Address of the President of the Republic of Kazakhstan, Nursultan Nazarbayev, to the People of Kazakhstan, October 24, 2000

**Towards Free, Effective and Secure Society**

**October 24, 2000**

**Dear compatriots!**

There are dates in the history that make us look back not only to remember the past but also to understand the future. Ten years ago we adopted the Declaration on State Sovereignty that legally started our move to independence.

They say that even Gods cannot change the past. Therefore, we should acknowledge that we can change nothing on this short on time but vast on its distance path of 10 years. All our mistakes and achievements, victories and defeats have become the part of the history.

If we regard the history not only as a collection of facts but as a single stream of events with deep meaning and connection, the scale and breathing of these 10 years are so noticeable that the perspective of our future in the forthcoming century becomes clear.

This connection between the past and the future of our young country may be expressed by a simple formula - effective economy, liberal society, national security.

The next year, 2001, is the year of 10th anniversary of our independence. Not a decade of national history has been so intensive on density and dramatic character of events, on importance of the deeds that not we but our descendants are to estimate. The atmosphere of 2001 must be pierced with realization of this date.

**1. Perspectives of Economic Development of the Country**

One post-war German Chancellor said that markets like parachutes work only in case if they are open. We did not know this truth ten years ago and the beginning of our move in economy resembled roaming in a maze. We could not speak about any openness of markets.

We were going down briskly keeping afloat only at expense of tremendous external debts of Soviet economy. The economy of scanty counters became the economy of empty counters. The money turned to be well-cut paper. Thousands of enterprises stopped, thousands of people left their homes. In October 1990 the only problem was the problem of common survival. Our memory is selective and the real collapse of economy today seems to be something fantastic from another, outside life.

We had to act immediately. We began carrying out privatization, creating radically new tax system, forming domestic business undertakings. We have created our modern bank system from nothing. We have gained our niche on a very competitive external market. We have reorganized economic relationship in the country.

And at the same time the hardest task of building of own state system was solved - from national military forces to establishment of embassies in dozens of countries of the world. We had to make painful reforms. Social price of reforms, especially on the first stage, was high. The rate was so high that there was a question whether independent Kazakhstan would exist.

But only at the expense of the reforms carried out previously we have managed to preserve stability and to pick up speed for economic growth, the highest among CIS countries.

These are not idle words. These are the facts one can hardly dispute. During nine months of this year industrial production has grown over 15%.

Foreign trade circulation grew almost 30%, export grew 80%. Investments to fixed capital increased 13%, population’s deposits to banks - 83%, the volume of real sector crediting - 60%.

During eight months we have achieved positive trade balance worth of $2,6 billion, proficit of payment balance is growing.

Nominal money expenditures per capita increased almost 21%, average annual expenditures - over 22%.

But solving the tasks of economic survival we have never forgotten about the perspective. Therefore, three years ago I declared about perspective vision in “Strategy of Kazakhstan’s Development Till 2030”.

In spite of a number of regional crisis of 1997-1998 that directly affected our economy, all economic parameters laid to the strategy have been realized.

The country is governed from the new capital. Disregard of dismal oracles that management system would collapse we have proved the world and ourselves that we can achieve long-term aims.

We have correctly placed priorities in the strategy. National security and territorial integrity of the country, well-protected borders and political stability - a lot of has been made in this direction.

Economic growth and increase of living standards of the population that three years ago seemed to be illusions estranged from life on the background of crisis today gradually are becoming true. We take the first place among CIS countries on the level of salaries.

We were the first to create accumulative pension system and today deposits in pension funds comprise 80 billion tenge.

As it was planned in the strategy we consequently developed our energy potential. Today Kazakhstan extracts 32 millions tons of oil, and in ten years we will produce 100 million tons.

During these difficult years we have reconstructed the port of Aktau that today meets the highest international standards. During the last three years a lot of new bridges, roads, airports have been built and reconstructed. It is enough to mention recently opened gorgeous bridge in Semipalatinsk. All this is a contribution to strategic infrastructure without which not a country has future.

Our main investments are investments to a person. The program of “People’s Health” has completely solved the problem of provision of medical organizations with vaccines. We have overcome dangerous tendency outlined in 90-s and tuberculosis prevalence has been decreased. In the nearest future we will achieve 100% computerization of educational system.

Two days ago we returned from Turkestan where we celebrated 1500th anniversary of this unique center of Turkic culture. It is symbolical that the jubilee was celebrated in the Year of Culture Support. In this amazing place you understand that culture is really “what remains when all the other things have been forgotten”. We have no right to forget our culture.

They say that only those who do nothing, say nothing and are nothing are not criticized.

Of course, we have debt before our culture but to say that nothing is being done would be not true. Only during nine months 468 libraries, 5 theaters, 5 museums have been opened in Kazakhstan. In whole, over a thousand of cultural objects will be opened, reconstructed. We have spent over three and a half billion tenge on reconstruction and repair of cultural objects. Only during this year we have opened State Museum and Opera House in Astana, Music and Drama Theater in Petropavlovsk, Music Drama Theater in Uralsk, till the end of the year we will have finished reconstruction of Opera Theater in Almaty. There is another hardly noticeable but important data - rural libraries will get over 500.000 new books. Budget draft for 2001 includes 600 million tenge for development of culture.

We have radically changed the system to select state officials. We have created the system during the last two years in spite of that other countries spent decades for it.

Only in 2000 about 9.000 state officials were employed on results of open competition. And this is in the country where there has never been the system of competitive selection for state service and there was always has been telephone law, protection and political reliability.

The first stage of reforms determined by long-term strategy has been finished and the main tasks put for the first three years have been fulfilled.

There is such saying: “Brilliant plans are lucky to have planners and bad ones are lucky to have executors”. In order not to put our strategy to the same state we need to concretize it in a number of short-term documents including five-year indicative and ten-year strategic plans of social and economic development.

The logic of these plans will be based on long-term priority of economic growth. We need to solve a number of tasks in the nearest years.

**First.** The Government and the National Bank should ensure quick decrease of budget deficit as the main factor of preservation of macroeconomic and financial stability.

Budget draft for 2001-2003 the Government puts these tasks. Since the budget for 2002 budget deficit should not exceed 1,5% of GDP.

The Government should find mechanisms to seize exceeding incomes of companies working with raw materials.

We cannot be satisfied with low level of collection on excises and some other taxes.

The akims must not only struggle for subventions and seizures but also mobilize incomes. Bills and budget means for it have been prepared. We should adopt these laws and extend income base.

We need decrease managerial units and especially in provinces and consequently transfer them to private sector.

The practice of debts and borrowings also cannot satisfy us. We should refuse all short-term and expensive loans concentrating on long-term and privileged ones.

In 2002 we should finish division of revenue and expenditure part of the state budget between the republic, oblasts and regions.

Realization of the task to carry out macropolicy and create reserves for the budget in crisis situation requires effective creation of accumulations in the national fund and management of its assets.

It is time to involve all accumulations of our businessmen that are kept abroad and feed foreign economy or are kept in stockings. It is necessary to amnesty them and to direct on needs of our economy.

**Second.** Unfortunately, real sector is backward. It is not transparent for investors, there is no modern calculation and accounting, relationship between owners and managers are complicated. We must form powerful private sector in economy understandable for bankers and investors.

For it, according to my Decree, the Government must finish privatization where it should be carried out in 2001-2002.

**Third,** there are a lot of blank spots in the system of social security and labor relationship. We urgently need integrated Conception of Social Policy instead of impulsive spurts. Both trade unions and employers should work hard here and not only demand.

The crisis did not give us the opportunity to occupy seriously with people’s welfare. Now it is time to do so. Therefore, in 2001 I commission the Government: to increase salary to employed in budget organizations (except state servicemen) up to 30%, force structures - 30-40%, increase salaries to court corps, to increase minimal pension up to 4.000 tenge.

To begin repayment of debt before the population at sum of 5 billion tenge, paying off all debts in 2004.

Total growth of money incomes will comprise over 30 billion tenge only from the budgets of all levels. It is important for the Government and the National Bank to resist inflation and akims, agriculture, small and medium-scale business and spheres of consumer goods to extend production and “swallow” this money without rise in price.

In 2002 the Government should concentrate only on pensions, increase of salaries of state officials and also further paying off debts before the population.

I also appeal private sector to increase salary to people employed there. It is time for people to feel real improvement of the situation and fruits of reforms.

**Fourth.** This year we have relieved agriculture of major debts. It is necessary, at last, to clarify the situation with the land. Farmers must receive mechanisms to bring the rights of land use to market and through it - access to financial means and in the nearest years to ensure their real access to leasing companies.

**Fifth.** The main thing for aims of development is foreign and domestic investments on modernization and building.

This is creation of conditions for domestic accumulations. This task is being solved.

We need clear and understandable industrial strategy oriented on the future and real markets. Today we may speak only about its outlines.

It is clear that the key domestic market for the nearest decades will be the market of the Caspian region and mining complex. Hence there are perspectives for oil and gas mechanical engineering, chemistry and oil chemistry, industry of building materials, organization of third, fourth and fifth repartition in metallurgic production.

Here we should direct domestic and foreign capital, direct investments.

Agriculture and food industry have taken their niches in domestic and foreign markets. They should be extended and mastered.

In connection that we will have to build and modernize roads for many years the spheres ensuring road building must be equipped with technologies and competitive.

But we also should think about key strategic direction - building of high-technological productions oriented, first of all, on export.

At last, the tasks of development require building and modernization of powerful transport and communication networks.

Therefore, 2001 must become the year of building and reconstruction of motor roads for the Government and all akims.

Without going into details I wills say what we are to do here in the nearest years: to lay new transport schemes to international markets; to modernize strategic and transit roads; build schemes in direction of “East - West” and “South - North” more actively; to develop Caspian infrastructure; actively reconstruct the road from Almaty to Astana.

This year the first five-year indicative plan of economic development of the country will be approved.

What do we plan to achieve in five years? Forecasts are always risky but guided by calculation we put new tasks for the country and its people and we are sure that:

- real GDP will grow 30%;

- growth of real salary will be not less than 25-30%;

- annual inflation will be exceed 4-5%;

- tax receipts to the state budget will be 25% of GDP;

- budget deficit will not exceed 1,5% of GDP.

They say that the further is the future the better it looks. Perhaps, this is true for all too remote plans.

But today we can say about our nearest economic future that it looks good. All activities of the Government, all managing objects will be directed on achievement of these aims.

**2. Democratization of the Society is the Time’s Order**

Political history of XX century finished earlier than calendar one, in August 1991 when the old society collapsed. We have good but short memory. We have changed during decade and may be, therefore, have forgotten what society we are from.

We are from the society where somebody wanted to construct terrible mutation without nationality of different nations that has never existed in the history. We are from the society where the term of non-governmental mass media was equal to “people’s enemies”.

We are from the society where criticism against the authorities had a banal end - a prison or madhouse. We are from the society where there was one party with one monopolistic right on truth.

During ten years we have created the society where free elections are carried out, where 16 political parties function, and four of them are represented in the Parliament. It is the society where there are over 2.500 non-governmental organizations, the society where 80% of newspapers, magazines, TV and radio channels are privately-owned, the society where hundreds of different religious communities live and interact. The society where professional two-chamber parliament and independent court system have been established. We had nothing of this ten years ago. And now it seems that we always have had this.

And the most important thing is that during all these dramatic years nobody has died in interethnic conflicts though at the end of the last decade we were challenged by bloody conflicts.

The path we have passed is equal to a century and whatever fantastic exercises somebody practices in regard to the last decade of our political history, seeds will be, undoubtedly, separated from weeds.

Dozens of countries of the world have passed the same path. Our difference is that we have managed to pass it without blood, tanks and thousands of victims, without civil wars and lose of territory, without split in the society on national or religious factor. But the matter of democratization process is common.

The main political lesson of the end of XX century consists in universality of democratization formula. All talks about special type of democracy are attempts to deviate from democratic principles. Therefore, we should clearly understand that deviation from democratization processes is a withdrawal from world tendency, it is the way to nothing. The direction of movement has been developed by centuries-old history of democratic societies.

But democratization is the choice of the society itself. Export of liberalism at the end of XX century as well as the export of revolution in the first half of this century full of policy is not productive. It is not an accident that UN Declaration adopted on Millenium Summit on October 8, 2000 says: “Differences within societies and between societies must neither frighten nor cause persecution and must be cherished as the main value of humanity. We should actively encourage the world culture and the dialogue between all civilizations.” Speaking about protection of internationally recognized human rights and freedoms, the world community specially underlines the necessity of efforts to “encourage democracy and strengthen law and order”.

This cultural and civilizational aspect of the problem of democratization is missed when analyzing what is happening in our society. Where, on what continent, in what century democratic society has been built for ten years with such set of conditions?

**First,** absolute legal nihilism in people’s conscience cultivated during the whole century?

**Second**, having almost total disruption and paralysis of economy at the result of the state’s collapse?

**Third,** having the society consisting of dozens of nations separated not only on national but also religious and race characteristics?

**Fourth,** creating such state system?

There is no such state neither in practice nor in political theory.

When somebody cites the example of East European, Baltic states or some states of Eastern Asia that really have promoted themselves towards democracy, they easily forget about big cultural, national, religious homogeneity in these countries and that all these countries have had the experience of modern state system even in this century and that there has been a great experience of democratic traditions and, at last, they simply forget about geography. Therefore, our movement towards democracy submitting universal regularities is to solve a number of tasks.

**First** is to create legal state. Of course, first of all, the state structures themselves must act according to the rules established by the law. There is the same demand to all other subjects of political process. All citizens must study to live according to the laws. As the law is an agreement between a person and the authorities. Pseudodemocratic slogans beyond the bounds legal field in legal state do not work as they lead to conflicts, collapse and blood.

**Second.** Democracy is not only political freedoms in spite of their importance and value. This is also realization of a number of other fundamental rights including the right on worthy economic conditions of life and security.

**Third,** liberalizing political system we must consider the factor of increasing pressure of international extremism in the region, complicated national and religious composition of the population. Without consideration of the fact fire would have flared up on our land. It would be favorable ground for arguments of our critics but we will not give them this pleasure.

However, today we must acknowledge that rate of political reform in the society are behind of scales of economic reforms. As the ancients said “not to move ahead means to go back.”

Democratization of political system of the society is carried out on several directions.

**First.** Strengthening of independence of court system, legal reform.

On September 1, 2000 I signed the Decree “On Measures to Strengthen Independence of Court System of the Republic of Kazakhstan”. The Committee on Court Administration has been established under the Supreme Court. Thus, the function of maintenance of courts’ activity will be transferred from the Ministry of Justice to the supreme court body of the country.

The next step to ensure independence of court system must be adoption of a new constitutional law determining the state of courts and judges in the Republic of Kazakhstan.

Besides, within the legal reform the system of correctional institutions will be transferred from the Ministry of Internal Affairs to the Ministry of Justice.

**Second.** Extension of powers of representative authorities.

The new law “On Local State Government” must strictly differentiate the powers of local representative and executive authorities. Particularly, it is necessary to extend powers of Maslikhats in questions of control of activities of akims and fulfillment of local budgets.

Today the Parliament has real power down to change of the Constitution, dismissing of any minister, including the mechanisms to dismiss the Prime Minister; the counting committee is mainly formed by the Parliament.

But we need to say directly that the Counting Committee is insufficiently active. The Parliament has all possibilities to strengthen the Counting Committee with staff and through this institution to control fulfillment of the state budget.

**Third**. Extension of appointment by elections and improvement of election legislation.

In the nearest future the State Program of gradual introduction of appointment of akims by elections. This program will envision carrying out of elections of akims of agricultural districts since 2002.

When this process is finished we will proceed to appointment of akims of regions and towns by elections. Since 2001 gradual transition to the practice to form election commissions in the provinces by appropriate Maslikhats.

**Fourth.** Strengthening of institutions of civil society. It is necessary to adopt the Law “On Local Self-Government”. According to the law public structures of self-government endowed with real powers to solve local problems will be established in city’s microregions, auls and villages and also settlements of town type.

Non-governmental public organizations already today play a great role in Kazakhstan both in law-enforcement and realization of special interests of the population and social stabilization of the society.

Serious state support is required, particularly through system of grants to realize socially important projects. It is time to begin large-scale work here.

Today it is important for us to create the mechanism to solve social contradictions be legal means, to prevent transition of social tenseness into political sphere. The key factor is activity of trade unions.

Therefore, I think that the bill “On Social Partnership in the Republic of Kazakhstan” is of highest priority.

The practice of preliminary discussion of important bills on sessions of the Assembly of the Peoples of Kazakhstan, other forums of public forces with participation of the Government. They get the right to give their recommendations to consider the interests of different social and ethnic groups both to the head of the state and the Parliament and the Government.

It is also necessary to simplify the procedure of departure of Kazakhstan’s citizens abroad. In this connection it is necessary to abolish such procedure as a special authorization given by the Ministry of Internal Affairs for departure abroad. Besides, obligatory presence of law-enforcement bodies on closed measures of public and political associations widely criticized by the public organizations will be abolished.

**3. National security as the basis of state policy.**

There is one historic regularity - time on the bound of centuries have always brought shoots of bloody conflicts. But the difference is that today mainly small and medium states possess dubious privilege to carry out wars. And the problem which directly concerns our national security is reflected in this paradox.

Global opposition during the ten years has disappeared but there appeared a world of local wars where millions of people die of violence. And mainly these are religious and ethnic conflicts in new independent states. The most terrible thing is that Central Asia belongs to five or six most highly explosive regions of the world and in case of inactivity nobody can ensure serene future to our peoples.

We must clearly understand that the previous security system existed ten years ago has gone to the past forever. Unfortunately, during these ten years the situation in the region has sharply worsened in respect of security. We must clearly understand that new threats require creation of new mechanisms of national security.

What threats are we speaking about?

First of all, I speak about the threat of international terrorism and extremism. This is a real force and even the most powerful states of modern world experience blows from extremists. It is enough to remember a savage strike on American Navy in Aden happened several weeks ago. Extremism today is big money, thousands of perfectly trained and armed people with great experience of military actions, this is close international relationship and contacts, this is a well-developed ideological platform. We have not doubt that efforts of international terrorism and extremism will be directed on Central Asia in the nearest future. There are several reasons for it. But the most important thing is collapse of previous security maintenance system.

Afghanistan is a special regional problem. This country has become not only the territory of extremists’ concentration but also the source of drugs and drug traffic. Central Asia gradually becomes not only a zone of drug transit but also a zone of active use of the strongest drugs. Afghan drug traffic strikes a terrible blow on gene fund of Central Asian peoples. 2000 has not come to its end but only on the territory of Kazakhstan about 200 kg of heroin from Afghanistan have been detained.

Recently there have been different speculations about this country. Kazakhstan has always followed one firm and realistic position. It says that national dialogue of Afghanis themselves is required and the role of all neighbors and international organizations must consist in search for variants of the dialogue. Even armies of Britain and military superpower of the Soviet Union have not achieved the victory in Afghan mountains.

To hope that somebody will manage impose external force solution of Afghan question means to know badly the history.

Another threat is directly connected with it. This is a threat of mass migration of refugees and real humanitarian catastrophe in Central Asia. Already today over 100.000 people before the winter may pour from Afghanistan to our countries. If this happens we will have to forget about stability in the region for a long time because there will be not only old people, women and children but also thousands of men with arms.

In addition to visible threats - extremism, acts of terrorism, drugs, flow of refugees, there is another invisible threat. Wars really always begin in heads of people. Every day and every hour there is a struggle for conscience of our people.

We should not flatter ourselves and think that religious extremism will not concern Kazakhstan, that we have other historic traditions, that we have never had fanaticism. All this is true but the time makes its corrections.

What is our response on these visible and invisible threats?

There is always a temptation to find a simple answer to difficult questions. We must find not simple but correct answers. The program of our actions is strictly defined in the Strategy of National Security of Kazakhstan that was adopted at the end of the last year at Security Council of the country.

First, from the point of view of national security and the medium-term threats we meet the most important is building of not verbal but real system of regional security. For it we need the Treaty on Collective Security and the Shanghai Five.

In 2000 clear and distinct decisions have been taken within the Treaty on Collective Security. This month a decision has been taken in Bishkek to create regional coalition military forces. This will create a foundation for a new regional security system.

We have made a lot for this decision. This is a crucial choice and there is no situational policy. The state’s security is too serious affair and it should be ensured in advance. There are a lot of speculations around the Treaty on Collective Security.

Kazakhstan sees purely practical interest in the treaty. We are planning to attack anybody or satisfy somebody’s geopolitical ambitions. We have a simple task - we must create conditions for secure development of our country in the nearest and medium-term period.

On this stage such an instrument is the Treaty on Collective Security.

It is not more and not less. Everything exceeding the limits of the task is form the Evil One. In addition to TCS we will develop the potential of the Shanghai Five and the possibilities of the Treaty between Central Asian countries on joint actions to counter terrorism, political and religious extremism. We need deputies’ support to ratify a number of new international agreements.

Second, however good are the neighbors, strong neighbors are respected, as a rule. This truth has not been changed during thousands of years since appearance of the first states. We must build strong modern army. And we should not act like the generals who always prepare for the previous war. The character of tasks before our army is radically different from it was ten years ago.

In 2000 for the first time during the last decade financing of the army has been really increased. We have begun forming of military districts on the territory of Kazakhstan, first of all, Southern Military District. Preparation of new specialized units for modern local wars has been begun. We have significantly strengthened borders. During one year new frontier detachments have been created on the directions that have never been under efficient border control. The same work has been made in custom service. During this year migration control has been tightened. Our special services carried out effective preventive measures to stop activities of extremist groups on Kazakhstan’s territory.

Sometimes we have to repeat evident things but the truth is that Kazakhstan has been and will be the most stable and secure state in the region and we control the situation.

The difficulty of problems in the sphere of security requires constant advance actions of the state. I have commissioned Security Council and force structures to develop the State Program to counter terrorism and extremism for 2001-2003. Estimation of work of force structures will be mainly determined by efficiency of their work in this direction.

The state of Military Forces requires special attention. The Government of the country should solve three tasks:

- to allocate not less than 1% of GDP on needs of the Ministry of Defense;

- to form modern system of territorial defense;

- to restore valuable system of mobilization training.

Third, the society suffering of drug addiction cannot be secure. I have spoken about it in the message of the last year.

Yes, this year we have adopted both five-year strategy and two-year state program to struggle against drug addiction and drug traffic. But there has not been any serious progress and the data show that the situation has only worsened. We understand that being on the way of vast drug traffic we cannot solve the problem by own forces. But this is not the reason to fold our hands.

We should take immediately strict and concrete measures. I commission the Government to develop and introduce in each region the programs to struggle against drug addiction and drug traffic, to envision means to finance these programs in budgets of each region. It is necessary to create or strengthen existing drug prophylactic centers and centers of medical and social rehabilitation, to make proposals to strengthen amenability for proliferation of drugs and extremist activities directly connected with drug traffic.

I hope on support of deputy corps in this question. Security Council of the country must carry out real analysis of custom and border control to reveal drugs and to consider the question at the beginning of 2001 with all proposals and conclusions.

Fourth, realization of the Strategy of Economic Security of the country developed on my order will be begun since 2001. In the nearest time it will be discussed by the Security Council. Study of world experience, including experience of the countries that have experienced similar changes, led to creation of a model where four main elements of economic security - structural, technological, institutional and financial ones are outlined. On base of this strategy a concrete plan of the Government’s actions will be developed.

All our economic and political plans will remain for the history and descendants just as ripples in the water if we, our generation fail to solve the strategic task - to ensure national security of citizens, society and state, one of legal sources of which became the Declaration on State Sovereignty of our country adopted ten years ago on the same autumn day.

Thank you for attention.

**October 24, 2000**

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