

Structural Analysis of the Industrial System Development in Kazakhstan

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Abstract:

This article describes the issues of structural changes in the manufacturing industry of Kazakhstan. The applied method is the technique of evaluation of structural changes in the manufacturing sector. Modernization of the modern economy of Kazakhstan is worsened by undeveloped pre-conditions for transition to the postindustrial stage of development, disproportions in the structure of the economy due to its mineral and raw materials orientation, weak competitive environment, high share of the state sector. Governmental programs of Kazakhstan industrialization are analyzed in the article in order to evaluate their results according to the structural analysis of manufacturing industry development. The analysis reveals that some sectors of industry depend on state support. The efficiency of structural changes in the industry carried out under the state programs is evaluated.

Keywords: structural change; economic growth; GDP structure; manufacturing industry; structural economic policy

JEL Classification: L15; L16; L23; L32

Introduction

After the demise of the Soviet Union and the collapse of the socialist economic system, post-socialist countries faced the most difficult problems of integration into the world economy and adaptation to the conditions of open international markets. New circumstances demanded reforms to create the foundation for open market economy, including structural ones, to adapt to the changing conditions of world markets. Difficulties of this process have already been noted in economic literature (Spence 2013). In terms of openness, there is a huge pressure on the structure of the economy from the world market situation, which can lead to unbalanced growth and instability of the national economy in changing conditions of the world market (Akhmetshin *et al.* 2017).

In the history of the world economy, there are many examples of state economic policy that failed. After the World War II, economists specialized in the problems of development made forecasts that were optimistic for Africa, but rather pessimistic for Asia. Unfortunately, at that time large volume of natural resources in Africa was considered the main factor for its sustainable growth. However, the results achieved over the next 50 years were diametrically opposed to this forecast. Africa's natural resources turned to be a curse for it, stimulating their seizure, but not achieving longer-term goals aimed to get the sustainable growth (Spence 2013). Another example was in the 1970s, when the exaggerated development of the Netherland's economy caused a "Dutch disease" (Kazhyken 2011).

The purpose of the state structural policy in such conditions is to give stability to the national economy and the main instrument is its diversification. Structural policy of the state is the complex of such methods and measures that form and implement a strategy of purposeful change of basic proportions of the economic system (Sukharev and Strizhakova 2014).