

MONGOLIA: A DIFFERENT VIEW

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The typical foreign tourist or consultant who spends two weeks or so in the central sections of Ulaanbaatar and is escorted, on the weekends, to tourist *ger*(yurt) camps or to historic sites on the outskirts of the city may conclude that Mongolia, free of Soviet influence for more than a decade, is booming. Indian and Korean and *faux* Japanese, German, Italian, and Thai restaurants have sprouted in the city center. Markets, displaying canned goods and fresh vegetables and fruits, mostly imported from China, line Peace Avenue, the main thoroughfare, and adjacent areas. Computer stores and even a "Grease Salon" (i.e. beauty parlor) advertising the latest hairdos reflect Western influence in a country that had been one of the most isolated in the world. Discos blaring forth rock and rap music offer additional evidence of the Western impact. One local wag has asserted that Mongolia has more "tigers" (the Mongol word for "bar") than Korea, Taiwan, or the other so-called tiger economies. More than 60,000 cars and SUVs clog the streets of a capital city which ten years ago hardly boasted any privately owned vehicles.

Yet the visitor would have missed the reality underlying this glitz. Most of the consumers of the foreign food, bottled water, Mercedes, and pizzas and the patrons of the nightclubs, bars, and cafes are either expatriates, who are employees of or consultants for international donor agencies (IMF, World Bank, etc.) or businessmen forging deals to extract mineral and natural resources, or the small number of Mongolian nouveau riche. The thirty-five per cent of the population living below the poverty line of about \$19 a month cannot afford the \$3 pizzas or the \$5 steaks

which the expatriates and the Mongolian elite consider to be bargains. A dollar and a half for a kilogram of oranges is also beyond their means. Though the markets, kiosks, and shops offer a wider variety of products, as compared to the communist period, the vast majority of the population can look at but cannot buy these goods.

Soviet-style four-story blocks of apartments are but a few minutes' walk from the hotels or government offices where consultants spend most of their time. Foreigners would observe a different Mongolia in these complexes. They would see men and

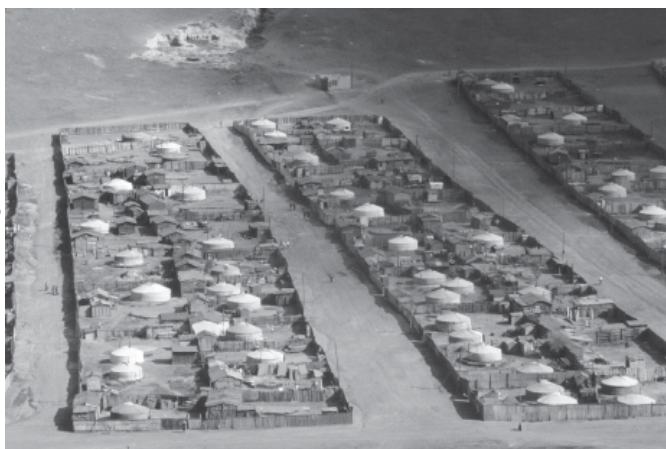


Fig. 1. A ger district on the outskirts of Ulaanbaatar.

even families scrounging for scraps of food in the trash containers adjacent to these buildings; they could even encounter several of the 3,000 to 5,000 street children sleeping in the hallways or stairwells; they could be the victims of theft or robbery, as the crime rate has tripled since 1990; and they could come across numerous placards advertising "Lombards" (pawnshops), indications first of economic distress and then of failures in the banking system.

Moving farther away from the center of the city, the foreigners

would reach the so-called *ger* districts. The inhabitants, who now constitute more than fifty (and approaching sixty) per cent of the population, are unemployed workers, dismissed with the closing of State enterprises and government offices in the early to mid-1990s, and an increasing number of herders, victims of distress in the countryside. Migration into Ulaanbaatar has accelerated at an astonishing and alarming rate. The estimated population in 1990 amounted to about 540,000, and the official statistic for 2000 was about 790,000. However, most observers believe that the actual figure is close to a million, or about 37% to 40% of the country's population. Streets in the *ger* district are unpaved, trucks deliver the limited but precious supplies of water, trash is irregularly picked up, and the coal-burning stoves (together with automotive vehicles)

produce much of the air pollution that engulfs the city in winter. Declines in medical care have accompanied the unsanitary and unhygienic conditions in the *ger* districts. A fee for service system has replaced comprehensive national health insurance, limiting the access to medical care of the mostly poor inhabitants. Poverty has also affected literacy and educational levels, particularly among boys who drop out of school to help support their families.

The visitor who travels outside the city notices similar conditions. A few weeks ago the Resident Representative of the United Nations Development Programme reported that 43% of the rural inhabitants are poor. A major concern is that these impoverished rural dwellers will head for Ulaanbaatar to seek employment. To be sure, there are some opportunities for jobs in Ulaanbaatar's informal sector, opportunities which Western representatives of the international donor agencies and nations have trumpeted as evidence of a developing entrepreneurial spirit. Driving taxis, working in

uncomfortable and sometimes unheated kiosks in winter, shining shoes, and temporary employment in construction (not to mention prostitution and drug dealing) appear to be acts of desperation rather than embodiments of true private enterprise. Also, these jobs frequently lack social benefits and health insurance.

The visitor will recognize that the dismal economic failures have been somewhat counterbalanced by positive political developments. Since 1990, the one-party system has been eclipsed, as several political parties have contested national and local elections. Foreign observers of the four Parliamentary and four Presidential elections after the fall of communism have certified the transparency and orderliness of the process. To be sure, three members of Parliament have served prison sentences for bribery, another was murdered under mysterious circumstances, and the media have accused others of corruption. Yet suffrage has not been limited, and accusations of human rights abuses have focused principally on police detention procedures and abominable conditions in prisons. There have been few other violations of human rights, with almost no examples of obstruction of freedom of speech or censorship of the media. One distinguished Danish anthropologist attributes these rapid strides toward democracy to the high rate of literacy and to the fine quality of education, products of the communist era. He fears that the post-1990 school dropout rate and the attendant declines in literacy and education may undermine the progress of political democracy. Yet the country's political system has thus far remained stable.

Reading the myriad reports issued by some of the international donor agencies, the visitor will discover that the economic turbulence, which offers a sharp contrast to the political stability yet poses threats to its continuance, is attributed to the economy's over-dependence on commodities such as gold, copper, and cashmere, which have experienced sharp reductions in

price, and to severe winters in 1999, 2000, and 2001, which devastated the pastoral sector. Representatives of these donor agencies do not attribute the economic failures to the ideologically-driven shock therapy they have required in return for loans and grants over the past decade, grants which have made Mongolia the third or fourth largest recipient of foreign aid per capita in the world. This extraordinary level of foreign aid has not prevented very high levels of poverty and unemployment, which scarcely existed in the communist era, and has resulted in serious and growing disparities between the rich and the poor.

A partial explanation for these failures has been the implementation of the typical formula of immediate privatization, liberalization of prices and elimination of subsidies, free trade, an export-oriented economy, balanced budget, and minimalist government, with scant consideration for or knowledge of traditional patterns and with minimal regard for creation of proper institutions (banking, legal framework, etc.) before the shock therapy. The rapidity of privatization led to numerous abuses and considerable corruption. Privatization of the herds in 1991-92 resulted in serious inequities, as the well-connected laid claim to disproportionate numbers of animals, trucks, and other properties of the disbanded communist-established cooperatives. State assets were relinquished at firesale prices. As late as 2002, public assets appear to have been undervalued and sold for ludicrously low prices to private individuals. A State bank, which had been founded in 1991 and had performed well for a decade, was sold for \$12.3 million to foreign investors. Yet its book value was \$9 million, and its net profits amounted to \$6 million in 2002 and \$4.5 million in 2001. This sale seemed, to many Mongolians, to be a major squandering of State assets. Yet international donor agencies enthusiastically supported its sale.

Other economic policies related to shock therapy have also been questionable. Liberalization of prices

and elimination of subsidies contributed, in part, to inflation in the early to late 1990s and to the growing pauperization of the population. Minimalist government meant that the State had limited resources to combat corruption and crime and indeed to protect the relatively pristine environment or the vulnerable among its people. It also translated into reductions of expenditures on health, education, pensions, and public welfare. The results were predictable, as the literacy rate declined, hospitals faced severe shortages of basic supplies, and the elderly barely survived on their pensions. Free trade (and the elimination of nearly all tariffs in May of 1997) permitted Chinese companies, often with Chinese government support, to flood the Mongolian market with cheap consumer goods, undercutting Mongolian industries, and to outbid Mongolian processors for such raw materials as cashmere. By the late 1990s, this unfair competition had offered Chinese traders and companies, who often received State-subsidized loans, with great economic leverage over Mongolia. Meanwhile Mongolian companies had to contend with 35% annual interest on loans from a mostly dysfunctional banking system, though a few credible banks have developed in the late 1990s and early 2000s.

Despite these economic failures, some of the international donor agencies continued to make untenable predictions about Mongolia's economy. Acknowledging that Mongolia required a 6% annual rate of growth in GDP to absorb the young people entering the labor force, they have repeatedly overstated projections for rate of growth. In 1995, IMF representatives predicted that the rate of growth would be 4.5%; the actual figure turned out to be 2.6%. In 1997, the IMF posited a growth rate of 6% for each year from 1997 to 2000, but real growth in 1997 amounted to 3%. Undaunted, early in 1998, it forecast a rate of 5.8%, but the actual rate was 3.5%. In 2000 and 2001, the Mongolian economy stalled, with a growth rate of about 1%. Admitting that poverty

was a serious issue, several of the international donors initiated an inadequately funded, poorly-managed, and characteristically trickle-down Poverty Alleviation Program, which proclaimed at its inception in 1994 that by 2000 it would reduce those living below the poverty line to 10%; instead a World Bank survey conducted in 1998 classified more than 35% of the population as living below the poverty line, and in 2002 two respected specialists on pro-poverty economic growth have questioned the efficacy of a recently created poverty program.

A few of the international donor agencies have intruded even in Mongolian government decision-making. When Mongolian officials did not abide by the policies prescribed by a particular agency, its representatives would sometimes suspend aid that had already been pledged. This was a strange way of promoting democracy and autonomy for a country that had been dominated by China for three centuries and by the U.S.S.R. for seventy years. How can Mongolian government officials develop independence if several of the international donor agencies, on occasion, dictate policy?

In short, international visitors and consultants have often provided a rosy portrait of Mongolia in the post-communist era. Observers who travel outside the capital city have a less sanguine view.

About the Author

Morris Rossabi has written *Khubilai Khan, Voyager from Xanadu*, and other books on Inner Asia. He has contributed to "Legacy of Genghis Khan," an exhibition that opened at the Metropolitan Museum of Art and will be on display at the Los Angeles County Museum of Art from mid-April to mid-July of 2003. In 2003 and 2004, he will publish two books, one on China's national minorities and one on post-communist Mongolia.

British Library Symposium on "The Kingdom of Khotan to AD 1000: A Meeting of Cultures"

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An important scholarly meeting on the archaeology, literature, languages, history and culture of ancient Khotan took place at the British Library, London, on May 10 and 11, 2004. The symposium, organized by Ursula Sims-Williams and Susan Whitfield, was held in conjunction with the library's spectacular special exhibit on "The Silk Road: Trade, Travel, War and Faith" (May 7 to September 12, 2004). Thirteen prominent scholars from France, Germany, Italy, Japan, Switzerland, United Kingdom, and the United States presented illustrated lectures on such diverse topics as art history, numismatics, geography, recent archaeological explorations, folk legends, historical chronology, and manuscript studies. (See the full list of presenters and lecture titles at the end of this article.) The audience consisted, in addition to the participants themselves, of some forty invited guests, many from abroad. Many specimens of the types of materials — manuscripts, paintings, coins, textiles, and the like — that were discussed in the lectures were also represented in the accompanying exhibits, which had the effect of vividly bringing to life the presentations about the world of Khotan.

Several of the many interesting presentations complemented each other, for example Joe Cribb's lecture on the historical and numismatic context of early Khotanese coins and Helen Wang's addressing broader issues of the monetary system of Khotan. Similarly, Christoph Baumer's illustrated description of his recent expedition to Dandan Uiliq complemented Madhuvanti Ghose's re-evaluation of the murals found in earlier excavations at the same site, while Mariner Padwa's insightful lecture on residential patterns in the

Niya site dovetailed with Richard Salomon's discussion of the documents discovered there. Historical and cultural relations between Khotan and its Tibetan and Chinese neighbors were reflected in the presentations by Tsuguhito Takeuchi and Hiroshi Kumamoto, and Klaus Wille's paper authoritatively summarized the extent and variety of the finds of Indian Buddhist literature in Khotan and adjoining regions of the southern Tarim Basin.

Finally, special presentations were given by Franz Grenet, regarding the Sogdian community in the silk road regions, and by Prods Oktor Skjærvø. The latter was the self-described "Alpha and Omega" of the symposium, who with characteristic vigor and energy gave both the opening and concluding lectures, presenting fascinating glimpses of the literature and folklore of Khotan. All in all, the symposium was a great success. All of the speakers presented new and original data and interpretations, demonstrating the vitality of the study of Khotan and the other related cultures of the Silk Road regions.

Lectures in order of presentation

Prof. P.O. Skjærvø (Harvard University): Khotan between Iran and China — Legends on the Silk Road.

J. Cribb (British Museum): The Sino-Kharosthi coins from Yotkan.

Dr. C. Baumer (Hergiswil, Switzerland): 1998 expedition to Dandan-Uiliq.

Dr. M Ghose (Ashmolean Museum, Oxford): A reappraisal of the iconography of the murals at Dandan-Uiliq.