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TRANSITION ECONOMIES: KAZAKHSTAN'S PROGRESS

Abstract. Economic growth is the most important issue in an economic theory. It's theoretical analysis acquires special significance in the conditions of Kazakhstan's transition from a command-administrative, industrial economy to a social-market system. In these conditions, the criterion for the success of development of market economy is not just a quantitative increase in output, but also a qualitative improvement in the structure of GDP: an increase in the share of high-tech industrial products, competitive durable goods, etc. This can be achieved by reforming the industrial sector of the economy. Author analyzed main economic indicators of Kazakhstan since 90's to current years and noted current stage in the transition.

Key words: economic theory, transition economies, market economy, economic growth, Kazakhstan's economy, economical development.

Андатпа. Экономикалық өсу экономикалық теорияның ең маңызды мәселесі болып табылады. Қазақстанның жоспарлы экономикадан, индустриялды экономика, нарықтық экономикаға өту жағдайында теориялық талдау ерекше мәнге ие болып отыр. Нарықтық экономиканы дамыту жағдайында сандық өндірістің өсуі ғана емес, жоғары технологиялы өнеркәсіптік өнімдер мен бәсекеге қабілетті ұзақ уақыт пайдаланылатын тауарлар үлесін өсіру арқылы Ішкі Жалпы Өнімнің сапалы құрылымын жақсарту керек. Бұған экономиканың өнеркәсіптік секторын реформалау арқылы қол жеткізуге болады. Автор Қазақстанның 90-шы жылдардан бастап негізгі экономикалық көрсеткіштерін саралап, қазіргі өтпелі кезеңнің прогрессін атап өтті.

Түйін сөздер: экономикалық теория, өтпелі кезең экономикасы, нарықтық экономика, экономикалық өсу, Қазақстан экономикасы, экономикалық даму.

Аннотация. Экономический рост является наиболее важным вопросом в экономической теории. Теоретический анализ приобретает особое значение в условиях перехода Казахстана от плановой, индустриальной экономики к рыночной экономике. В этих условиях критерием успеха развития рыночной экономики является не только количественный рост производства, но и качественное улучшение структуры ВВП: увеличение доли высокотехнологичной промышленной продукции, конкурентоспособных товаров длительного пользования и т. д. Это может быть достигнуто путем реформирования промышленного сектора экономики. Автор проанализировал основные экономические показатели Казахстана с 90-х годов по нынешние годы и описал современный переходный этап.

Ключевые слова: экономическая теория, экономика переходного периода, рыночная экономика, экономический рост, экономика Казахстана, экономическое развитие.

The transition economy of Kazakhstan after gaining independence in 1992 includes two different periods. The events of 1992-1999 – this is the complexity of the transition period, the years of the country's exit from the crisis phase, and 2000-2010 – the period of reconstruction and modernization of the economy. In these years, the crisis was eliminated, the real sector raised, which gave a multiplicative effect in all spheres of the socio-economic life of the country.

In 1992, Kazakhstan like other CIS countries tried to experiment with the policy of shock therapy. The consequences of such a rigid and straightforward economic policy in a country that did not have capable and strong institutions turned out to be negative. As a result of sudden price liberalization implemented in the absence of institutions and legally sound rules that ensure normal market competition, chronic inflation has emerged. Liberalization of foreign trade without the creation of appropriate safeguards in an environment of disorganization of production led to a sharp increase in imports of finished products, which led to serious trade disbalance.

An unprecedented break in the established economic ties between the enterprises of the former USSR had a detrimental effect on the socio-economic situation of the country. Main manufacturing enterprises were concentrated in the western territory of the USSR (the Baltic States, Ukraine, Belarus). Kazakhstan remained a raw material appendage of the former USSR and the main supplier of natural resources for manufacturing enterprises. In fact, after

the collapse of the Soviet Union, Kazakhstan had to build a completely new economic model and a system based on the principles of a market economy. The monetary policy of the country during the transformation period carried out by the Central Bank of the Russian Federation did not bring the expected results to Kazakhstan, which was in the ruble zone, due to the lack of monetary independence of specific levers to ensure the monetary balance. The result of this is high inflation with consequent consequences [1].

Under the current circumstances, it was necessary to build an effective management that met the needs of the transition period, carry out radical reforms in the economy, curb inflation, stabilize the social situation, and formulate a system of public administration. And problems had to be solved simultaneously.

An important event of the 1990s was the introduction in November 1993 of our own currency, the tenge, which allowed for the formation of a sovereign monetary system. Macroeconomic and financial stabilization in Kazakhstan was facilitated by the creation of a domestic banking system that in a short time became the CIS leader in terms of its development level.

In the 1990s, the state pursued an active policy to create an attractive investment climate, guaranteeing a firm compliance with its contractual obligations. As a result, in the first years of reform, the inflow of foreign investment totaled billions of dollars. The industry has received the latest technology and modern production and management experience.

Social stability also needed to ensure urgently too. In return for traditional mechanisms of population support destroyed by the crises of the 1990s, new models of social protection were created. Timely measures taken in this sphere helped Kazakhstanis to withstand the difficulties of the first years of the existence of sovereign Kazakhstan, to maintain the population's confidence in the state.

The period of the economic boom that preceded the world crisis of 2008-2009.

Since 2000 the republic has entered a new stage of social and economic development. The economic depression of the late 90s was replaced by a period of rapid growth. The inflow of foreign investments into the country grew, the industrial production increased rapidly, the financial system was strengthened, and the possibilities of the Republican budget significantly expanded.

The main external factor contributing to the growth of the national economy was the improvement of the world market situation in relation to the main export goods of Kazakhstan. The domestic political environment and macroeconomic stability increased domestic demand and led to higher living standards and a favorable investment climate acted as internal factors that had a positive impact on the economic growth rate.

At the initial stage of the reforms, the model of economic development was based on high rates of development of oil and gas fields. During this period, the basis was laid for further economic growth, including the implementation of restrictive monetary policy, the establishment of strict conditions for spending the state budget funds, the completion of price liberalization, the adoption of a number of systemically important legislative acts, the conclusion of agreements with international financial organizations on loans for the implementation of stabilization and structural and institutional reforms.

Since 2000 the issues of liquidating the debts of the state and enterprises have been resolved; continued reforms in the production, financial and budget sectors; further institutional changes were carried out. The Development Bank of Kazakhstan was established and a monetary amnesty was held. Laws on financial leasing, construction savings, mortgage lending, insurance activities, the Tax, Land, Forest and Water Codes were developed and approved. As a result of the reforms, the growth rates of production increased, and the socio-economic situation in the country improved.

The effectiveness of the current stage of development of Kazakhstan

The essence of the current stage of the country's development is the implementation of multi-vector advanced steps in all directions. One integrated indicator of progress can be cited: "In 1994, GDP per capita was just over seven hundred dollars. By January 1, 2011, it had grown more than 12 times and exceeded 9 thousand US dollars. World experience shows that in the first 20 years of independence no country achieved such result. For example, South Korea's per capita GDP in the first two decades of sovereign development has grown 3 times, Malaysia – 2 times, Singapore – 4 times, Hungary – 5 times, Poland – 4 times"[2].

During the economic boom that preceded the world crisis of 2008-2009, the annual growth rates of GDP in Kazakhstan were 8-10% per year. At the same time, the experience of the late 1990s dictated the need for early preparation for a possible offensive of unfavorable economic conditions. In this regard, given the cyclical ups and downs of the world economy, with which the country is closely integrated, a very far-sighted decision was the creation of the National Fund in 2001. This played a decisive role in overcoming the consequences of the new global economic crisis of 2008-2009. Recognizing as early as 2007 the first signs of an impending global economic storm, the Head of State instructed to urgently prepare a national anti-crisis program, using all mechanisms of state regulation, including the means of a pre-established financial "airbag" – the National Fund.

Among other states of the world, Kazakhstan was one of the first countries to overcome the consequences of the global financial crisis and back on the trajectory of sustainable economic growth. Manufacturers of domestic goods in practice received a support of the state during the implementation of integrated business support programs (Business Roadmap 2020). The

Government of the Republic of Kazakhstan launched the Program for Modernization of Operating Enterprises “Productivity-2020”, aimed at helping enterprises to increase the efficiency of their activities through cost reduction. There are positive changes in the labor market. The Millennium Development Goals adopted at the UN World Summit in 2000 were fulfilled ahead of schedule: the country managed to reduce the unemployment rate from 12.8% in 2000 to 5.5% in 2015 [3].

As is known, in August 2014 the State Program of Forced Industrial-Innovative Development of Kazakhstan in 2015-2019 was published[4]. Results of its implementation will be: an increase in the volume of manufactured goods produced by the manufacturing industry by 43% in real terms; the growth of gross added value in the manufacturing industry by at least 1.4 times in real terms; growth of labor productivity in the manufacturing industry by 1.4 times in real terms; increase in the value of non-raw (processed) exports by at least 1.1 times; reduction of energy intensity of the manufacturing industry by at least 15%; the growth of employment in the manufacturing industry by 29.2 thousand people.

Unsolved socio-economic problems in Kazakhstan

In the future, Kazakhstan must become one of the most effectively developing countries in the world creating high standards of living for citizens. It is required to learn to produce competitive products in the shortest possible time, by making a rapid transition to international norms and rules. It is necessary to achieve a stable position in international markets with the main emphasis to be made on the country’s industrial and innovative development. In other words, Kazakhstan’s way in the future is a broad highway of industrial-innovative development. There are several ways to reach such goal.

First, we need to adopt a fundamentally new development paradigm, the basis of which is not the pursuit of maximum profit but educated and bright-minded population. Taking into account the fact that Kazakhstan ranked #122 in Corruption Perception Index 2017, we need to build highly responsible and educated generation[5].

Secondly, we must bear in mind that the world is on the threshold of the fifth technological revolution. In order not to lag behind we need to invest and develop new technologies. This road years ago passed by leading countries such as Japan, South Korea, Malaysia, India, Brazil, and others.

Thirdly, within the framework of the new innovation policy, there are 3 priorities: high technologies, green technologies, and alternative energy, as well as everything related to the training of qualified personnel as the basis of any innovation.

Fourth, in the forefront of modernization should be medium and small enterprises, which need to effectively use all available resources and opportunities.

Fifth, it is necessary to create a dynamic intellectual property market. Kazakhstan should have a strong legislative base for the activities of innovators with the effective legal protection of copyright and patent rights.

Summarizing the above, it can be noted that the formation of an innovative economy is a non-alternative option for the development of Kazakhstan in the 21st century. Achieved success in economic development and political stability allow putting further development of Kazakhstan on a stable modern and prospective basis. The country has to make a historic breakthrough, become an integral and dynamic part of the world markets for goods, services, labor, capital, modern ideas, and technologies.

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