

The standard of living of those continuing to work, moreover, has declined drastically. Growing social distress has produced growing strike activity such as that mentioned above in the natural resource sector,⁹ which contributes to the decline in production. Social distress is exacerbated by quite high levels of rural-urban migration, associated largely with the ecological collapse in the Aral Sea area, but also with rapid rates of population growth in the countryside and the limited absorptive capacity of the rural economy.

One obvious consequence of these factors is the rapid rise in the crime rate.¹⁰ Another is the growth of interethnic tensions in the cities. Migrants seeking a place to live see the bulk of apartments in cities like Almaty occupied by Russians and other Europeans. Despite "affirmative action" policies, the public sector retains a strong Slavic presence. It remains a matter of speculation when and how growing privation will spill over into politics.

Before turning to the political situation, it bears mention that the chosen strategy of the government for economic normalization and growth is one of privatization and foreign investment, particularly in the natural resource sector. With regard to the first, Kazakhstan has an ambitious privatization program on the books. As shall be seen below, foreigners have a substantial right to participate in privatization.

Despite this, although significant progress has been made in housing,¹¹ the retail sector and at the level of small enterprises,¹² the pace of privatization of medium and large enterprises has been glacial. It was only at the beginning of 1994 that large scale enterprise privatization was to get under way. Practically all residents of Kazakhstan have by now received vouchers. The first auction occurred on April 29.

⁹ This extended to the military in 1993, with reports of strikes and riots among military personnel at the Baikonur Space Complex. Although living conditions were one cause, the strikes also reflected disillusionment with conscription.

¹⁰ For a good description of the problem, with particular reference to its implications for foreigners, see Sergei Kozlov, "Alma-Ata - Otkrytyi Gorod", *Nezavisimaya Gazeta* (February 16, 1994), p.6. Registered crimes increased between 1991 and 1993 by 15.6 per cent. This probably understates the rise in the crime rate, since many do not see the point of reporting criminal acts.

¹¹ Privatization of the housing stock has essentially been completed.

¹² Since the beginning of the privatization program, approximately 8900 such enterprises have been privatized, slightly over 50 per cent of which through the sale of shares.