

Renata MATUSZKIEWICZ

Gdansk Management College (Poland)

## HOW TO DEVELOP IN A SUSTAINABLE WAY – SOME PROBLEMS RELATED TO SOCIAL COHESION IN KAZAKHSTAN

### 1. Introduction

This paper describes how the rapid economic development of Kazakhstan has been accompanied by a process of social polarization and growing disparities within society. Kazakhstan is a large oil producing country in Central Asia, a former Soviet Union republic that became independent in 1991. Since the mid 1990s the country has achieved an amazing rate of economic growth (10 percent annually), due to expanding oil production and rising oil prices. Yet, this stunning growth is not sustainable in social terms, as parts of the population are in poverty and have little chance of consuming the fruits of the country's success. There is a growing gap between the oil elite – those who control and own the oil business – and the rest of society. Social cohesion is weak. In this paper some causes of the weakness of social cohesion are explored and some manifestations described. The first part of the article presents indicators of economic growth, while the latter part focuses on privatization, corruption, ethnic tensions and clan relationships as factors causing social polarization. Access to higher education, the property market and the distribution of state jobs are used as examples to illustrate the lack of social cohesion.

This paper is very much based on my own ethnographic observations – living my everyday life with Kazakhs, working with them, going to bazaars and overhearing simple conversations and complaints in shops or post offices. The literature study was used as a method to illustrate major trends and present factual information. But other very important sources of information and interpretation were the numerous conversations I had with my colleagues – foreign and local scholars in Almaty, especially from the Department of Public

Administration and Department of Political Science of KIMEP<sup>1</sup> (Kazakhstan Institute of Management, Economics and Strategic Research).

## 2. “Kazakhstan is flourishing” – or is it that rosy?

Kazakhstan is a vast country in Central Asia, larger than Western Europe, with a population of 16 million people, composed of 130 national and ethnic groups. The country is rich in natural resources such as oil, gas and various minerals. It was the last country to declare independence after the collapse of the Soviet Union in 1991, but at the moment it is one of the wealthiest of the former Soviet Republics – mainly due to the abundance of oil and its growing price on the world market. The rate of economic growth in the country has been on average above 10% for the last 7 years [*Kazakhstan. Economic Performance Assessment*, 2005, 3].

I spent three years in Kazakhstan, teaching public administration in the country's most modern management college in Almaty, the former capital city. Those three years provided me with fascinating observations for sociological analysis. What made it more interesting was the fact that I came from a country that also went through a political and economic transformation in the 1990s, I had traveled extensively in Central European countries and I believed I knew something about the possible challenges the process of transformation poses these states. Yet, Kazakhstan was more surprising than I thought.

One of the phrases that a foreigner could hear very often in Almaty was that “Kazakhstan is flourishing”. This is true in some respects – wealth (oil wealth in particular) is especially visible on the streets and construction sites of Kazakhstan. The country's economy has been growing at a very high rate for several years now, some Kazakhstanis<sup>2</sup> travel around the world, casinos in the cities have regular customers, immigrants from poorer Uzbekistan attempt to get residence permits and jobs in Kazakh cities. This is one layer of Kazakhstani life. However, anyone who has had the experience of visiting a primary school, public university or state hospital would be reluctant to repeat the enthusiastic phrase “Kazakhstan is flourishing.” The contrast between the huge mansions of businessmen on the outskirts of Almaty, mansions built with Italian tiles and marble, and the paint peeling away from the walls of hospitals or the run down public transport buses seems quite shocking. In Central Europe,

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<sup>1</sup> I would especially like to thank Dr Donnacha Ó Beacháin for his support and invaluable help in structuring some of the arguments in this paper.

<sup>2</sup> “Kazakhstanis” is the term used to denote citizens of Kazakhstan, regardless of their nationality, i.e. not only ethnic Kazakhs.

Poland is a country with a relatively high level of polarization between the rich and the poor, but the contrasts in Poland seemed much milder to me than those in Kazakhstan (although I realize that the comparison between an Asian former Soviet republic and a former communist country in Central Europe may not be the most appropriate, as both regions have had different histories). Kazakhstan's situation is quite striking – the country is getting richer every year, but the gap between the privileged and underprivileged is widening. This is a situation in which the amazing growth that the country is experiencing cannot be labeled as sustainable in social terms – a large part of the population is alienated and has limited prospects for overcoming their poverty. Social cohesion is weak and the way the country is developing has resulted in increasing social polarization.

The European Committee on Social Cohesion defines this phenomenon as “the capacity of a society to ensure the welfare of all its members, minimizing disparities and avoiding polarization. A cohesive society is a mutually supportive community of free individuals (...)” [[http://www.coe.int/T/E/social\\_cohesion/social\\_policies/03.Strategy\\_forSocial\\_Cohesion](http://www.coe.int/T/E/social_cohesion/social_policies/03.Strategy_forSocial_Cohesion)]. This definition points to an important relation between cohesion and polarization; a relation that is clearly present in Kazakhstan. The disparities that were outlined above are serious in spite of the general wealth of the country. Social life in Kazakhstan provides numerous examples of how polarized society is. In the following sections I want to show how intensely Kazakhstan is developing as a country, but I also want to focus on possible sources of polarization and outline its manifestations. Weak social cohesion in a country with such economic potential is a striking phenomenon.

### **3. Indicators of economic growth**

Kazakhstan, like all of the former Soviet Republics, experienced a deep crisis after gaining independence in 1991. During Soviet times the republic served as a source of raw materials to other republics – mainly Russia, so only certain sectors of industry were developed, primarily the mining of metals and extraction of gas and oil. The agriculture sector was also quite strong, since the vast areas of steppe could be used for grain production. After the collapse of the Soviet Union, the country had to deal not only with economic problems, but also with more important social issues. Efforts to build a nation, rising ethnic tensions and the massive emigration of Russians preoccupied the government and led to economic uncertainty [Schatz, 2000, 71; Pomfret, 2005, 859]. Kazakhstan, like other post communist states, embarked on a path of building a free market and the economy demanded serious reform after the collapse of the Soviet Union. Analysts agree that the first decade after gaining

independence was not a very successful period and the situation only started to change in the mid-1990s. A program for privatizing national enterprises and industry came into operation and the main focus of attention in the economy was moved to oil as the major potential source of revenue. The end of the century was the starting point for stunning economic growth. According to the estimates of international organizations such as the International Monetary Fund and the European Bank for Reconstruction and Development [as cited in *Kazakhstan. Economic Performance Assessment*, 2005; Pomfret, 2005] all the economic indicators showed a very high level of growth. Real GDP growth was around 10% annually between 2000 and 2004, reaching 14 percent in 2001. This means that Kazakhstan has been developing more quickly than any of the former Soviet states and much faster than the average pace of growth in the EU [Zashev and Vahtra, 2006, 3]. GDP per capita measured in US dollars doubled during this period and in 2004 was 2 715 USD. Kazakhstan has been making good use of the growing global price of oil – between 1998 and 2002 both oil production and prices doubled (it is estimated that Kazakhstan earns 7 billion US dollars a year from oil exports). Since 2000 Kazakhstan has managed to attract over 2 billion US dollars annually in foreign direct investments, although this money primarily goes into oil, gas and metal extraction. In fact, Kazakhstan obtained the biggest FDI deal of any of the former Soviet republics [Pomfret, 2005, 867]. The country is very proud of its record in this respect and remains the leader in terms of the amount of foreign direct investment per capita in the former Soviet Union [Zashev and Vahtra, 2006, 4]. All of these achievements are accompanied by diminishing state control over the economy; the private sector's share in GDP grew from 25% in 1995 to 60% in 1999 and 65% in 2002 [Pomfret, 2005, 867].

The data presented above suggest that the Republic of Kazakhstan has managed to build a successful economic system that has significantly increased the country's wealth. The country is blessed with many natural resources and the economic policies were structured in such a way to take advantage of this situation. Certainly, this picture could convince anyone that "Kazakhstan is flourishing".

#### **4. Oil – not only a blessing**

However, there are some negative issues that accompany these successes. Kazakhstan's economy has developed in such a way that has made it prone to the so-called "Dutch Disease". In simple terms, this is a syndrome of over-reliance on oil and gas. The oil-producing countries have experienced a rapid growth in their wealth, due to rising global prices. This leads to investments directed mainly at the booming sector, while other sectors of the economy slow

down or shrink. It is also more likely that an economy which relies on oil may be badly hit by a sudden drop in the high global oil prices [Kuralbayeva et al., 2001, 5]. Oil production is not labor intensive, while Kazakhstan has a relatively high unemployment rate (8%). Agriculture, which employs a substantial proportion of the population (33%), is not very productive, so in order to create employment more labor intensive sectors should also be developed. In Kazakhstan the over-reliance on mineral resources also means that the surplus, or wealth, extracted from oil is disproportionately absorbed by a small elite, who prefer to consume a huge part of this wealth, rather than invest it back into the economy. Fergus in his analysis of poverty in Kazakhstan explains: “[the Dutch Disease] creates great disparities between the small, but highly prosperous, oil based elite and a large and often impoverished proletariat. There are clear signals of this developing now in Kazakhstan. There is evidence that poverty is actually the most intense in the two regions of greatest oil production, i.e. Atyrau and Mengistau. (...) It has been impossible to incorporate a traditional nomadic society into a modern oil-based sector” [Fergus, 2003, 113]. It is quite surprising to realize that the regions that produce Kazakhstan’s wealth are the poorest regions at the same time. One could argue that the people there possibly do not share the conviction that oil is their blessing. This leads to the conclusion that paradoxically the “blessing of oil” (and the advantages connected with its production) is not directed to everyone. Indeed, signs of weak social cohesion and significant divisions can be observed. That is why I question whether “Kazakhstan is flourishing”.

## 5. Social polarization – some causes

On the one hand the country is a showcase for market economy reforms. But a closer look at other indicators of development reveals a darker picture. The USAID report stated that “Kazakhstan’s poverty indicators are mixed. On the positive side, the poverty headcount according to the national poverty line has dropped rapidly in recent years, falling from 31.8% in 2000 to just 16.1% in 2004. (... Yet,) more needs to be done to reduce poverty. For example, 13.0% of the population does not meet the minimum dietary requirements. (...) Rural poverty is nearly double the urban rate. (...) Life expectancy, the broadest indicator of health status is low (61.3 years), this rate is below all benchmarks [Kazakhstan. *Economic Performance Assessment*, 2005, 5, 27]”. Kazakhstan as a country is a mixture of a booming natural resources sector and poverty induced by the collapse of Soviet industry.

In my view though, the issue of the disparities between segments in society (mainly between the “top” and the “bottom”) is the most problematic. Cohesion is the very fabric of society – the fact that people “stick” together allows social

life to function. A society is cohesive when there is trust and connectedness between its members. Acute material contrasts do not produce a social situation in which people would perceive such connectedness. I could observe and discuss these contrasts easily in every day life in Kazakhstan. An introduction to this issue was one of the classes I taught. It was an introductory sociology course at the college where I worked and I started the class on social stratification with a very simple question to my students – I inquired what they knew about social classes in Kazakhstan. One of the students quoted a newspaper article that he had recently read. The article claimed that the proportions of the social classes in Kazakhstan were 5:15:80, which meant that 5 percent of the population belong to the upper class, 15 percent to the middle class and 80 percent to the lower class. I could not verify this statement from any of the sociological sources, but the statement is accurate when it comes to describing the disparities – the wealthy are a small elite, while the poor make up a large proportion of the population. It is enough to say that 1/3 of the working population is employed in agriculture with very small salaries. This lack of balance is not unknown in other former Soviet states, but such disparities are very striking in a country that earns billions of dollars a year. Fergus, who served as a consultant in developing a strategy for reducing poverty in Kazakhstan remarked that “politically, poverty on a widespread scale – which is so plainly visible – cannot be permitted to coexist with such new wealth” [Fergus, 2003, 113].

Another example: I remember a conversation with a taxi driver when we were passing one of the most glamorous casinos in the city of Almaty. The driver said that the other day he had had an unlucky client from that casino – the client was angry as he had lost 8 thousand dollars during one night there. “Who was the client?” – I asked – expecting that it would be a foreign executive of an oil company. “Oh, just a Kazakh guy”, said the driver and the answer indicated that the “Kazakh guy” could have easily been just an average person. To put things into perspective, let me add that a regular taxi ride in the city would cost 2–4 dollars, groceries for one person for a week would cost 30–40 dollars and a pension would amount to approximately 100 dollars a month. This story presents only one illustration of the contrasts that are present in all spheres of life in Kazakhstan. Social polarization does not seem to be falling as one would expect (with all the influx of oil money into the state budget), but is increasing along with the oil boom.

The reasons for this polarization and weak social cohesion are factors such as the choices made in the privatization process and accompanying corruption, the subtle, but clear, ethnic tension present in a young multinational state and the client-patron and clannish relationships that characterize social relations in Kazakhstan.

The privatization process was launched as early as 1992, but 1995–1996 were the peak years, when the most valuable enterprises were sold. The

renowned Western analyst Martha Brill Olcott described this process more accurately as selling the state's most valuable assets at give-away prices to well-connected people [cited by Pomfret, 2005, 863]. When oil became the focus of attention in the economy and it was obvious that its price was steadily rising, privatization became less transparent and the accumulation of wealth by a small elite started. This elite was composed of people well connected to political leaders (family members, as well as political friends), mainly Kazakhs, since the clannish character of Kazakh politics was calling for "taking revenge" after the years of being relatively more deprived than Russians. Privatization in Kazakhstan was not different from that in Ukraine or Russia. However, in Kazakhstan the word oligarchy is not used to label the oil elite. To give another example of the privatization policies, a voucher system was introduced in 1993. Vouchers were allocated in favor of rural inhabitants. In practice, this meant a bias in favor of Kazakhs, as the rural population is primarily composed of Kazakh nationals. The ethnic dimension is quite important here, since Kazakhstan is a country that never had a majority of the titular national group during Soviet times. That is to say, Kazakhs made up approximately 40% of the population in their own homeland. In this way, privatization was used as just one stream of a process of "state-led ethnic discrimination" [Schatz, 2000, 72] aimed at reinstating Kazakhs as the dominant force in the state. The process was later labeled as "Kazakhization". Political moves were made to elevate the indigenous Kazakh population, strengthen the Kazakh language as the main if not the only official language of the state, focus exclusively on Kazakh cultural and historical heritage and to "Kazakhify" public administration. Due to such economic and linguistic policies, a huge number of ethnic Slavs left the country (300 thousand Russians in 1998 alone) and those who stayed would no longer enjoy privileged positions. The cases cited here show that ethnic issues served as a basis to alienate a large proportion of the population. Policies were crafted in such a way as to give better opportunities to one group rather than others. It is questionable whether these policies will serve sustainability in future social development, since they have undermined social cohesion.

Another issue connected with privatization was the high level of corruption, which also led to disparities. There were groups, mainly state officials, who gained illegal profits from the privatization process. Martha Brill Olcott, who specializes in analyzing the Kazakhstani political and social scene, reported that in some cases (*e.g.* the country's most attractive goldmine) the fees and bonuses paid to Kazakh officials who facilitated the sale of state enterprises to international partners, were as much as 35 million USD. Some of the privatization contracts that were first agreed with international companies were later reassigned to families of political leaders and other privatization contracts were individually negotiated agreements, without any transparency or bidding process [cited by Pomfret, 2005, 867]. The subject of corruption was very com-

mon in my everyday conversations with people. There was general agreement that everyone who serves in public office is corrupt and the higher the position is, the more money is involved. In their research on the issue of state capacity, Cummings and Nørgaard [2004, 699] discussed the phenomenon of corruption within a group of respondents, middle ranking state officials in Kazakhstan. According to 56 percent of respondents (who themselves are functionaries of the state and form the group of decision-makers at intermediate level) corruption was most common at the intermediate level of government, while 35 percent of respondents believed that corruption was most common at the top level of government. Corruption, of course, is a phenomenon common to the countries of the former Soviet Union. But I am interested here in the role of corruption as a force leading to increased polarization in Kazakh society. The corruption connected with privatization has only widened the gap between the "haves and have-nots". Some well-connected people were able to buy enterprises for insignificant amounts of money, some – who did not buy – at least made significant gains out of facilitating the transactions.

These clannish relationships have played a significant role in creating disparities, too. Kazakhstan is a country with strong clan bonds and the political life of the country is influenced to a large extent by ties of kinship. To take the state apparatus as an example – certain administrative and political positions are dominated by members of the so-called Elder clan, which receives numerous political appointment in relation to its size. Because political appointees have been given access to decision making powers, this puts the members of one clan in a relatively privileged position. An analysis of clan politics indicates that in some cases certain clan practices serve to undermine the functioning of the state [Schatz, 2005, 231]. People tend to serve the interests of their own clans rather than the interest of the state or the public. Clan politics have played an important role in the cases of the development of the oil and mineral industries and the privatization process. Schatz [2005, 240] asserted in his study that "indeed, posts in the state bureaucracies and access to rents from extractive industries came to hinge in significant parts on the subethnic political backgrounds of political actors". In a country that only started to build a market based economy less than two decades ago, from the outset of the transformation the distribution of goods was based on rules that favored one set of actors and undermined the chances of the rest to achieve similar status or financial gains.

## **6. Social polarization – some manifestations**

I have outlined how privatization, corruption and clannish relations have created mechanisms of exclusion and inequality; mechanisms that have weakened social cohesion and led to social polarization. The ways in which social



polarization manifests itself are numerous, as my own experience and the literature on Kazakhstan's social development indicates. Higher education is an area where divisions are sustained by government policy and the oil wealth is not really used in order to create equality of opportunity. This is an example of wasted opportunities. The higher education system, unfortunately, reflects the rationality of unequal chances and this inequality will later be a factor of social polarization. One might say that with the amount of money that Kazakhstan earns, the country could allow itself to establish good and accessible higher education. The advantages of an efficient educational system are numerous. At the level of individuals, there is an association between one's level of education and opportunity – the higher the scholarly achievements in the form of diplomas and degrees, the better quality of life a person should attain, as s/he can gain a better economic position. At the level of the state, investing in tertiary education is a strategy of development. The economy absorbs the innovation that the research teams and graduates of universities produce, so that growth and development are enhanced. In the case of an oil producing country, with the symptoms of the Dutch Disease, future diversification of the economy may well depend on the skills that higher education produces. Under such conditions it would be logical to expect high expenditure on education, with an emphasis on higher education. In their analysis of the Dutch Disease, Kuralbayeva, Kutan, and Wyzan presented possible strategies of how oil revenue should be spent. They conclude that investment in social infrastructure is a very popular strategy among the oil rich states [Kuralbayeva et al., 2001, 7]. Yet, the Kazakh data shows something surprising. According to the USAID report, expenditure on education is well below average for the region and expenditure on higher education is exceptionally low. 10 percent of per capita GDP was spent per student in tertiary education in 2002 [*Kazakhstan. Economic Performance Assessment*, 2005, 27–28]. In comparison, in the other low-medium income countries of the former Soviet Union the relative level of spending was much higher – 24%. What is striking is the fact that there was a strong political will to privatize almost the entire tertiary education system (however, at a certain point the idea of complete privatization was dropped). First, tuition fees were introduced for all students in state Higher Education Institutions (HEIs). Further, private institutions were allowed to offer degrees and the privatization of the state HEIs started – a privatization that was unmatched by any other country in the former Soviet Union. It was both the quickest and the most extensive privatization in the former Soviet Union [Steier, 2003, 161]. The privatization of the universities and the fact that universities were able to partially maintain themselves from these fees allowed the state budget to reduce the total expenditure on higher education. Such a strategy may be evaluated as strange – the country certainly could assign some capital to invest in education, the gains from such investments seem to

be obvious, yet policies were crafted in such a way as to spend less, not more, on higher education. From a sociological perspective, such a policy may lead to more cleavages, more polarization and less cohesion, as it is based on placing a financial barrier on entry into higher education. Access to higher education is already limited for the poorer part of the population, because of the high costs of living in cities as opposed to villages. Adding fees to accommodation costs with little help in the form of stipends is a way to deprive the poorer strata of educational opportunities. It is clear that the state does not intend to invest money in enhancing access for the less privileged, as the system of stipends and grants is not generous.

The strategy of some of the former Soviet states of investing in social infrastructure is generally not very visible in Kazakhstan. This is especially true in regard to educational and scientific institutions and medical care facilities. During my stay in Kazakhstan, I often visited such institutions – I taught for a year in a state university, had regular contacts with researchers working for the Academy of Science and visited different clinics (one of them regularly, as foreigners had to undergo HIV tests to be allowed to stay in the country). What is very striking is a complete lack of serious investment in such facilities and social infrastructure. Schools and hospitals have not been renovated for years, their equipment is old and unreliable, hygiene standards are at times far from decent. My experiences are from a large, modern city, but the standards in rural areas are even lower. However, as I observed, the response to these poor standards was not an influx of state money into these needy sectors, but the development of a two-tier system of services, parallel institutions for those who cannot afford much and those who can afford a lot. The state allows the private sector to flourish and serve demand from the richer strata, but at the same time the condition of public infrastructure is appalling. State hospitals are struggling for their existence, but there are well equipped private clinics that charge high prices for any desired service. State schools are underfinanced, but there is a growing sector of private schools to serve any special educational needs of rich parents and their children. The most famous case is the private school 'Miras' (general education starting from the age of 6), that charges ca. 15 thousand US dollars per child for annual tuition. This school hires many foreign teachers, offers them accommodation and very generous salaries of ca. 50 thousand US dollars annually – in other words, a very elitist and extremely expensive institution. It is clear that the market economy works, as the range of services offered is broad and anyone can choose what they can afford. The trouble is that the disparity between what the oil elite and an average earner can afford is massive, so it is difficult to expect a high level of trust and connectedness, hence social cohesion is weak.

Another example is the property market. The oil elite is prone to invest in real estate rather than in the creation of new businesses – the risks are lower

and the gains are higher. As a result, the real estate market is growing in value and apartments have become unaffordable for average citizens. In their article, Eshpanova and Nysanbayev give examples characterizing young people in Kazakhstan. The cost of a mortgage for a three room apartment in a major city is ca.100 thousand tenge a month (approx. 884 US dollars), while the average income of young people is about  $\frac{1}{4}$  of that, 25 thousand tenge a month (approx. 221 US dollars) [Eshpanova and Nysanbayev, 2006, 80]. I regularly saw construction sites in Almaty which advertised large apartments in the price range of half a million dollars in apartment blocks.

It was mentioned above that oil money has not been used extensively to create new businesses. This also has had its effect on the level of social disparities. Not many new jobs are being created in the economy, but their creation would lead to better earnings and a reduction in disparities and poverty. Labor policies are constructed in such a way to allow gains for those who run businesses at the expense of the protection of workers. The strength of the Soviet labor unions was efficiently undermined after 1991 and "the Law on Labor" from 1999 does more to protect the interests of employers than those of workers" [Eshpanova and Nysynbayev, 2006, 77]. In such conditions state jobs become desirable. The distribution of state jobs is another area of inequality undermining social cohesion. In the post-Soviet economy, state jobs are important, because they provide access to scarce resources and enable influencing the allocation of various services. This, combined with the low salaries in the state sector, leads to massive corruption. The allocation of jobs has become arbitrary, not based on merit, so gains are confined to a narrow group. The clan and kinship principle has already been discussed, but Schatz provides another example by remarking that "...with the introduction of mass privatization and the opening of Kazakhstan to massive foreign direct investments, the power and wealth of the members of [President] Nazarbaev's family was enhanced. Rakhat Aliev [*the President's son-in-law*], who was the Director of the Tax Police and also had interests in Caspian Sea oil developments", became increasingly influential [Schatz, 2005, 240]. Jobs are distributed on the basis of kinship (and it is a very serious duty in Kazakh culture to help your family), clan membership or social networks. So it is useless to ask whether Aliev actually knows anything about tax law or taxation policy.

State jobs have also become an area of Kazakhization, as the Law on Languages introduced the requirement that civil servants know the Kazakh language. This was a tool to limit the number of non-Kazakhs (mainly Russians) in state jobs. Russians who lived in Kazakhstan never spoke Kazakh, because they managed to effectively russify the republic. So much so, that it was estimated in the mid 1990s that only 40 percent of Kazakhs spoke Kazakh as their first language [Dave, 2003, 7]. After gaining independence, the language law was introduced in 1993 and its introduction practically "legalized"

the inflow of Kazakhs into state jobs. The language criterion enabled the over representation of Kazakhs in the public sector.

Some other areas of social polarization include access to entertainment, the possession of various goods and opportunities to corrupt others while escaping the legal consequences of breaking the law (which is a common phenomenon, but the elite uses it to an unimaginable extent). I only want to mention these areas, as the scope of the paper is limited. However, it is important to have an image of how many different areas of life illustrate that social cohesion is weak and society is polarized.

## 7. Conclusions

The paper attempted to present some problems of social cohesion that are present in Kazakh society. Rapid economic development is a bright point, but acute polarization is a dark point. The disparities between the rich and poor manifest themselves in various areas of life – society does not seem to care about ensuring the welfare of all its members.

However, Kazakhs are very proud of their country and its achievements. They are proud to say that “Kazakhstan is flourishing”, as the country is very stable in comparison to other Soviet successor states. One could ask whether these sharp differences could lead to a revolution, but there are no revolutionary movements in Kazakhstan. People value their stability, everyone is getting richer, it is the gap between the rich and poor that is growing. Kazakhstan’s development is an example that post communist transformation has many different paths. Politically, very few oil producing countries in the world have strong social cohesion (Norway is a positive exception), but certainly they do have the potential to build such cohesion with skillfully drafted policies. This is what I hope for Kazakhstan.

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## POSSIBILITIES FOR SUSTAINABLE TRANSPORT IN WROCLAW (POLAND)

### Websites

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### 1. Introduction

Transport, however essential to growth and socio-economic development, is becoming to larger and larger extent, not a benefit but a threat to health and human life. The negative external effects<sup>1</sup> generated by this sector, which are incurred not only by contractors and users but society as a whole, are becoming a global problem and cause a decrease in the quality of life. The external costs of transport can be felt at global, national and regional scale. These costs are particularly visible in places where there is a rapid increase in the level of transport, e.g. in urban areas. There are especially stressed the following phenomena connected with transport, which result mainly from the growth of private motorization and the irresponsible attitude of drivers, whose responsibility for driving behaviour (speed, wrong routes, etc.) is not limited by time, road, parking or other facilities – in short, by the capacity of the road and air pollution, etc. The external costs of transport need to be treated as a negative externality of production, because the quantity of this particular "product" of transport, determined by the quantity of

<sup>1</sup> External effects can be defined as such effects of the economic activity of producers, which dependents of transport services and consumers of these services, that influence the production expenses of other members of society not participating in this activity (Pawłowski, 2004, 20). External effects may have a positive or negative dimension. In the second case they cause those so-called external costs that exceed the level of social welfare. In the case of the transport sector the most significant of external costs are noise, vibrations, pollution of air and soil, etc. as well as accidents, climate change, and the necessity of equipping road or rail transport networks (Pawłowski, 2004, 44).

<sup>2</sup> In reality, when transport means be called a branch of consumer, because it is necessary in the technical sense by the application of the so-called "vertical" distribution of transport (Pawłowski, 2004, 44).