

# Regional Economy under the Prism of National Security

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**Abstract**—This article is devoted to the problems of the disproportional development of regions in the Republic Kazakhstan. The threats proceeding from problem regions, make strong impact on the country's sustainable development, therefore they are necessary to be considered at the level of national security.

**Keywords**—Economic development, Kazakhstan, National security regional economy.

## I. INTRODUCTION

KAZAKHSTAN, with its vast territory, has regional differences in socio-economic development. They can significantly affect the functioning of the country's economic mechanism, the economic ties, the conditions of the movement of goods, capital, labour, and in general on economic potential of the country. The backwardness of certain regions in comparison with the others leads to lower living standards, low intensity of economic activity, lowly diversified industrial structure, the reduction of scientific and technical capacity and weak social sector. These threats are serious problems to the state in ensuring economic growth, which is an issue of national security.

## II. ANALYSIS OF ECONOMIC DIFFERENTIATION REGIONS OF KAZAKHSTAN

The regions of Kazakhstan's economy can be described as follows [1]:

1. Atyrau, Mangistau, West Kazakhstan, Aktobe and Kyzylorda region can be defined as a place of oil and gas resources. Their distinctive features are a high level of investment (over 50% of all investments in the country), mono-oriented economy and underdeveloped manufacturing and agricultural sectors. Other typical features can be seen as stagnating peripheral areas of high poverty and unemployment.

2. Kostanay region in the north of Zhambyl and South Kazakhstan can be categorized as an agro-industrial region. All three areas of specialization are more pronounced in agriculture, but there are resources for the development of industrial capacity. Besides, all of these areas have natural resources with high potential value. In the southern region it is the agro-industrial farming, irrigated areas, and in the north – it is rain fed. The region has population of 27.4%.

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3. Among the regions there are two agricultural regions. These include the Almaty region in the south-east and North Kazakhstan regions with Akmola in the north. They have a common specialization in agriculture, but different growth dynamics. However they have weak industrial base. Officially, the agricultural region accounts for 20% of Kazakhstan.

4. Industrial areas can be viewed as a wide wedge, which tapers from the east to the center. These are Pavlodar, East Kazakhstan and Karaganda regions. Typically these areas are large resources of ferrous and nonferrous metallurgy, a perspective for manufacturing sector, differentiated production and more developed provinces. According to statistics 23.3% of population is residing in industrial areas.

5. The cities of republican significance are Almaty and Astana which are consumer centers. They are characterized by high levels of income, service sector development. The turnover from them is almost half of the Republican.

TABLE I  
THE DISTRIBUTION OF GROSS REGIONAL PRODUCT BETWEEN THE GROUPS OF REGIONS OF KAZAKHSTAN

Group of regions with respect to the average Kazakh GDP per capita	Regions in the group	Share of Kazakhstan's GDP, %
More than 150%	Atyrau, Mangistau, Astana, Almaty regions	44.4
100-150%	Pavlodar, Aktobe, East Kazakhstan, Karaganda, Kostanai regions	29.3
50-100%	North Kazakhstan, West Kazakhstan, Akmola regions	10.5
Less than 50%	Almaty, Zhambyl, Kyzylorda, South Kazakhstan regions	15.8

\* According to the Kazakhstan Agency for Statistics

The differentiation of the levels of regional economic development of Kazakhstan is characterized in Table I. It shows uneven regional economic development. While the GDP per capita in the Atyrau and Mangystau, Astana and Almaty is 1.5 times over the level of living standard of a middle-class Kazakhstan resident, in Almaty, Zhambyl, Kyzyl-Orda and South Kazakhstan regions it is less than a half.

TABLE II  
THE PERCENTAGE OF REGIONS OF KAZAKHSTAN IN GROSS REGIONAL PRODUCT IN 2005-2011. ALL DATA IS SHOWN IN % \*

Year	2005	2006	2007	2008	2009	2010	2011
Regions							
Gross Regional Product	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Akmola region	2.6	2.5	3.1	3.0	3.1	2.7	3.0
Aktobe region	5.4	5.1	5.3	5.4	5.0	5.3	5.2
Almaty region	4.2	4.0	4.3	4.2	4.5	4.5	4.7
Atyrau region	10.6	10.7	9.6	11.2	11.6	12.9	12.2
West Kazakhstan	5.3	5.0	4.8	5.1	4.6	4.8	4.6
Zhambyl region	2.2	1.9	2.1	2.0	2.2	2.1	2.3
Karaganda region	9.0	9.0	8.9	9.1	9.1	8.5	8.7
Kostanai region	4.3	3.8	4.4	4.4	4.3	4.0	4.3
Kyzylorda region	3.2	3.6	3.9	4.3	3.6	3.9	3.9
Mangistau region	5.7	5.8	5.9	6.8	6.2	6.6	6.5
South Kazakhstan	4.7	4.1	4.8	4.6	5.5	5.2	5.2
Pavlodar region	5.1	4.5	4.6	5.4	5.1	5.0	5.0
North Kazakhstan	2.4	2.3	2.5	2.5	2.7	2.1	2.5
East Kazakhstan	6.2	6.0	6.2	5.5	5.8	5.9	5.7
Astana city	9.4	9.4	8.8	8.1	8.1	8.3	8.4
Almaty city	19.7	22.3	20.8	18.4	18.7	18.2	17.8

\* According to the Kazakhstan Agency for Statistics

The main share of the gross regional product of the country is concentrated in the same leading regions: Atyrau and Mangystau, Astana, Almaty and it is 44.4%. During the period from 2005 to 2011, the regions with the lowest share of gross regional product were statistically Akmola, Zhambyl, Kyzylorda and North-Kazakhstan region (Table II). During these years the proportion of the gross regional product of any of these areas did not even reach the level of 4.5%.

TABLE III  
REGIONAL DIFFERENTIATION OF PER CAPITA INCOME OF THE POPULATION OF KAZAKHSTAN \*

Group of regions with respect to the average per capita income in Kazakhstan,	(1) Regions in the group
More than 150%	Atyrau, Mangistau, Astana, Almaty
100-150%	Pavlodar, Aktobe, East Kazakhstan, West Kazakhstan, Karaganda
Up to 100%	Kostanai, Akmola, Almaty, Zhambyl, Kyzylorda, South Kazakhstan, North Kazakhstan

\* According to the Kazakhstan Agency for Statistics

The differentiation in living standards across regions is shown in Table III. It is characterized by the unevenness of the polarization of living standards in the regions. Thus, in seven areas of medium per capita cash income of the population is below average, including Kyzylorda in the South of Kazakhstan, North Kazakhstan they are Kostanai, Akmola, including Almaty, Zhambyl regions.

These statistics show that the residents of several regions felt the strongest price increase. The prices were changing most rapidly in Astana and Almaty between 2005 and 2011. However the prices in the Northern capital Astana increased by 155.3%, while in the Southern capital Almaty increased by 169.5%, on average, the growth of Kazakhstan prices is 149.6%. The main financial resources and the highest salaries are concentrated in these cities. Conversely, depressed rural

regions have low purchasing power. Thus, the price index in the Aktobe region has increased over the same period by 140.3%, in the Kyzyl-Orda - by 143.6%. The same can be said about the inhabitants of the oil regions – in Atyrau inflation is one and a half times higher than in Astana. Agricultural South Kazakhstan stands somewhat apart, the region where the consumer price index rose by 155.7%. The inflation rate in different regions may serve as a good indicator that reflects the level of development and the investment attractiveness of the area. Traditional leaders in average annual inflation are Almaty, Astana and Atyrau. They are joined by South-Kazakhstan region. Though it is the agricultural region and there is less labor due to climate, but South Kazakhstan region differs in populous and fairly strenuous business life [2].

The violation into the reproduction process of stabilization and the foundation of regional interests have led to a problem in the stability of small towns, which are important elements of a single territorial distribution of the productive forces of the region. The main feature of the current situation is as production and a potential resource, according to the prospects, small towns can no longer solve the negative trends themselves in employment, income, social services, environment, they have no prospects for the solution of the crisis of survival and the development based on their own internal resources. They need help from the state, regional and local authorities, even the aid of international organizations. The crisis of the state increased to such a level that the solution to this problem has become an important challenge not only for the region but it also become an issue of national significance.

For example, Kyzylorda and the neighbouring cities, the district centres being Aralsk and Kazalinsk are characterized by mono-structural production, with a lack of development in the labour market and market infrastructure. There are 36 100 people or 48% of the population of the district residing in the city of Aral. Preliminary calculations showed that the number of unemployed population in Aral is about 10 000 people. An

analysis of the unemployed population of the city shows that unemployed.  
9.6 thousand of people have no job, or 89% of all is

TABLE IV  
MIGRATION OF THE REPUBLIC OF KAZAKHSTAN FOR 2005-2011, ALL DATA ARE SHOWN IN NUMBERS OF PEOPLE \*

Year	2005	2006	2007	2008	2009	2010	2011
Regions							
Gross Regional Product	22 668	33 041	10 962	1 300	7 502	15 465	5 102
Akmola region	-1 272	433	-2 843	-8 886	-8 089	-5 591	-5 726
Aktobe region	1 628	1 764	459	-1 218	-3 704	2 701	-3 170
Almaty region	1 711	1 776	4 188	137	3 559	6 211	4 936
Atyrau region	1 994	722	1 642	1 653	1 586	188	-502
West Kazakhstan	-421	-442	-1 012	-1 818	-255	-1 448	-1 730
Zhambyl region	-3 879	-6 888	-7 020	-7 016	-6 179	-8 435	-11 153
Karaganda region	333	1 539	-1 103	-1 305	-2 505	-2 374	-3 206
Kostanai region	-3 628	-2 387	-5 573	-5 753	-5 202	-4 042	-4 152
Kyzylorda region	-3 035	-3 578	-4 488	-3 511	-2 919	-3 742	-2 990
Mangistau region	5 573	7 676	7 510	7 832	9 071	9 027	8 354
South Kazakhstan	-1 970	1 655	-2 913	-8 885	-9 845	-6 972	-9 859
Pavlodar region	-2 414	-111	-959	-1 958	-2 535	-2 229	-3 790
North Kazakhstan	-2 340	-1 262	-6 159	-6 077	-5 678	-4 066	-6 220
East Kazakhstan	-11 500	-8 994	-9 998	-5 326	-6 130	-6 456	-9 305
Astana city	15 679	17 708	19 315	24 880	31 879	33 846	31 135
Almaty city	26 209	23 430	19 916	18 551	14 448	8 847	22 480

\* According to the Kazakhstan Agency for Statistics

Its mobile part includes young people aged between 18 and 29 years. Each year, over 2500 young people graduate from schools and secondary schools and 41% of them are on the labor market, where they are practically non-competitive. On annual average, there are over 8300 people registered as unemployed at the employment center [3].

The lack of employment opportunities is the main cause of the deterioration of living standards and migration to other areas of the republic and abroad. For example, the positive net balance of the migration of population of Kazakhstan in the period between 2005 and 2011 has peaked in Atyrau, Almaty and Mangistau oblast, Almaty and Astana (Table IV). The other regions have a negative balance. The difference between cities and provinces is likely to increase in the future. This is primarily due to the fact that a large flow of migrants is directed to the centres where financial resources are concentrated in the country, Almaty and Astana. Many people in the region have moved to Almaty, which has a population already close to the mark of two million inhabitants. Astana also has a total population of one million people.

Thus, the state of the economy has extremely negative impact on social and living standards in underdeveloped areas and small towns. The negative trends in the industrial and social life of these regions are generally long lasting, persistent. This radically changes their demographic situation into the direction of worsening conditions for human development: increased migration processes lead to population decline and the share of labourers in the structure of the economically active population, and the increase of the proportion of people being in need of state social assistance.

The main pain points of concern are regions with a high unemployment rate and a substantial decline in living standards as a result of a long recession. Unemployment affects the level of social stability, strengthens the stratification of society. Those people, who lost their jobs and

cannot find a job for a long time, are thrown a line down to a lower social status which in some cases may lead to suicides.

World Health Organization experts believe that the critical threshold of suicides is considered to be the indicators that make up over 20 per 100 000 population. In Kazakhstan, according to the statistics for the last decade, the number of suicides has been 52 - 53 per 100 thousand of population. In the list of the "depressed" regions, where most suicides were committed, the South Kazakhstan region, Aktau, including the North of Kazakhstan and the town of Karaganda [4] are found.

Desperate unemployed people are willing to leave their homes in search of work and work without the legal formalities of registration, mandatory social security contributions, which is a breeding ground for the shadow economy. The high level of criminalization of immigrants in regions is characterized by the rural residents. In most cases this is due to their low educational level, qualifications not adapted to market economy, the lack of support and the necessary relationships in the new environment. Having no permanent housing and food, they even had to resort to illegal sources of income. Getting involved in criminal organizations, the unemployed bring serious damage to society in the form of looting, racketeering robberies, drug trafficking, etc.

The high level of migration has led to the most pressing issue, the importance of which increases significantly during recovery, it is the shortage of qualified professionals, as a town-forming unit, and a significant part of infrastructure sectors. Even in the simple recovery of the product output small towns will require a long time to restore the quality of human resources, not to mention a major increase in product quality and its competitiveness on domestic and foreign markets, along with a significant upgrade of assortment in these circumstances. Regional policy with regards to problematic regions should be active and oriented towards the provision of effective public support, creating favorable conditions for overcoming the crisis and ensuring a minimum

guaranteed standard of living. To do this, an efficient use of available human and resource-productive potential is necessary. The objective of national and regional authorities in this regard is to create the necessary conditions for realizing the potential of small towns in order to ensure adequate growth [5].

Due to the fact that Kazakhstan has developed a mining industry remains a difficult environmental situation in the regions. Intensive development of hydrocarbon deposits is accompanied by a powerful man-made impacts on the environment. There is an enormous damage in mining originating from the burning of associated gas in flares and environmental pollution resulting from combustion. Calculations show that the production of one ton of oil leaves the amount of pollutants in an amount of over 20 cubic kilometers. There are greenhouse gases released into the atmosphere in large amounts, sulphur oxides and nitrogen deposits forming around a high thermal background.

The zone of influence of oil and gas fields in the environment are several times greater than permissible. It is scientifically confirmed that there is a correlation between air pollution, nitrogen dioxides of sulphur to the level of sickness among the population. Some portion of these substances through air, water and food can be ingested. Naturally, the body does not have time to develop protective properties. The reserves of genetic strength of the human body, i.e. its ability to adapt to changing environmental conditions, are not unlimited. Today, by the opinion of some scholars, the reserves are almost exhausted.

In addition, the deposits of resource usually occur at great depth (about 5 miles.), As contained in the layers the fluid that enclose the deposits is characterized by a high corrosion activity, which complicates the technology of production, and requires particular attention to reduce the possible ecological consequences of man-made impact. An unfavorable combination of technological factors and characteristics of natural deformation processes increases the likelihood of man-made earthquake, and a significant movement of the earth's surface could lead to catastrophic emergencies, inflicting an enormous damage to the economy [6].

Large land territories have directly influenced by technological development, which is expressed in violation into hydro-geological, hydrological and sanitarian systems. The formation of disturbed land is directly linked to the development of mineral deposits and processing, geological exploration, the construction and operation of linear and other structures. Large areas of land set aside as storage ponds of industrial and municipal household wastewater, fugitive landfill, construction and industrial wastes [7].

### III. CONCLUSION

We should also note that information industry influenced the development of the border regions of Kazakhstan. Thus, the residents of the southern regions of Kazakhstan, Uzbekistan are concerned about the impact of the information space of the country. They are highly concerned that they are no longer watching Uzbek channels than Kazakhstan.

Residents in large areas of southern Kazakhstan can not receive a signal of public television stations of Kazakhstan. As a result, the southern areas of the country, bordered by Uzbekistan are open for the broadcast expansionism. Russian TV channels enjoy wide popularity in the northern, northwestern and north-eastern regions of Kazakhstan. Almost all the inhabitants of these regions get their news via Russian radio and television stations, newspapers and magazines [8]. This influence of the neighboring states has the effect of "time bombs". As a result, entire generations of people grow up on a foreign culture, with the outlook as laid down by informational influence, forming a distorted view of the current economic policy of the state, imposed from outside. However the level of patriotism and love for the native land pledged to the citizens of our country will affect the economic prosperity of not only regional but also the whole country level in the future.

Thus, the success of economic reforms in the country will largely depend on their implementation in the regions. In order to accomplish this, it is necessary to reduce the gap in their disproportionate development, but not by reducing the level of regional leaders, but rather growing the other regions on socio-economic basis.

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