

That said, there is an order of sorts, even if largely informal. Here, as elsewhere in Central Asia, the structure of clan and patronage ties inherited from the Soviet era remains intact, unlike in Russia. Once a decision is taken on a particular project, it is generally respected. Moreover, although Kazakhstan, like Russia, faces nationalist pressure directed against foreign involvement in the natural resources sector, the final conclusion of the Tengiz deal and rapid progress since that time in other ventures suggests that this problem is less severe than in Russia.¹⁸

One could summarize the policy side of the economic situation in the following way. The hope is that privatization, growing foreign investment, and the diversification and expansion of trade will eventually provide the motor for economic recovery, while reducing Kazakhstan's economic dependence on Russia. The key political objective is to prevent significant instability during the interval before these factors take hold.

THE POLITICAL ENVIRONMENT

On the surface, Kazakhstan appears quite stable. However, the essentially unreformed political structures over which President Nazarbaev presides face a number of serious problems, in addition to the growing economically based dissatisfaction mentioned above.

i) Ethnic Issues

Currently, the population of the republic is approximately 40 per cent Kazakh, 38 per cent Russian, six per cent German, and five per cent Ukrainian. These proportions are changing, however, as a result of two factors: differential rates of population growth (the Kazakhs well above replacement level and the others at or

¹⁸ That said, to the extent that investment in Kazakhstan depends on infrastructures in other countries, they may be hostage to trends in the foreign relations of Kazakhstan, as well as to the vagaries of decision-making processes in those states. Recently, for example, Chevron announced that it was scaling back its investment plans for Tengiz because of problems in negotiating an agreement with Russia for construction of a new pipeline to the Black Sea at Novorossiisk. *RFE/RL Daily Report*, no. 89 (May 10, 1994).