's Republic of China -in 2004. Just as throughly will be considered the issue of financing and construction of alternative pipelines laid to the Mediterranean Sea, Persian Gulf, Arabian Sea. We shall erect gas pipelines to supply fuel to Kazakhstani industrial enterprises and houses, as well as to international markets;

We shall sign agreements on exploration and extraction on the Caspian Shelf, gas condensate mining, transportation and processing at Karachaganak gas condensate field. Infrastructure development programme stipulates the following: - by the end of 2000 to improve the railroad infrastructure between Druzhba station and Aktogai, to increase rail-road transport capacities between the Republic of Kazakhstan and People's Republic of China. - by the end of 1999 to implement the first stage of the reconstruction of the Aktau seaport. - by the end of 2000 to rehabilitate Almaty-Akmola-Borovoiye road; - by the end of 2002 to complete construction of

the bridge via Irtysh and access roads running to the Semipalatinsk bridge; -in 2000 to reconstruct Akmola airport.

ECONOMIC AND SOCIAL REFORMS

By 2000:

the problem of nonpayment of salaries and pensions will sink into oblivion

- it will become a mere record in our history.

- the most needy layers of our society will receive state aid thus providing 150 thou people through microcredits and more than 3.5 mln people (including pensioners) through social insurance systems;

- loss-making and non-productive enterprises will undergo bankruptcy procedures;

- we shall carry-out budget reforms, aimed at supporting our long-term priorities, sticking to the basic principle of living on the available means only;

- tax payment for the bulk of Kazakhstanis will become an ordinary event and will turn up as a mere patriotic obligation;

- we shall consistently pursue pension reforming;

- we shall finish finance sector reforming and launch securities market.

PROFESSIONAL GOVERNMENT

By 2000:

- Government and state service reforming will be finalized;

- priority attention will be attached to the removal of incompetent functionaries and to combatting corruption and power abuse committed by civil servants.

EIGHT SPECIFIC TASKS SET TO THE GOVERNMENT FOR 1998

EVEN BEING ON A RIGHT TRACK

YOU WILL BE KNOCKED DOWN

WHILE SITTING WITH ARMS FOLDED

Godfrey

I have defined our challenges for the next three years in context of our long-term priorities but apart from them, there are some tasks which should be solved the next year.

Thus I submit the Government for 1998 eight specific tasks:

1. to provide total and timely payment of pensions, allowances and wages in budgetary institutions;

2. to issue, within a year, microcredits worth USD 400 for the period of three years not less than to 30 thou most needy citizens mainly for purposes of providing extra jobs in the country-side;

3. starting from this year to provide lending of credits for the development of small- and middle-scale businesses, farms, creation of jobs in the sum not less than USD 100 min;

4. to set about implementation of a broad-scale programme of computerization of schools, located in the country-side allocating not less than USD 22 min for the purpose as early as 1998.

5. to provide reduction of credit prices for farms not less than tenge 2.5 bin;
6. to launch a public campaign for a healthy mode of life;
7. to start the realization of Housing Construction Programme having allocated for these purposes not less than USD 40 mln. In April 1998 to inform the public on the principles and anticipated results of this programme realization;
8. to ensure overall school attendance by children.

SUMMARY

SELF-CONFIDENCE IS A POWER

Bowie.

The task of long-term priorities selection, specifying objectives for 1998-2000 and elaboration of Action Programme for the next year is an extremely complicated affair. It's impossible to envisage everything as well as to foresee all difficulties which will be encountered on this path. But elaboration of these long-term priorities immediately disciplines everybody, and adds concentration to the work, which we lack now.

Many representatives of our generation won't live to the time when this strategy will be realized. Our children will estimate its reality and correctness of the work, implemented by us. It will also be analysed by the world community estimating our ambitions and decisiveness through watching our everyday activities.

Enormous domestic and external difficulties are in store for us on this long way. There have been many countries unable to elaborate strategies of their development and there are even more examples when certain states haven't been able to realize their plans. Inability of leaders, circumstances or weakness of their political willpower have led to failure of the dream. We are not insured against it either, if we won't overcome entropy, and concentrate all our power on main directions, demonstrate firmness and flexibility, discipline and creativity.

Our chronic disease is that we gradually forget about the main goals under the pressure of concerns and routine, do easy and sometimes unnecessary jobs and put off difficult but strategically important tasks "for later on".

That's why we should clearly define priorities and every coming morning think what can be done to advance to the goals and then in the evening summarize estimate effectiveness of our day's work. We shall work out specific three-year and annual programmes of realization on all seven priorities by the end of the year, which subsequently will constitute the basis for development programmes and budget.

The structure of the Government will be complied with our strategic priorities and plans in view. From this year onwards activities of the President, the Government, the Parliament and the local authorities will be subjected to our common strategy realization.

Each Minister of the Kazakhstani Government will have a strategic working plan and quarterly report on his Department's activities for will implementation of its specific items.

My fellow-citizens, Every year I shall report back to you over the implemented and outstanding activities explaining the reasons. In each annual report I shall put new objectives for the next year in order to move further to our strategic goals.

A great number of sceptics will consider these plans unreal due to a number of difficulties facing us. Some people will consider our mission and strategy as an idle talk. Others will say that Central-Asians, in particular Kazakhstanis, are not able to become "real" Snow Leopards.

As a Kazakh saying has it: "Dust doesn't stick to a quickly walking person". Thus, time will put everything on its proper place, and he who walks will cover any distance.