

# Explaining Kazakhstan Events

Tuesday 25 January 2022, by [KOZAKOV Alexei](#) (Date first published: 24 January 2022).

1. *Kazakhstan was portrayed as Central Asia's poster child whose impressive economic performance and welcoming investment climate made it a stable, upper-middle-income country pursuing a multi-vector foreign policy.* Of course, there was considerable corruption as the Nazarbayev family and coterie – the “collective Nazarbayev” accumulated fortunes; and of course, the ruling group stifled political opposition, civil society organizations and the independent media. However, the country was rich enough to seal a “social contract” with the population: providing a living standard and social services incomparable in Central Asia in return for acquiescence. There was also the hope that the foundations for the more democratic rule were being laid by the growth of the middle class and the educated population. It was just a matter of time before greater political pluralism emerged.

It looked as if this scenario would come to fruition for a while. In the early 2000s, the Kazakh middle class became increasingly visible, forming new political parties and contested elections. But this was quickly ended. It ended when some leaders of opposition (Nurkadilov, Sarsenbayev) were murdered, some (Zhakiyanov, Ablyazov) thrown in jail, and even Asar, a party founded by Nazarbayev's eldest daughter Dariga was dissolved and forced to join Nur Otan, the ruling party. In the January 2021, parliamentary elections no opposition party was allowed to register, political activists were arrested and Nur Otan and its allies, secured over 70% of the votes. Officially, voter turnout was 63%; other studies suggest around 30% (similar to Kyrgyzstan 2021 elections). In 2021 Kazakhstan was classified as an authoritarian regime by the Economist Democracy Index: out of 167 countries, it was ranked 128, a few points below Russia. The democratic deficit has meant there is almost no legitimate ways for the societal voices to be heard. For example, it had no local elections until last year; even village heads were appointed. Kazakhstan passed a law on local self-government and carried out pilot experiments allowing elections in a few localities. However, they were rigged and reform was stalled.

2. *The recent events revealed deep fissures in society and the brittleness of the Nazarbayev political economy construct.* While Nazarbayev has withdrawn into the shadows, the “collective Nazarbayev” remains. Tokayev has no independent base, as his cabinet choices reveal. In his 11 January address to lawmakers, Tokayev promised to increase income, reduce unemployment, pay greater attention to the regions, free vocational education for youth, etc. But he said little about governance reforms except to mention there will be a “phased political modernization” at some point.

While Tokayev was making his speech, the internet was restored and that increased public sentiment against the President and the regime several notches higher. The 15 January Financial Times quoted a young activist: “Our people say: ‘They turned the internet off, blood flowed. They turned the internet on, evidence flowed’...We had only one demand: change the regime in power. People are tired of not having citizens' rights, of constant disrespect for human rights.”

3. *The Kazakh protests began on 2 January in the oil-producing city of Zhanaozen, Mangystau oblast (administrative unit), in response to the almost 100% increase in the price of liquefied petroleum gas (LPG) from 50-60 tenge per litre to 120 tenges.* In that hydrocarbon-rich oblast, 90% of vehicles run on LPG, and it is also widely used in heating households.

Zhanaozen holds great symbolic importance in the country. When in May 2011, workers went on

strike for unpaid salaries and better working conditions, the state-oil company fired nearly 1,000 employees. Workers started the around-the-clock occupation in the town square, demanding recognition of workers' rights and remaining there until 16 December. On that day, police stormed the square and fired openly on the crowd, killing at least 14 protesters. The 2022 protests in Zhanaozen quickly spread to other *oblasts* in the country's west. These protests were largely peaceful because workers groups were the organizing core, and the towns socially cohesive. The number of people participating in the demonstrations was quite large. On 3 January in Aktau, a town of some 180,000, over 6,000 demonstrators were in the main square, and a similar number in Zhanaozen. A few days later, gas prices were lowered, and the government resigned. What happened in Almaty, and to a lesser extent in Chimkent and other southern and eastern *oblasts*, was a different story.

4. *In Almaty, on 4 January, around 1,000 people gathered to the city center to protest, and police used stun grenades and teargas to disperse them.* The next day, another peaceful march was held, but security forces vanished from the scene at noon; suddenly, an unruly mob arrived. Over the next several days looting and destruction turned the biggest and most prosperous city into a war zone littered with dead bodies, burned buildings and incinerated cars. Over 200 were killed — although the final count is unknown — and 8,000 were arrested.

No adequate analysis has been offered to explain this unprecedented turmoil and destruction. On 10 January, Tokayev claimed that this was the work of “terrorists and thugs” and “foreign bandits” that were part of an attempted *coup d'état* backed by foreign forces. However, a key factor in the marauding was the pent-up frustrations of youth and marginalized populations who acted spontaneously. Much of the destruction of government offices and other wanton activities showed the hallmarks of good organization. All the bazaars and in and around Almaty and trade along the Chinese-Kazakh border, including the lucrative Khorgos dry port, are controlled by Nazarbayev's oldest brother Bolat. A plumber by profession, he has become fabulously wealthy. He is widely known to be the “boss” of the region and has many “enforcers” in the city and surrounding countryside.

The first clashes broke out around the Altyn Orda market controlled by Bolat. Most informed people in the city are convinced that his group, which included some bands of religious young people, played a dominant role in the disturbances and were designed to discredit Tokayev. The withdrawal of the security services and police during the destruction is seen as part of this plan. Tokayev's controversial call to bring in CSTO troops to secure key strategic objectives is not without foundation. What is also noteworthy is that civil society organizations played only a minor role, and mainly in the first days. As Almaty always bore the brunt of suppressing the political opposition; human rights activists and the arrests of 2021 aimed at neutralizing opposition to the fraudulent election had already weakened them.

5. *While calm has been restored in Kazakhstan, the inner power struggles are likely to continue.* The new leadership faces problems which have accumulated over the years. Of course, Kazakhstan has the economic and human resources to restore calm. But that is a temporary solution. Long-term stability depends on the ruling group's willingness to change the country's political economy, offer its population a new social contract, and implement structural reforms required to change the current economic model and generate the growth necessary for a social accord.

6. *Anger over inequality played a significant role in the protests.* In recent decades the “Nazarbayev system” produced marked growth in inequality. In 2021, the top 1% of the population held 30% of the total net personal wealth; the top 10% had 60% and the bottom 50%, a mere 5%. This is particularly grating in societies that came from the Soviet political culture where egalitarianism was a significant value. The Nazarbayev family and close friends became fabulously wealthy by using

their monopoly of political power to create oligopolies and restrict free markets and competition. A class of super-rich oligarchs had grown up in the oil, mining and banking sectors. In 2019, just 162 individuals held 50% of the country's wealth, according to KPMG. Ostentatious exhibits of wealth, especially the purchase of luxurious properties in Europe and the United States, were particularly irritating. In 2020 investigative journalists released reports widely viewed on social media that the immediate family-owned real estate was worth \$758 million while the average salary is about \$500 a month. (Recall that one in four Russians watched Navalny's documentary on Putin's palace.)

*7. The root of the current discontent lies in the fact that the material well-being of many Kazakhs has noticeably deteriorated in the last two years.* In 2021, inflation rose to almost 9%, food prices increased 11%, while salaries stagnated. The pandemic hit the labor market hard. The worst-hit were domestic migrants, mostly young men (the average age in Kazakhstan is around 30), who move to the cities from the provinces to find work. Many of them lost a significant portion of their income because of strict lockdowns imposed. They were a significant component of the angry protesters who clashed with law enforcement in Almaty – these young people are called “the lost generation.”

*8. Youth employment is just one important issue authorities must address.* In countries such as Kyrgyzstan, labor migration to Russia acts as a safety valve. Some 30% of the able-bodied population have left the country, with their remittance totaling 30% of GDP. Kazakhs, however, do not migrate, except for the highly qualified professions who are a significant brain drain. Most young people move to the major urban centers, especially Almaty, searching for employment. A 2017 OECD study found that although 96% of young Kazakhstanis are employed, they are often engaged in low-quality, low-paid, and high-risk jobs. Such low-quality employment is generally found in the informal economy, which employs about a third of young Kazakhstanis. Another segment of youth is self-employed.

Kazakhstan, because of rising incomes, had a “baby boom” that began around 2005 and ended a decade later. This fact puts considerable pressures on job creation since throughout the 2020s some 135,000 people a year will enter the labor force. The extractive industries sector is capital intensive, and while it provides a significant government revenue, its contribution to overall employment is small. Because the small- and medium-business sector (SME) is underdeveloped, finding good jobs is a challenge for youth. Moreover, although the education participation rate has seen rapid growth, company executives complain that while graduates have diplomas, they do not have the skills demanded by the labor market. Skill shortage is cited as one of the top three obstacles to doing business in the country.

*9. Kazakhstan is caught in what economists call “the middle-income” trap.* Political reform that leads to greater democracy and better governance is seen as the critical factor in securing sufficient economic growth to become a high-income country. Kazakhstan's GDP per capita has declined by \$14,000 in 2013 and \$9,000 in 2020. The country relied heavily on oil rents, representing almost 25% of GDP in 2005 but down to 13% by 2019.

Rents from extractive industries cannot be the only source of growth; the economy has to diversify. In Kazakhstan, SME's contribution to GDP does not rise above 20%; its total employment is less than 30%. By contrast, SMEs in the EU (on average) provide 67% of GDP and 65% of employment. But SME's growth in Kazakhstan is hampered by many unresolved issues including endless inspections, corruption, over-regulation, and “raiding.” The SME sector also plays a critical role in promoting regional development, another of the country's more pressing issues. Consequently the SME sector cannot stabilize the economy and society as it does in other countries. Yet during the COVID pandemic, the relatively little financial support SME's received from the government has resulted in their severe setback.

10. *Kazakhstan, the ninth largest country globally yet with a small population, has enormous regional variations.* Regional inequalities are to be expected. However, Kazakhstan's regional inequality in GDP per capita is particularly high and has increased over the 15-year period (OECD 2017) in comparison with countries of similar profiles. These disparities are driven by the economic performance of regions that specialize in extractive industries as well as investments in selective regions while other regions lack economic diversification and face unchanging living conditions over a decade. The billions spent on prestige projects in Astana sharpened inequalities.

In February 2019, hundreds of mothers staged a protest in Astana that lasted three months. It became a "*cause celebre*" nationally and internationally, revealing that beyond the glittering center thousands lived in appalling housing conditions. Five children died in a fire in a ramshackle dwelling while their single mother was working. The protesters demanded that the government provide proper housing, more places for children in public kindergartens, and increased social allowances. It was the only protest not disbanded by police.

11. *The first demonstration in the USSR was the 1986 Almaty student protest, which was brutally quelled.* It took place in Brezhnev Square against the Politburo's appointment of Gennady Kolbin – a Russian outsider – when Gorbachev appointed him First Secretary of the Communist Party of Kazakhstan. But it signaled to Gorbachev that he needed to pay attention to national sensitivities. In 1989 he appointed Nazarbayev First Secretary and then he became Chairman of the Kazakh Supreme Soviet. This was how Nazarbayev rose to power. After three decades, the 1986 protests remains one of the most underreported incidents in Soviet history. There is a monument to the memory of the students in central Almaty Square; in recent years those who marked this anniversary were regularly arrested.

During the collapse of the USSR, Kazakhstan was the last republic to declare independence, 31 August. On 1 December 1991, Nazarbayev appeared alone on the ballot for Kazakhstan's first Presidential election. By 2010 the sycophantic Parliament awarded him the title of "Elbasy," leader of the nation. His stepping down from power in 2021 included arranging immunities from prosecution of himself and his family and the retention of the all-important position of Chairman of the National Security Council. Nonetheless in 2022 he was removed from that office and some of his children were also removed as heads of monopolistic oligarchical companies.

*But no one should deny Nazarbayev's role as founder of the nation.* At the time of independence, the Kazakhs were a disappearing nation. During collectivization one-third of all Kazakhs died. Nazarbayev's own family fled to the mountains to survive. In the post-war period, there was massive in-migration of Russians and other nationalities. During Khrushchev's virgin lands campaign of the 1960s their headquarters was Tselinograd, today's Astana. Kazakhstan was where hundreds of atmospheric and underground nuclear tests were conducted.

At the time of independence, Kazakhs were a diminishing minority in their land: they were only 39% of the total population, and just 7% in Almaty, the capital. With the collapse of the USSR in 1991, Kazakhstan's GDP fell 50%, to a per capita GDP of \$1,200 (1995).

Nazarbayev's achievements under these difficult conditions of constructing an inclusive nation, as well as state-building and economic development were remarkable. He raised Kazakhstan as a new voice on the Eurasian space and the international arena. In 2014, he had the boldness to criticize Russia's incurrence into Ukraine. He often compared himself to Ataturk and Lee Kuan Yew. Ataturk died poor, while Lee Kuan Yew openly declared he deserved a high income and built a high-income economy, with Singapore seen as one of the world's least corrupt countries.

One of the most popular slogans of the 2022 events was "Shal ket," old man out. The old man is out,

but his “collective” remains. And alternatives have yet to be born.

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