

**The London School of Economics and Political Science**

Mongolian State Weakness, Foreign Policy, and  
Dependency on the People's Republic of China

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## **Declaration**

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## Abstract

This thesis draws on a synthesis of foreign policy analysis (FPA) and constructivism in order to demonstrate how post Cold War Mongolia's relations with the People's Republic of China (PRC) can be analysed through a multi-sectoral approach to explain the dilemmas that a weak state faces when conducting its relations with a much more powerful neighbour. It proposes that the dissonance between Mongolia's social identity and its structures of governance is the basis for the Mongolian state's weakness and that such weakness makes growing economic dependency on the PRC more difficult to manage. Moreover, the resulting combination of economic dependency and state weakness seriously limits the government's ability to maintain an effective broader foreign policy. The dissertation draws on government texts, academic and media articles, and interviews in Mandarin Chinese, Mongolian, and English.

The thesis looks in detail at the nature of Mongolian identity politics by focusing on identity development over *la longue durée*. It then demonstrates how the international community failed to take account of the dynamics of Mongolian identity politics when it came to assisting the Mongolian government with the country's post Cold War transition from communism. This led to an undue reliance on what can be termed 'Washington Consensus' type political and economic reforms that considerably added to the weakness of the state.

The thesis then focuses on Mongolia's economic relations with the PRC to show how such state weakness has resulted in a relationship of growing dependency. Building on economic dependency theory, the thesis then further examines the implications of Mongolia-Sino relations from environmental, societal, and military perspectives. In conclusion, the dissertation argues that the division between the Mongolian state and society has been exacerbated by the country's adherence to capitalism and democracy in ways that have created the potential for domestic instability by increasing the depth and breadth of economic dependence on the PRC.

This imposes severe constraints on foreign policy options but has also demanded some imaginative innovations that give interesting insights into the measures a vulnerable state can take to maximise its international presence. Ultimately, however, the disjunction between social identity and the state acts as a constraining factor on such initiatives in the case of Mongolia.

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## **List of Acronyms and Abbreviations**

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
ARF	ASEAN Regional Forum
DUC	Democratic Union Coalition
CASS	Chinese Academy of Social Sciences
CAREC	Central Asia Regional Economic Cooperation
CCP	Chinese Communist Party
CDS	City Development Strategy
CIS	Commonwealth of Independent states
CODEP	Coping with Desertification Project
CRCs	Citizens Representative Committees
EASC	East Asian Security Community
EIA	Environmental Impact Assessment
ENA FLEG	North Asia Forest Law Enforcement and Governance
FDI	Foreign Direct Investment
FAO	Food and Agriculture Organization
FIFTA	Foreign Investment and Foreign Trade Agency
FPA	Foreign Policy Analysis
GDP	Gross Domestic Product
GIO	Gross Industrial Output
IAAC	Independent Authority Against Corruption
IMAR	Inner Mongolian Autonomous Region
IMET	International Military Education and Training Programme
JCET	Joint/Combined Exchange Training
KMT	Guomindang
LoSPA	Law of Mongolia on Special Protected Areas
MAF	Mongolian Armed Forces
MCC	Millennium Challenge Corporation
MCUD	Ministry of Construction and Urban Development

MDI	Mongolian Development Institute
MDRC	Mongolian Development Research Centre
MEP	Ministry of Environmental Protection of the People's Republic of China
MOD	Ministry of Defence
MOFA	Ministry of Foreign Affairs
MOF	Ministry of Finance
MPR	Mongolian People's Republic
MPRP	Mongolian People's Revolutionary Party
MRPAM	Minerals Resources and Petroleum Authority
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NEAC	Northeast Asian Conference on Environmental Cooperation
NGO	Non-Government Agencies
NPACD	National Plan of Action to Combat Desertification in Mongolia
NSO	National Statistics Office
ODA	Overseas Development Aid
PDK	People's Deputy Khural
PfP	Partnership for Peace
PLA	People's Liberation Army
PRC	People's Republic of China
ROC	Republic of China (Taiwan)
SCO	Shanghai Cooperation Organization
SDC	Swiss Agency for Development and Cooperation
SEPA	State Environmental Protection Agency
TBB	Technical Bureau for Mining Engineering and Minerals Economics
TCC	Troop Contributing Country
TCDC	Technical Cooperation Among Developing Countries
TEMM	Tripartite Environmental Ministers Meeting
UN	United Nations
UN-CCD	UN Convention to Combat Desertification
UNDP	United Nations Development Programme

UNFPA	United Nations Population Fund
UNICEF	United Nation's Child's Fund
USAID	United States Agency for International Development
WB	World Bank
WCO	World Customs Organisation
WTO	World Trade Organisation

## Chapter 1: Introduction

This thesis takes Mongolia's relationship with the People's Republic of China (PRC) as a case study to explore how a combination of state weakness and a fragile national identity influence a weak state's foreign policy towards a much more powerful neighbour. It will be proposed that Mongolia's post-Cold War transition to democracy and adoption of Washington Consensus type economic reforms have left the state weak, particularly in relation to the PRC. In fact, the shaping of the Mongolian state's post-Cold War political and economic institutions by prevalent international policy orthodoxies rather than by the internal forces of the ruling Mongolian People's Revolutionary Party (MPRP) or any other Mongolian group has exacerbated a particular kind of weakness that is derived from the way in which externally constructed institutions do not represent Mongolian identity politics. The resulting division between state and society not only threatens to become a source of instability but also has to be taken into account when maximising Mongolia's international room for manoeuvre in a neighbourhood increasingly dominated by the PRC.

Since the early 1990s, the Mongolian government has sought to mitigate this weakness and maintain its autonomy through a foreign policy aimed at maximising its strengths in the face of radical regional and international change. Its success in this regard, however, is questionable as close examination of Mongolia's foreign relations with China indicates that the state is ceding aspects of its sovereignty and security for closer economic relations with the PRC. Indeed, evidence suggests that Mongolia is becoming increasingly dependent on China through the two countries' economic relations. This growing dependency extends across the country's political, economic, societal, military, and environmental sectors.

This dissertation will use a pluralist approach to theory in order to address variables at both state and society levels. This use of theoretical pluralism is much in line with English School Theory in so much as it assumes a 'continuous coexistence and interplay'

between society, the state, and the international system the requires theoretical ‘flexibility’ (Buzan 2004:10). While the dissertation does not specifically employ English School Theory in its analysis, it does draw from the theory’s eclecticism in its use of theories and conceptual tools.

In particular, the dissertation will employ a synthesis of constructivism and foreign policy analysis (FPA), which has been argued for by Hopf in his work on Soviet foreign policy (Hopf 2002:1-38). It will do so by first determining the degree to which the dissonance between Mongolia’s post-Cold War political and economic institutions and Mongolian societal identity contributes to the state’s weakness. It will then examine the development of the country’s institutions of control in order to analyse the practice of state sovereignty. This dual theory approach is appropriate in that while constructivism allow for historical, cultural, and psychological variables to play a part in the ‘culture of anarchy’ that shapes the state within the international system, FPA provides a framework to examine domestic institutions and their effect on foreign policy (Guzzini & Leander 2006:246).

In this respect, FPA can be taken to supply the tools needed for looking inside the ‘black box’ of policy making while constructivism emphasises the structures within which policy has to be made. As Houghton has persuasively argued, a marriage of the two is suitable as ‘neither is complete without the other, and neither can fully claim to represent the process of making foreign policy in isolation’ (Houghton 2007:43). The result is a more robust understanding of contemporary Mongolia’s state-society relations as well as its domestic and foreign policy goals.

Having established state weakness through this theoretical approach, the dissertation will then draw on weak state and dependency theories to help explain Mongolian foreign policy. Both theories provide useful frameworks that are largely applicable to post-transition Mongolian foreign policy in that they provide insight into weak state strategies while identifying potential policy failings that could further contribute to weakness.

The analysis will focus on Mongolia's foreign policy relationship with the People's Republic of China (PRC) as it is in many ways Mongolia's most important and challenging foreign relationship. It will do so by analysing the two countries' relations from a multi-sectoral perspective. The dissertation will draw on government and non-government documents, whitepapers, media articles, academic texts, and public opinion polls in Mongolian, Chinese, and English. It will incorporate first-hand information attained during interviews with Chinese, Mongolian, and Western officials and experts. To support the qualitative findings, the dissertation will employ statistics derived from the Mongolia and China Statistical Yearbooks, the National Statistics Office of Mongolia, the World Bank, and the Asian Development Bank. The use of Mongolian and Chinese in addition to English allows for a wider, less biased approach that contributes to a more balanced understanding of the contemporary Mongolian state and society.

### 1.1 Why Use Theoretical Pluralism?

The argument for the use of methodological pluralism is that single IR theories lack the explanatory power to fully explain the complexities and nuances that exist in international relations. Whereas a theory such as realism offers a robust explanation of security in the international system, it does so without fully developing concepts of society. Conversely, while constructivism focuses on the effects norms, behaviour, and identity have on the state and international society, it does so only after negating the role material forces play in states' decision making processes. Rather than restricting analysis to one single paradigm, 'methodological pluralism transcends the assumption often made in the so-called inter-paradigm debate, that realist, liberal and Marxist approaches to IR theory are incommensurable' (Buzan 2001: 476).

Theoretical eclecticism, or methodological pluralism, seeks to address these theoretical deficiencies by drawing together varying, sometimes conflicting, theories that best explain empirical evidence (Bellamy 2005:47). Indeed, such a theoretical pluralist formulation 'takes the focus away from the oppositional either/or approaches of much IR theory...and moves it towards a holistic, synthesizing approach that features patterns of

strength and interplay' (Buzan 2004:10). The result is a more deductive approach to analysis driven by evidence rather than ideology (Yonay 1998:34).

Such methodological pluralism is particularly useful when examining the relation between society, states, non-state actors, and the regional/international community. In this regard, English School Theory provides a useful guide as its theoretical pluralism incorporates both Hobbesian/Realist elements of international systems theories and Grotian/Rationalist elements of a socially constructed order (Buzan 2001:476). This theoretical eclecticism allows for a holistic approach to theory that can account for interaction between society, the international system, and the international society (Neumann 2001:503).

As this dissertation will examine such variables as Mongolian identity and society, the Mongolian state, and the country's foreign policy, a theoretically eclectic approach is entirely appropriate. In particular, the dissertation will draw on concepts from constructivism, foreign policy analysis, weak state theory, and dependency theory to construct a framework for analysis.

## **1.2 Constructivism: Domestic Norms and Social Identity**

In contrast to both realist and liberalist approaches to the study of IR that tend to view states holistically and as exogenously given, constructivism allows for the importance of identity, norms, and culture as key components in understanding state formation and behaviour (Hopf 2002:294). Whereas in most realist or liberalist studies the self-interested state is taken as an ontological certainty in which society 'contains only a reproductive logic, but no transformational logic', constructivism is more concerned with the state's identity and how such identity shapes, and is shaped by, domestic and international norms, cultures, and histories and how these collectively influence the state's foreign policy (Ruggie 1983:285).

Indeed, social identity formation is central to constructivism's approach to understanding foreign policy in so much as it provides the basis for further understanding institutional practices as related to norms, language, and ideas. For constructivism, that 'foreign policy encompasses the complicated communications within governments and amongst its diverse agents, plus the perceptions and misperceptions, the images of other countries, and the ideologies and personal disposition of everyone involved', any comprehensive analysis cannot begin at a state or institutional level, but must consider the domestic factors that change and shape state identity (Kubalkova 2001:18). Constructivism's claim in this regard is that taking into consideration variables previously ignored at a sub-state level allows analysts greater insight into rule-governed behaviour and 'into matters of long standing concern, such as the formation of (national) interests' (Kowert 2001:267). In stark contrast to neorealist and utilitarian-liberal approaches to foreign policy which stress that norms, ideas, and values only play a role as 'instruments for asserting and justifying given interests', constructivism emphasises the 'independent influence of these variables' (Boekle, Rittberger, & Wagner 2001).

As with regard to state identity formation, Wendtian constructivism, or a 'thin' constructivism, is insufficient in offering a constructivist interpretation of foreign policy as 'thin' constructivism decidedly concentrates on 'international system theory and thus on identities in the sense of the general meaning of "state", of "sovereignty" or of "anarchy"' (Wæver 2002:21). This 'anthropomorphised' perception of states as unitary actors with a single identity and single set of interests does not allow for detailed understanding of discontinuous change or how states with similar cultural and historical background can have such radically different foreign policy (Wæver 2002:22);(Weldes 1999:9). For 'thin' constructivism, the state is 'pre-social' in its four stated priorities: security, autonomy, economic wellbeing, and collective self-esteem.

In response to these perceived shortcomings, constructivist scholars have sought to adapt, modify, and 'thicken' Wendtian constructivism so as to provide a constructivist approach with explanatory power to deal with foreign policy. In order to provide a more internal concept of identity formation, one stressing the 'bottom-up' development of identity

often influenced by, but otherwise exclusive of, international norms, constructivist theorists turned to society as their source of study rather than the state. As this dissertation treats social norms as essential components of a social identity, social constructivism's stress on social norms is a good starting point for the larger discussion of identity formation and the role it plays in Mongolia's modern foreign policy. It also provides insight into potential state weakness.

Social constructivists believe states' foreign policy behaviour is best explained by norms shared throughout domestic society as these norms, those resulting from the domestic identity, have greater influence on how various states' agents conceive of and conduct foreign policy. This 'bottom-up' approach stresses domestic norms' 'immediate orientation to behaviour' thereby making them 'the appropriate independent variable of a constructivist theory of foreign policy' (Boekle, Rittberger, & Wagner 2001:106).

Having shifted the focus to look at domestic rather than international norms, societal constructivists use the term 'intersubjectivity' to distinguish social norms from social ideas. This distinction is critical for societal constructivism as ideas, defined as 'beliefs held by individuals', require a cognitive approach not included in societal constructivism's theory (Boekle, Rittberger, & Wagner 2001:108). Indeed, societal constructivists believe that individual belief systems are impossible to conceptualise outside the realm of their social and cultural roots without the structure norms bring to such identity. Only through using norms to give identity shape, and subsequent measurability, is it possible to view foreign policy from the perspective of identity politics.

Social norms have 'counterfactual validity' in so much as they incorporate morals, ethics, and issues of justice that distinguish them from 'non-value based expectations of behaviour that results from consequentialist considerations, such as prudence' (Boekle, Rittberger, & Wagner 2001:108). Their strength is measured by degree of commonality, i.e., how many people adopt the norm, and specificity, which determines 'how precisely a norm distinguishes appropriate from inappropriate behaviour' (Boekle, Rittberger, &

Wagner 2001:109). Norms are introduced into a state's foreign policy through a process called 'societal socialization' through which government officials internalise societal norms and the subsequent value-based behaviour shared by the state's citizens. This internalisation of norms takes place through 'political socialisation' which stresses that government officials already share socially agreed upon behaviour guidelines before taking office, further refine these beliefs throughout their political careers, and constantly seek to embody the norms' behaviour in order to maintain the legitimacy of acting as a state representative. Indeed, if a government official does not meet the domestic and social norms' expectations when dictating the state's foreign policy, he runs the risk of delegitimizing his claim to leadership (Boekle, Rittberger, & Wagner 2001:113).

If social norms are the end product of identity, it is now necessary to take one step backward to establish a theoretical basis for identity in general. For as stated above, societal constructivism does not deal directly with identity formation or culture and, as such, cannot provide for a more cognitive understanding of identity. In order to fill this gap between social norms and social cognitive structure, the dissertation will draw heavily on Hopf's work on the social construction of Soviet foreign policy.

According to the theoretical perspective used by Hopf, 'a social cognitive structure establishes the boundaries within a society, including how individuals commonly think about themselves and others' and is, therefore, 'a fundamental domain of social action' (Hopf 2002:6). In this sense, one can also consider the social cognitive structure as the socially constructed version of the 'Self' from which norms are further formed. The difference here between the social cognitive structure and norms, therefore, is clear. While, according to Finnemore, norms are 'a standard of appropriate behaviour for actors with a given identity' further divided into 'regulative' norms, which regulate and order behaviour, and 'evaluative' or 'perscriptive' norms that embody the 'oughtness' that sets norms apart from rules', the social cognitive structure is more basic in that it is based in history, culture, language, and ethnic identity and is not concerned with regulating behaviour so much as it is behaviour's very construct (Finnemore & Sikkink 1998:891) For Hopf, a cognitive account of identity includes 'the unthinking, unintentional,

automatic, everyday reproduction of the self" that does not depend 'on the conscious selection of behaviour based on a particular norm' (Hopf 2002:11). It is inclusive of identity's many parts, including ethnic, national, and individual identities.

For Mongolia, this distinction between norms and identity is essential for a clear understanding of the role identity plays in state weakness and foreign policy. While norms are important in that they offer a guide as to how various aspects of identity play in with social structure, they are in many ways corrupted accounts of identity in that they have been in part materially shaped and, therefore, are not clear indicators of the underlying identity forces that shape them and that are needed for their maintenance. Norms occupy the middle ground between identity and the state's structure and, as such, are a useful means to gauge the interaction between the two in relation to the domestic source of foreign policy. Based in identity, they are culturally specific. Yet maintained in structure, they are dependent on a state's immediate environment.

Identity, in contrast, is a free floating abstraction based more in history and concepts of ethnic and national belonging. Yet to categorise identity as a passive agent in any state's modern foreign policy, assuming it is fixed and only applicable to analysis in the sense it constitutes more tangible norms, it is a dangerous mistake. Despite what might at first seem a relative distance from everyday foreign policy matters, according to Hopf's social cognitive theory identity is the fundamental basis for understanding a state's interests from an endogenous perspective (in contrast to the more exogenous approaches often applied) in that it constitutes 'a social cognitive structure that makes threats and opportunities, enemies and allies, intelligible, thinkable, and possible' (Hopf 2002:16). It is, therefore, an active and powerful component of state capacity and foreign policy making.

Identity becomes particularly important between two nations where one plays a significant role in constituting the 'Other' in contrast to concepts of the state's 'Self'. Nowhere is this more tangibly felt than in dealing with the Mongolian identity as half its legitimacy rests in opposition to the Chinese identity. A nomadic versus static culture,

herders versus agriculturalists, small against large, nature versus industry: all the essential elements of a Mongolian society exist in relation to a completely opposing Chinese identity point. In this sense, Mongolia's identity relationship with China fits clearly with Hopf's position that 'the Self regards the Other as its negation, its opposite' and thereby draws a more reinforced concept of the Self (Hopf 2002:16).

### **1.3 Foreign Policy Analysis: Sources of State Weakness**

Having established the need to treat identity as a central variable in determining state weakness and foreign policy, it is now necessary to examine it in relation to the state's institutions of control. This allows for a greater understanding of state stability and helps identify sources of weakness. Indeed, both Migdal and Buzan argue that the division between the state's institutions and social identity is the appropriate starting point for understanding the weak state (Migdal 1988:5);(Buzan 1983:62).

Migdal writes of the division between the state and society in terms of a strong social base versus weak institutional state particularly evident in post-colonial countries where the concept of 'statehood' is not a 'part of the natural landscape' as it is in the West (Migdal 1988:15). He argues that in some places 'society (is) a mélange of social organisations' rather than the 'dichotomous structure that practically all past models of macro level change have used'(Migdal 1988:27-28). He continues in stating that the 'state' structure of a central government charged with maintaining social and economic order often goes against the more natural social order defined as the *strategy of survival* which is based on identity and employs 'myths or symbols [used to] help explain [a people's] place and prospects in an otherwise bewildering world' (Migdal 1988:27-28). The result of such an artificial adaptation to a foreign system of government inappropriate to a country's cultural specifics is a low level of socio-political cohesion that hobbles the ability of the resulting state to act as a unitary entity. As, according to Krause, 'weak states are seldom permitted to exit gracefully from the international scene', and therefore must compete within an international environment with states that are not

so structured, this internal division renders the state weak and the government often incapable of leveraging social support for its foreign policy (Krause 1998:130).

Buzan agrees with Migdal that the state is not a physical thing, but rather composed of three abstract components against which it is possible to measure its weaknesses and strengths. These include the ‘idea of the state’, ‘institutional expression of the state’, and the ‘physical base of the state’ (Buzan 1983:40). While each is an entity separate from the others, Buzan notes that ‘statehood’ is only achieved through a combination of the three.

Of the three, ‘the idea of the state’ is the most ‘amorphous component of [the] model, but in a sense also the most central’ (Buzan 1983:44). It incorporates the state’s purpose, generally agreed upon, and the aims of its existence. It is the logic behind the question, ‘why does this state exist’ and, therefore, largely based on social and political identity. Of course, ‘the idea of the state’ is central to the functioning of the government, but should not be confused with ‘the institutional expression of the state’, which is more about the state’s total mechanics. These ‘mechanics’ consist of a state’s economic, legislative, and administrative systems as well as its judicial bodies and ‘the laws, procedures and norms by which they operate’ (Buzan 1983:53). Together, ‘the idea of the state’ and ‘the institutions of the state’ serve to regulate the ‘physical base of the state’ that includes the people, resources, wealth, and territory. The ‘physical base of the state, in turn influences the formation of the former two entities as well as providing them with meaning. The tripartite, interconnected processes is self-perpetuating and, in the case of a strong state, mutually beneficial.

While all three of these components must be in order to constitute what Buzan conceptualises as a state, he also argues that ‘these features alone do not, however, add up to statehood’ (Buzan 1983:40). Indeed, deviation between any of the three can lead to internal conflict that can, in turn, lead to a weak state. If, for example, ‘the idea of the state’ and ‘the institutional expression of the state’ are unaligned, the state will have a weak political identity that can lead to conflict over ideology. The same is true if the

‘physical base of the state’ believes its interests are not being met through either the state’s institutions or ‘the idea of the state’.

Migdal and Buzan both put forward useful frameworks for understanding Mongolia’s contemporary weakness as a state as well as the role identity can play in the state’s foreign policy. For while Mongolia is a weak power in so much as it lacks material strength, its primary weakness comes from its inappropriate domestic political and economic system (Migdal’s ‘institutional state’ and Buzan’s ‘institutional expression of the state’) and its conflicting social norms and social cognitive structure (Migdal’s ‘social base’ and Buzan’s ‘ideas of the state’ and, consequently, ‘physical base of the state’).

The following section will address the development of Mongolia’s ‘institutional state’ and ‘institutional expressions of the state’ by offering a brief overview (developed in more detail throughout the dissertation) of Mongolia’s post-Cold War institutional development. It will also introduce the concept of identity in relation to the state’s political and economic institutions. The section’s aim is to establish a basis for understanding state weakness that will contribute to further analysis of Mongolian-Sino relations.

### ***Economy, Democracy, and Identity: Three Central Tenets of the Mongolian State***

#### *Economy*

In 1990 and 1991, delegates from the IMF and WB visited Mongolia in order to conduct an evaluation of the country’s economic system. Both organisations agreed that, in order to stabilise Mongolia’s failing economy, nothing short of total reform would suffice. In line with the prevailing Washington Consensus doctrine, which pervaded both funds’ development reform approach, the IMF and WB agreed to provide conditional aid dependent on the Mongolian government’s instituting an economic ‘shock therapy’. This shock therapy reform including the privatisation of state assets, reduction of the state budget, dismantling of the planned economy, reformation of the state run banking system,

and an introduction of market-oriented system elements (Rossabi 2005:45). Other components of the IMF/WB economic reform consisted of devaluating Mongolia currency, implementing a new income tax, suspending all subsidies to producers, eliminating trade tariffs, as well as cutting funding for education, health, and welfare. Although many MPRP ministers were worried about the displacement ‘shock therapy’ might cause the Mongolian people, both institutions argued it was the only feasible way forward (Heaton 1991:54).

The IMF and World Bank’s economic policy reforms turned out to be ill conceived and ill advised. They did not take into account what Peet calls the ‘national circumstance, such as cultural tradition or social structure’ and forced inappropriate reform regardless of ‘previous tradition in the political economy of development’ (Peet 2001:14). Moreover, as shock therapy requires a strong institutional framework where ‘strong authoritarian regimes were preserved and central planned economy institutions were not dismantled before new market institutions were created’, to suggest simultaneous governmental and economic reforms, indeed to require them as conditional to aid, was entirely inappropriate and harmful (Popov 2007:3).

Perhaps one of the most drastic failures of these international monetary funds was their inability to perceive the successful economic policies that Asia’s ‘Four Tigers’—Hong Kong, Taiwan, South Korea, and Singapore—had followed to achieve extraordinary poverty reduction and gains in human capital. In contrast to free market capitalism, these four economies employed what Wade refers to as a ‘governed market’ approach in which the government guides ‘market processes of resource allocation so as to produce different production and investment outcomes than would have occurred with either free market or simulated free market policies’ while investing in ‘infrastructure, technology, and human capital’ and employing ‘tariffs to protect a few industries until they became strong enough to compete’ (Wade:26); (Rossabi 2005:44).

In addition to monetary funds, international actors such as the United Nations (UN), USAID, the International Commission of Jurists, Amnesty International, the International Human Rights Law Group, and the Asia Foundations—all democratically-minded, institutions with roots in Western political thought—lobbied the Mongolian government for a clear break with its socialist past and a commitment to a democratic constitutionality. The Mongolia Standing State Committee, composed almost entirely of MPRP members, eventually succumbed to pressures and drafted a new constitution under direction of western political ‘experts’ and ‘advisors’ in line with democratic principles (Rossabi 2005:55). The resulting changes to the Mongolian legislature were the establishment of a parliamentary democracy consisting of five branches: the President, Parliament (State Great Khural), the Government headed by a Prime Minister, a Supreme Court, and a Constitutional Court called the Tssets (Bruun & Odgaard 1996:152).

While the Western expertise that contributed to the drafting of the constitution may have been well intentioned, the break with seventy years of authoritarian rule was too drastic and proved more detrimental to the development of a stable government than a more gradual approach might have been. This is evident in the divisive political developments that have characterised Mongolian politics ever since the introduction of a unicameral parliament.

Less than fifteen years after the legislative reforms took place, Mongolia’s ‘political parties and the multiparty democratic system now face a serious test’ as to whether they will prove capable of dealing with the state’s twenty-first century challenges (Noerper 2007:77).

### *Identity*

As the past section has argued, much of modern Mongolia’s state structure has been externally assigned rather than indigenously developed. While this is a point of weakness for the state, the result is that Mongolia is now structured as a democratic state that has the framework in place to encourage the deepening of democracy through multiparty

representation and a commitment to free market economics. In this sense, one could easily refute the previous section's argument that Mongolia was not ready to be a liberal democracy and that it was forced to adopt international western political and economic norms by simply stating the past is the past and what is more relevant to Mongolia's present day foreign policy is how it operates in relation to the foreign community considering the system that is unarguably in place. In short, regardless of the impetus behind its transformation Mongolia is a democracy and, therefore, must learn to act as one.

From the perspective of the constitutional system this is a hard point to refute. Yet such a view also assumes a desire by the Mongolian people to transform their identities to match economic and political reforms from which only a small number of Mongolians have truly benefited and a great deal have suffered. Yet such a desire is not present in modern Mongolian political and social discourse to the degree that might imply the Mongolian people have embraced capitalism and democracy as the best possible economic and political alternatives available to them. This is evident in a 2008 Sant Maral poll in which only 28.5% of Mongolians surveyed nationwide claimed they were satisfied with the country's democracy, while the remaining percentage noted varying degrees of dissatisfaction. So, too, did respondents express disillusionment with capitalism, with as many as 69% stating they favoured government ownership of key economic sectors and government guaranteed employment (Sant Maral 2008:10-11).

This is not to imply that Mongolian identity is a fixed entity incapable of evolving. Indeed, democracy and capitalism have surely played, and will continue to play, an important role in the development of modern Mongolian social identity. What is important to note, however, is that identity and norms are not malleable to such a degree that they simply change in parallel to newly adopted institutions. That rather, according to Hopf, social identity and social norms should be instrumental in defining national priorities and foreign policy (Hopf 2002:294).

## **1.4 Weak State and Balance of Threat Theories: Understanding Mongolian Foreign Policy**

Having established that the disparity between Mongolia's present day institutions and social identity contributes to state weakness, it is necessary to develop a theoretical framework capable of explaining the interplay between the state's resulting foreign policy and identity politics. In order to accomplish this, the following section will draw on concepts from weak state and balance of threat theories.

Moon offers a compelling theoretical account of the limitations of weak state foreign policy that, while not entirely applicable to Mongolian post-transition foreign affairs, is a worthwhile starting point for analysis. As with Keohane, he chooses to first approach the issue from the perspective of a weak power rather than a weak state by focusing on what he calls a 'bargaining model'. Moon's bargaining model relies on the assumption that weak powers will align their own foreign policy with that of a greater power's in exchange for economic and military assistance (Moon 1983:317).

This 'tit-for-tat', or 'reciprocal' weak power strategy emphasises the state's material weakness as it assumes it is acting against its own foreign policy interests while supporting the greater power's agenda in order to add to its material capacity. Moon states, 'that there exists some hypothetical counterfactual foreign policy which would be preferred by the weak state in the absence of the influence attempts' and that it is directly rewarded in line with the level of support it shows the greater power (Moon 1983:319). This leads to what Moon calls an 'asymmetrical dyad' in which the weak power becomes compliant and the dominant state controlling.

In further developing the 'bargaining model', Moon highlights some of its limitations. It is based on power politics and does not consider the importance of ideology that played such a dominant role in the Cold War (Moon 1985:298). It is questionable whether policy goals are clear enough to warrant 'tit-for-tat' rewards. Some states seemingly do not need to bargain for aid, but simply receive it because they are strategically

‘important’ in that they are situated well for a strong state’s overall foreign policy concerns. Moon addresses these limitations to the bargaining model’s explanatory power by developing what he calls the ‘dependent consensus model’ (Moon 1985:304).

The dependent consensus model breaks from the bargaining model in that social and state identities assume a central role. Indeed, the weak power or state (here the line between the two blurs) aligns itself with the dominant power not out of cold, strategic positioning, but because of the ‘community of interest that is formed by the ties between the dominant and the dependent economy’ (Moon 1985:307). As the dependent state’s economic stability becomes increasingly tied to the dominant state, it becomes within *‘their own interest* to follow the [dominant state’s] lead on...concrete foreign policy issues’ (Moon 1985:307). Moreover, Moon’s dependent consensus model stresses the dependent country’s elite’s role and how they form deep cultural ties with the dominant nation through education, cultural, and political exchange. As these elite are ultimately responsible for policy making, it is only natural that they tend to follow a path dictated by the dominant state, most especially if they believe it is in their country’s best interest to do so.

Both Moon’s bargaining and dependency consensus models provide insight into Mongolia’s post-transition foreign policy in relation to China in that they assume a weak state will opt to bandwagon rather than directly confront a potential threat. Indeed, the Mongolian state’s use of such bandwagoning is evident across multiple sectors in the two countries’ relations. However, of the two, Moon’s dependency consensus model is perhaps the more applicable as it stresses economic dependency leading to closer social and political relations rather than prioritising the formation of closer ties for the sake of future economic cooperation. This is an important distinction for Mongolian-Sino relations as it draws attention to the fact the Mongolian state did not voluntarily opt for dependency. This further suggests that Mongolian dependence contains the potential to contribute to social instability if elite interests do not conform with those of other social actors.

The two models do, however, have significant limitations in roundly explaining Mongolia's post-Cold War foreign policy. Principally, neither the bargaining nor dependent consensus models address what weak states can do to avoid dependency in the first place or to lessen its effects once established. While the Mongolian government specifically designed its 'third neighbour' strategy of cultivating foreign relationships to do just this, it is therefore necessary to find a theoretical approach capable of explaining this aspect of weak state behaviour. Walt's balance of threat theory provides the necessary counterpart.

Walt notes that while weak states do sometimes opt for bandwagoning, many also choose to balance against perceived threats (Walt 1987:171). States accomplish such balancing through alliances with international and regional partners as well as with 'superpowers'. While this dynamic has changed since the end of the Cold War in so much that the United States is the sole remaining superpower in the international system, it remains a valuable tool for understanding how states form alliances aimed at balancing regional threats.

An essential assumption in the balance of threat theory is that the more aggressive a dominant power, the more likely its neighbouring countries will ally against it to balance its threat (Walt 1987:32). This suggests that it is often in a strong power's best interests to operate within its region as a source of stability when possible. In doing so, a strong state can pursue economic growth as well as diverse alliances that overtime will further strengthen its position. So long as a strong state believes the cost-benefit outcome of such posturing is in its favour, weak states have a certain amount of space to pursue external relations.

If handled carefully, weak states can use these alliances to mitigate dependency without negatively affecting their relationship with the dominant state. Indeed, a weak state can significantly increase its security by diversifying the type and number of actors that have an interest in its independence. While not at all a certain strategy for decreasing or

avoiding dependence on any one state, this type of alliance formation and balancing is often a weak state's best option.

The PRC's commitment to a 'peaceful rise' has given the Mongolian government space enough to pursue a balance of threat policy. It has accomplished this by formulating a 'third neighbour' policy aimed at cultivating ties with regional and international states and organisations. While this policy has not prevented the country from becoming dependent on China, it is indeed an essential part of the state's foreign policy strategy.

## **1.5 The Case for China**

Having drawn a framework for understanding Mongolia's foreign policy, it is now necessary to apply that framework to one part of Mongolia's foreign policy portfolio in order to test its validity. In consideration of Mongolia's historical relations, its current regional position, and its possible future orientation, the dissertation will focus on Mongolia's relations with the People's Republic of China. The logic behind this choice is both practical and normative. China is by far the most important of Mongolia's bilateral relations in terms of social, economic, political, military, and environmental concerns while the PRC has long been the antagonistic Other against which Mongolians formed their identities. In this sense, it is a particularly challenging and important partner for Mongolia as good relations with China are essential for Mongolia's security while over-dependency would be unacceptable socially. For Mongolia, China represents both the ultimate opportunity and greatest threat.

To begin, no country has benefited more from Mongolia's 'transition' to capitalism and democracy than China. Mongolia's WTO commitments and subsequent elimination of trade quotas and tariffs laid the country bare to Chinese investment that came in force. While the growing presence of Chinese business and illegal workers has led to a social backlash against over-dependence on Chinese investment and labour, the democratic government has yet to implement a coherent foreign policy against Chinese business in Mongolia and, indeed, seems incapable (or unwilling) of doing so. For this reason, much

of Mongolia's foreign policy in relation to China is shaped either through the need to match Mongolia's domestic economic policies with Chinese demand or through the democratic government's ineffectiveness in protecting the state's economic interests from becoming dependent on Chinese foreign direct investment (FDI). As neither Mongolia's economic and democratic institutions were indigenously developed, they are neither effective tools against the state's growing dependency on China nor institutions the Mongolian government seems intent on protecting. In this sense, both capitalism and democracy have become more of a hindrance to Mongolian foreign policy in relation to China than an instrument for successful diplomacy.

While much the same is true regarding Mongolia's foreign policy in relation to other states, China is of particular importance because of its proximity, the degree to which Chinese businesses have penetrated the Mongolian market, and the historical relations between the two states. Moreover, as China grows and becomes more and more important in the regional and international economic and political environments, Mongolia is likely to find itself increasingly dependent on the PRC as a regional core. This could result in increased ties to the PRC's economic development agenda and political objectives.

Arguably, this is a position in which Mongolia has found itself before in relation to the former Soviet Union. As many Mongolians have fond memories of that time as being one of efficiency, social equality, and social security, it is tempting to consider whether the Mongolian government should tacitly accept a position of dependency in relation to the PRC. This would allow the state to align the country's domestic policies with Chinese demand so as to both maximise its strategic position and to avoid tension with Beijing as to the country's development path. Regardless of one's position on how this would affect Mongolian sovereignty (which it indeed would), the likelihood of the Mongolian government accepting overt dependency on China without unleashing potentially destabilising social consequences is nil. This is due to the fact that modern day Mongolian-Sino economic and political relations are complicated by historical animosities based on identity.

For Mongolian social identity, China represents the ultimate Other in that the two countries have developed in almost mirror opposition despite having lived in parallel for close to one thousand years. Indeed each country's essential identity components, when broken down to simple stereotypes, exist almost in total contrast. Mongolia as a herding, nomadic people; China as an agricultural, sedentary society. Mongolia as one of the world's least populated countries; China as the world largest in terms of population. While it is difficult to argue that the Chinese identity still relies on conceptualising Mongolia as the Other against which it must struggle for definition, that this sense of contrast exists in Mongolia is palpable in daily life and ubiquitous throughout society at all different social levels. For Mongolia, China is the neighbouring giant capable of consuming the country with relative ease and is, therefore, a great threat.

In regard to Chinese foreign policy, Mongolia is little more than an occasional blip on its regional radar, albeit one with particular significance. Despite high levels of trade between the two states, China gains very little from closer economic relations simply because the Mongolian market is so small. Were the two state's relations simply based on economics, Mongolia would hardly register in the Chinese political consciousness at all. That Sino-Mongolian relations do matter to Beijing is the result of the importance Mongolia plays in Chinese identity and the geo-political importance of Mongolia's position as a neighbouring state remaining unaligned. As such, Chinese foreign policy towards Mongolia is often framed with these two considerations in mind.

Mongolia has long occupied an important place in the Chinese historical dialogue, as the Mongols have been both rulers of China and part of the perceived Chinese historical state. Moreover, modern China has a special relationship with Mongolia as the PRC considers ethnic Mongolians to be one of the country's ethnic minorities and, therefore, part of the Chinese state's modern identity. Arguably, this could indicate that some elements of Chinese foreign policy towards Mongolia consist of the Chinese desire to 'civilise' the Mongols and to incorporate them back into a 'Greater China', although it is not this dissertation's position that this is so (Harrell 1995:4). At the very least, that China's

Inner Mongolian Autonomous Region (IMAR) borders Mongolia is reason enough for the PRC to maintain good relations with the Mongolian government.

Also of importance for China is that Mongolia remained unaligned militarily as the presence of foreign troops in Mongolia, and therefore at China's backdoor, is unacceptable for Beijing. As this is ultimately the Mongolian government's decision, Chinese foreign policy towards the country is designed to make remaining unaligned attractive while raising the unspoken consequences of alignment through the threat of economic coercion.

This dissertation will develop Mongolia and China's foreign policy relations in far greater detail throughout the remaining chapters. The main purpose here is to introduce how using Mongolia's economic, political, and identity structures to understand its modern foreign policy are particularly relevant in relation to China so as to make a case for the selection of China as the dissertation's focus. In addition, brief attention will be paid to China's potential foreign policy priorities towards Mongolia as they most certainly play a part in shaping the two countries' relations.

As a final note, it is necessary to clarify how the remaining dissertation employs the term 'China' when writing of Mongolian-Chinese relations as simple use of the term is a misnomer considering the varying degree of actors involved in the two countries' affairs. When referring to China, unless otherwise stated, the dissertation is referring to the Chinese government, just as when reference is made to 'Beijing' or the 'CCP'. The dissertation will take care to identify non-government, Chinese-based businesses as individual actors when appropriate, although this is at times problematic as various firms have links either to local, regional, or provincial governments and, as such, do constitute distance off-shoots of the central government. Moreover, as the Mongolian public takes little care as to differentiate between Chinese firms and the Chinese government, for the sake of analysis in relation to identity and perception such division between government-backed and private Chinese investors is often a moot point. Nevertheless, attention will

be paid throughout the dissertation to correctly identifying appropriate actors so as to differentiate between state and non-state sanctioned occurrences.

## **Conclusion**

The remaining dissertation will show how Mongolia's post-transition identity together with the state's lack of sovereign control contributes to the country's weak state status. It will do so by presenting in Chapter Two a detailed examination of Mongolian identity's development from its pre-modern form through the end of the Cold War. Chapter Three will then detail the state's post-transition political development with a focus on the government's sovereignty. These two chapters taken together will provide the basis for treating Mongolia as a weak state throughout the subsequent analysis.

Chapter Three will then focus on Mongolia's economic relations with China, which will use concepts from dependency theory to explore how the Mongolian government has failed to institute or enforce legislation designed to dilute economic reliance on China. The chapter will argue that China's growing economic dominance over Mongolia has the potential to translate into indirect power over the country's other sectors. This supposition is a central component to the following chapters.

Chapters Four to Six will expand the analysis of Mongolian dependence on China by looking beyond at how a multi-sectoral dependency 'syndrome' is developing across a range of sectors beyond the economy. Chapter Four will do this by exploring the correlation between economic dependency and the country's environmental degradation. Chapters Five and Six will look at Mongolia's societal and military sectors, respectively. In considering the country's societal sector, the dissertation will once again draw on the dissonance between Mongolian social identity and the state in order to examine potential sources of further state weakness. Indeed, Chapter Five's treatment of Mongolian-Sino social relations offers the most compelling evidence for the role identity can play in the two countries' foreign relations. It also allows for examination of what the chapter will

argue is a growing gap between the goals of the Mongolian state's and social aspirations that has the potential to contribute to domestic unrest as the country's dependency grows.

Chapter Six's evaluation of the state's security strategy will draw attention to ways in which the Mongolian military forces and government have used alliances with foreign partners to minimise the constraints imposed by the country's physical sources of weakness. It will argue that the state has been successful in implementing a foreign policy designed to mitigate China's growing regional military dominance while increasing the country's overall military security. In this regard, Chapter Six will show how the Mongolian government has been able to implement weak state strategies to its benefit.

In conclusion, the dissertation will argue that Mongolia is indeed a weak state and that its weakness has allowed it to become dependent on the PRC. It will argue that the current division between Mongolian identity and the state may continue to grow and contribute to further weakness. It will also, however, suggest that the country's military strategy offers insight into ways the state may offset growing dependency through more diverse foreign relations.

## **Chapter Two: The Formation of a Modern Mongolian Identity**

The following chapter will employ Smith's ethno-symbolism theory as a framework for understanding Mongolian identity and nation development. Smith's ethno-symbolism approach is useful as it occupies a middle position between 'primordialist' and modernist views of national identity development. Through this middle ground, Smith seeks to establish a 'cultural history of nations' that accounts for both historical and modern variables in identity construction. Such an approach is particularly relevant to any discussion of Mongolian identity as both historical and modern causes have affected its development.

While both primordialist and modernist accounts of national identity contain useful insights into identity development, alone they are unable to account for the Mongolian experience. In particular, both approaches remain too rigid and entrenched in their positions to accommodate a national identity with both pre-modern and modern components.

Regarding primordialism, its evolutionary approach to national identity formation places its roots in the 'medieval period and in some cases much earlier' (Llobera 2003:15). In doing so, it presents national sentiment based on collective self-consciousness as part and parcel of a 'ethno-cultural nation' (Smith 2003:26). This interpretation of national identity and nation building as existing in a pre-modern era is in direct contrast with a modernist reading, which views nations as entirely modern phenomena.

So, too, does a strict modernist reading of identity formation fall short of explaining the Mongolian experience. In an almost diametrically opposed view of identity formation to that of primordialism, modernist view the nation as identity's crux, paying little attention to identity within the nation (Grosby 2003:9). This allows for a fundamental mis-reading of identity that treats it as dependent on the nation. Such an interpretation of the nation subsuming identity is inappropriate for understanding modern Mongolian identity.

In contrast, Smith's ethno-symbolist approach to identity formation draws on ethnicity, geography, and culture while acknowledging nations as entirely modern entities. For Smith, the 'ethnic community', or *ethnos*, is the 'base' or 'core' of a national identity, or national consciousness (Smith 2009:26). This transition from one to the other occurs when the already existing *ethnos* develops parallel political institutions that draw on established social and symbolic identities for legitimacy and subsequently reinforce their distinction from other groups (Smith 2009:57-58). The result is the nation, which Smith defines as consisting of a 'unified legal code', 'unified economy', a 'compact territory', and a 'political culture' (Smith 1997:69).

This perception of the nation development breaks distinctly with a modernist interpretations, which views nations as entirely modern socio-political entities (Gellner 2006:5-8). Smith critiques the modernist approach by arguing that nations in large part are held together by concepts of cultural-psychological history that have developed over time (Smith 1997:69). Yet it also breaks with a primordialist interpretation of national identity formation by arguing that the nation is a modern entity rather than having its roots in pre-modern times.

Smith's focus on *ethnos* as the central role in establishing communities fits neatly with the development of Mongolian identity. Indeed, modern Mongolian identity draws heavily on a perceived *ethnos* for legitimacy. This sense of ethnic 'belonging' is based on 'a collective common name', 'a myth of common ancestry', 'shared historical memories', 'one or more differentiating elements of a common culture', 'an association with a specific "homeland"', and a 'sense of solidarity for significant sectors of the population' (Smith 1991:21). So, too, does approaching Mongolian identity through the paradigm of an *ethnos* highlight the developmental challenges it faces.

Smith's understanding of the nation as consisting of a 'unified legal code', 'unified economy', a 'compact territory', and a 'political culture', is also useful when examining the role the state plays in Mongolian identity formation. Indeed, Smith's clear division

between *ethnos* and the nation allows for analysis of potential conflict or tension between the two. Indeed, ethno-symbolism's stress on the need to analyse the relations between what Smith calls the 'elite proposals' (the state) and 'majority responses' (society) provides a useful perspective to understanding internal tensions within Mongolian society (Smith 2009:31).

As ethno-symbolism offers a theoretical path for a 'successful' ethnic community's transition to a nation, it is possible to conversely infer potential challenges to an *ethnos*' ability to expand beyond its cultural and ethnic base. Smith's perception of an *ethnos* as the 'core' of a national identity or nation provides insight into why a divided ethnic community, separated geographically within the boundaries of its traditional 'fatherland', cannot easily manifest into a national identity. This approach to analysing Mongolian identity development is particularly relevant.

The following chapter will draw on historical and present day documents in English, Chinese, and Mongolian to establish a holistic understanding of Mongolian identity development.

## 2.1 Pre-Modern Mongolian Identity

### ***The Han Dynasty***

Written records from the Chinese Han Dynasty make mention of a nomadic people to the north and west, referred to as the *Xiongnu*, whose raids on Chinese settlements were a great cause of concern (Rossabi 1997:55).<sup>1</sup> These *Xiongnu*, however, were not a unified people with a common language and culture. Rather, the inclusive Chinese concept misrepresented a scattering of ethnic Mongols, Turks, and Tungus, who had by the Han dynasty developed independent and unrelated customs, languages, and cultures. Yet from the Chinese perspective, it is understandable why no attempt was made to further

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<sup>1</sup> For the sake of simplicity, this chapter's reference to the 'Chinese' through the various epochs of Greater China's history includes all those sedentary, agricultural peoples residing within dynastic territory, sharing a common sense of culture and ethnic belonging.

distinguish between these various ethnic groups. For the Han Dynasty Chinese, both sedentary and agricultural, the northern tribes all shared several common traits that made them essentially the same, most specifically their pastoral nomadic lifestyle and equestrian skills.

Understanding the differences between the sedentary Chinese way of life and the nomadic Mongols, Turks, and Tungus is essential when attempting to define Mongolia's pre-modern identity as, according to Armstrong, ethnic groups identify themselves in part by exclusion (Armstrong 1982:5). Indeed, for the nomadic tribes, Chinese communities offered a stark contrast to their own existence. Whereas the Mongols, Turks, and Tungus practiced pastoralism, or animal husbandry, the Chinese were agriculturalists. While the *Xiongnu* were tribal, belonging to kinship groups based on shared linguistic traits rather than aligned to a larger nation, the Chinese of the Han period were part of an empire and thus considered themselves part of a larger state (Soucek 2007:104). This dichotomy led to mutual distrust and distaste as the nomadic tribes thought the Chinese weak and the Chinese, in return, believed the *Xiongnu* to be cultureless savages.

Thus from the very beginning of recorded 'Mongolian' history, 'Chinese' identity played a large part in its formation. For it was the Chinese identity that considered the *Xiongnu* as part of a cohesive nomadic opposition to its own sedentary culture while also providing the first written accounts of the northern 'barbarians'. This externally imagined community of tribes united against sedentary China would later prove invaluable in creating elements of Mongol *ethnos* such as a perceived shared history and the belief in a common cultural foundation.

### ***Chinggis Khan and Mongolian Pre-modern Identity***

In the twelfth century, Chinggis Khan united the *Xiongnu* into a political and military entity with a common cultural identity. His success in subsuming inter-tribal conflict in order to facilitate a coalition of tribes is one of the great general's most significant non-military accomplishments. Indeed, while the Mongol empire lasted less than two

hundred years, Chinggis Khan's greatest legacy for the Mongol people is in his having provided a collective historical narrative that various ethnic Mongolian tribes (or states) would draw upon in the future as the basis for defining a common identity.

Yet when Chinggis Khan rose to power, 'Mongolia' was more populated with Turkish nomads than with Mongolians (Baabar 1999:21). Mongolian speaking tribes were confined to the east of the Tula and Orkhan rivers (the eastern region of modern day Mongolia) as far as the Khingan mountain range which separated Mongolia from Manchuria (Soucek 2007:104). Moreover, while these tribes did indeed all speak Mongolian, ethnically they included Tatars from Siberia and Turks. This division of tribes united under what history has retroactively labelled the 'Mongol' empire complicates any attempt to isolate a pre-modern Mongolian identity.

This is not to say, however, that a sense of identity specific to the united peoples did not arise during the massive collectivisation and that this identity did not have a specifically 'Mongolian' character to it. Ethnic Mongols did form the coterie of leadership that oversaw the military movement. Moreover, countries invaded by the Mongolian army, from China, to Hungary, to Iran, did not take the time to differentiate between ethnic and cultural tribes but rather wrote of the invading forces as a single entity with reference to its military commanders and statesmen, not the soldiers. The result was nothing less than the construction of the 'Mongol' empire as an entirely ethnic Mongolian war machine while, in fact, the opposite is true. The Mongolian empire was, rather, a hodgepodge of various nomadic peoples of many different ethnic backgrounds. Nevertheless, the concept of the Mongol empire and its specifically Mongolian composition is without a doubt one of the central pillars of pre-modern and modern Mongolian identity composition. It serves not only as a shared history, but also as a very real and active element of Mongolian pride and nationalist sentiment.

Regardless of its actual composition, the Mongolian empire was short-lived. Indeed, the disintegration of Chinggis Khan's empire began in his own lifetime, the result of his decision to divide his kingdom between his sons. The choice to break up the kingdom

into parts, each ruled over by men of different age, familial loyalties, and ability, followed the nomadic practice of naming successors rather than the primogenitor principle in a hereditary monarchy (Soucek 2007:112). Ultimately, this decision would result in internal strife that, after several generations, would break the kingdom apart as brother fought brother for a larger share of the whole. The eventual cost would be nothing less than the forged sense of ‘Mongolian’ identity and the maintenance of the empire.

### ***Khubilai Khan and the Yüan Dynasty***

Khubilai Khan, while without a doubt a brilliant Mongolian general and ruler, may bear at least a portion of the blame for the Mongolian empire’s eventual collapse. While this may seem counterintuitive as he increased the size and power of the Mongolian empire to its zenith during his time as ruler, his adoption of several ‘Chinese’ qualities succeeded in creating enough of a Mongolian identity ‘crisis’ that, following his death, the empire was unable to maintain continuity and broke into pieces of culturally divided ethnic Mongols.

Rising to prominence after the first Mongolian civil war, Khubilai Khan consolidated power after the death of his older brother, Mönke, by defeating rival claims to the Mongolian throne (Rossabi 1989:46). He then proclaimed himself *qaghan*, or ‘supreme ruler’, thereby creating for himself a position equal to only that which Chinggis had occupied before him. While Khubilai Khan would spend the rest of his life fighting rival claims to the Mongolian leadership, he solidified his position as Khan through his conquest of the Southern Chinese Song Empire; the last of the three Chinese empires that fell to the Mongols. With the fall of the Song Empire, Khubilai Khan had effective control over the entire Chinese territory.

Consequentially, Khubilai, much less a nomadic spirit than his grandfathers and father, moved the Mongolian capital from Qaraqorum in his ancestral northern steppe to Beijing. This, coupled with his decision to claim the dynastic title of ‘Yüan’ (Chinese: meaning

‘origin, source’), marked a significant shift in Mongolian perceptions of sedentary lifestyle, as well as Chinese culture and Mongolian identity (Morgan 1990:121).

Although the Yüan Dynasty lasted for less than one hundred years, it provided a bridge between Chinese and Mongolian cultures that deeply influenced both people in regard to identity formation. For the Chinese, the Yüan Dynasty meant rule by a foreign, barbaric power and, in this regard, was a dark period in Chinese history. Indeed, the Mongol occupation of China led to widespread anti-foreign sentiments in China that are some of the earliest examples of Chinese nationalism. Yet it is worth noting that some Chinese accepted the legitimacy of the Yüan so much so as to actively oppose Ming aggression against the weakened empire. Indeed, many Chinese believed the Mongols presented less of a threat the more they grew to accept Chinese sedentary lifestyle, particularly when it had what Anderson calls ‘civilising’ affects (Anderson 2006:13). The division between Chinese perceptions of the Yüan Dynasty’s legitimacy, is a paradigm of the period’s identity confusion as the boundaries of Khubilai’s Mongol empire blended together with Chinese culture and vice versa.

For the Mongols, the Yüan Dynasty meant something quite different. To begin, a great deal of opposition existed within the Mongolian ruling class as to the correctness of Khubilai’s decision to move the capital from the Mongolian steppe to Beijing. A key component of the nomadic identity at the time included opposition to sedentary living which was considered corrosive and weak (Baabar 1999:47). Thus, a division opened between those ethnic Mongolian tribes that preferred assimilation into Chinese society and those that held it with disdain. During the empire’s final years, this division between the ‘pro-Chinese’ and the ‘nomadic’ Mongols became far more pronounced.

Second to this division in terms of lasting influences on the pre-modern and modern Mongolian identity was the introduction of Buddhism into the Yüan Dynasty. Facilitated by Khubilai Khan’s own sympathies towards Buddhism, the Mongolian ruling class and Tibetan spiritual authorities developed what would later become known as the ‘priest-patron’ relationship. This symbiotic relationship consisted of Tibetan monks providing

Buddhist education to various ethnic Mongolia tribal elites while those same ethnic Mongolians guaranteed the Tibetans military support against various aggressors. This relationship continued under various forms until 1717 when the Qing Dynasty succeeded in establishing a seventh Dalai Lama under their control and the several large ethnic Mongol tribes left were too divided geographically and socially to mount an effective collective response (Goldstein 1995:1-15). Yet despite this break in ‘priest-patron’ relations between Mongolia and Tibet, Buddhism remained an essential component on ethnic Mongolian identity until the Soviet Union launched a violence campaign of repression against Buddhist activity in the twentieth century. Since Mongolia’s transition, however, Buddhism has experienced a revival of sorts in the country and remains a central component of Mongolian identity,

Third in terms of pre-modern identity formation at the time was the sense that the Mongols and Chinese had become increasingly united in shared historical dialogue. While ethnic Mongolian leaders lived separately from the ethnic Han Chinese during periods of the Yüan Dynasty, Khubilai’s tolerance towards cultures and religions helped marry the pre-modern Mongolian identity to Chinese identity in such a way that neither can be conceptualised during the period without reference to the other. While this sense of mutual belonging in no way means that the two ethnic groups achieved overall fraternal relations, the sense of ruler/ruled contributed to an already existing sense of the Other that deepened the two people’s identity dependency and that continues to do so today.

### ***The Ming Dynasty***

The rise of the Ming Dynasty (1368-1644) marked the end of the Yüan Dynasty and, subsequently, what had for a short time been the common identity of Mongols, Tungus, and Turks under the Mongolian empire. Unable to maintain the more sedentary skills they had developed during the Yüan Dynasty, and unable to remain in large groups as the land could not support the livestock which were the centre of their nomadic economy, the northern tribes once united under Chinggis Khan split along geographic lines and spread

throughout Central and Inner Asia. Ethnic Mongolians reverted to tribal levels of identification as without the common empire, their collective identity was not strong enough to supersede kinship-based groupings. These tribal divisions scattered throughout the region, some staying on in China while others returned to the northern steppe.

Although many ethnic Mongolian tribes returned to their nomadic lifestyle after the Yüan Dynasty, others, having grown accustomed to certain luxury items which nomadic society was incapable of producing, found themselves ever more reliant on trade than animal husbandry. The need for goods such as tea, textiles, and metal tools, put those tribes that had become more detached from their nomadic pasts and more content in a sedentary culture in a position of dependency in relation to Chinese mercantilism. Further, it drew some ethnic Mongol tribes closer to the Chinese empire while creating a sense of alienation from those who chose to return to a nomadic lifestyle. This led to division among Mongolian tribes as some fell out of favour with the Chinese while others enjoyed favouritism and special rights (Sanjdorj 1980:14). It also created situations where the Mongolian peasantry openly rebelled against their feudal lords thereby creating internal strife and animosity within the tribal groups themselves.

Further exacerbating identification discontinuity among ethnic Mongolians was the Ming's policy of division towards the various scattered tribes. In order to prevent any future dynamic leader from gathering enough influence to incite the separate tribes to join together against China, the Ming developed relations with the various tribal elites in order to use them to balance one against the other. If at any time the Ming sensed a particular tribe was growing too strong, it would throw its support behind its opposition. Through this simple tactic of wavering support, the Ming emperors were able to effectively emasculate the Mongol threat and stymie the development of a collective pre-modern Mongolian identity.

While there remained a scattering of tribes connected along linguistic lines, not ethnically, throughout Greater Mongolia and Central Asia, three distinct groups of ethnic Mongols

returned to the steppe and began developing their own cultures and societies in relative isolation from one another.<sup>2</sup> These were the Khalkh, Oirat, and Ordos/Tümet Mongols and their distinct separation from one another both geographically and culturally has been perpetuated down to the present day.

The Khalkh Mongols congregated in the north and east in what is today the modern Mongolian state. In the east, they built a society based on Buddhism and came close to extinction as more than thirty percent of the men joined monasteries and became celibate monks. This drastically divided the Khalkh even further along non-ethnic based lines, as those in the north did not share the same fundamentalist approach to Buddhism.

The Oirat migrated westward towards Kazakhstan and southern Siberia. Of the three distinct groups, the Oirat maintained the closest links to a more traditional concept of Chinggis Khan's united Mongolian identity as well as the closest ties to Tibet (Goldstein 1995:10). In the south, the region which later would split from Greater Mongolia to become China's Inner Mongolian Autonomous Region (IMAR), the Ordos and Tümet established closer, albeit temperamental, relations with the Chinese (Soucek 2007:167).

This break-up of ethnic Mongols in the 1300s would prove to be detrimental in both the formation of a modern Mongolian national identity, as well as instrumental in the establishment of Inner Mongolia during the Manchu's Qing Dynasty. This division essentially created a situation whereby the disconnected tribal units were similar to those in the pre-Chinggis northern steppe. Once again, the tribes found themselves without a leader and were further torn apart by Ming manipulations to keep them thus divided (Baabar 1999:52). Ironically, while having shocked the world with their military might and widespread victories and conquests, the Mongolians, less than two hundred years after Chinggis Khan's unification and mobilization, were disunited and unable to maintain a common 'Mongolian' identity or state.

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<sup>2</sup> From this point, the chapter will deal with ethnic Mongolian groups rather than the collective northern tribes that formed the *Xiongnu*. The reason for this is that tribal unity, essential to understanding the Mongol empire and Yüan Dynasty, becomes less important during the Ming and Qing as the tribes become once again divided. As the chapter is interested in the formation of modern Mongolian identity, it is logical to focus exclusively on ethnic Mongols from the Ming onward.

### ***The Qing***

When the Manchu launched an invasion against the Ming Dynasty in the early 1600s, they looked to the southern Ordos and Tümet Mongols and the eastern Khalkh for support (Lattimore 1935:38). Sharing a common nomadic background, as well as the promise of a loftier position in the post-Ming hierarchy, many ethnic Mongols readily joined the Manchu and those who resisted were quickly conquered (Lattimore 1955:14). In this regard, the southern and eastern Mongols were an elemental part of the Manchu' successful campaign as they provided a buffer zone between Manchuria<sup>3</sup> and northern China.

The Manchu captured Beijing in 1644, thus solidifying their hold over the majority of China while officially ending the Ming Dynasty. By this time, the Ordos and Tümet and the eastern Khalkh were under direct Manchu control. Unable to extend its domination over the Mongols to the north, the Manchu annexed southern Mongolia, thereby including it within Qing Dynasty boundaries and geographically dividing the Mongolian people along a north-south axis. This cleft between ethnic Mongolian tribes and the two halves of the traditional 'Mongolian' territory has never been reconciled and is still evident in the division between the PRC's IMAR, which is composed of Ordos and Tümet Mongols, and Mongolia, which is primarily Khalkh.

Of course Qing Dynasty policies differed between the southern and northern Mongols, creating more division between the geographically divided ethnic groups. In order to maintain good relations with the Ordos and Tümet in the south, the Qing encouraged intermarriage between tribal leaders and Manchu princesses. The Manchu also conferred Ordos and Tümet feudal lords with titles and lands in exchange for military support and regional stability. In order to prevent unification among the various Ordos and Tümet tribes, the Qing strategically played them one against the other in an effort to undermine what they feared could potentially prove a threat to the Manchu domination of northern

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<sup>3</sup> Present day Heilongjiang, Jilin and Liaoning provinces as well as parts of Siberia.

China (Kotin & Elleman 1999:39). The Manchu achieved this division by organising the ethnic Mongols into banners—military groups arranged along feudal and tribal lines—and did not allow inter-banner interaction. They further rewarded the lords of each banner according to their service and loyalty. This, in turn, led to competition and distrust between them. This purposeful division not only created a sense of animosity among the various tribes, but also contributed to disunity among the Ordos and Tümet that they were unable to overcome at the fall of the Qing Dynasty. The result was the two groups' inclusion in the People's Republic of China (Lattimore 1955:23).

The Khalkh Mongols presented different obstacles for integration and, as a result, the Qing adopted a policy aimed at establishing suzerainty rather than sovereignty. The Khalkh Mongols were far less important to the Manchu's security as geographically they were further removed from northern China and did not pose the same potential threat. Additionally, the Gobi desert, which divided the northern Khalkh from 'Inner' Mongolia, created logistical problems for the Qing in regards to maintaining a permanent military presence in the region. The Manchu, therefore, decided the cost of the military and administrative resources necessary to incorporate the Khalkh into China was greater than the benefit of bringing northern Mongolia into the Qing Empire. As long as the northern Mongols remained fragmented and posed no serious threat, the Manchu chose to view them as an entity separate from the Ordos and Tümet (Lattimore 1935:61). The result was far less interaction between the Manchu and the Khalkh which in turn allowed for a greater sense of collective identity to develop than among the more assimilated Ordos and Tümet (Lattimore 1955:18).

While the Khalkh, Ordos, and Tümet Mongols offered little resistance to the expanding Qing Empire, the same cannot be said for the western Oirats. Indeed, the Oirats offered fierce resistance and tried, unsuccessfully, to create a pan-Mongolian response to the Manchu conquest. While proximity to Manchuria undoubtedly contributed to the differences in responses between the various ethnic Mongol tribes as the Ordos and Tümet directly bordered Manchuria and could not have successfully resisted Manchu expansion, the Oirats nevertheless became the vanguard 'Mongols' in terms of identity.

Indeed, whereas the other ethnic Mongol groups tacitly accepted their subservience to Qing rule, the Oirats actively tried to appeal to a Mongol ethnic community to create unity where before none existed (Baabar 1999:80).

When examining the development of a Mongolian identity under the Qing Dynasty, the western Oirat present a challenge as they were fundamentally the most ‘Mongolian’ of all the geographically and ethnically divided Mongolians yet were all but decimated by Qing driven genocide by 1760 (Soucek 2007:169). The Oirat’s lasting influence on Mongolian identity, therefore, is impossible to gauge. While the Oirats did try to form a Pan-Mongolian opposition to Qing Dynasty expansion in what was the first instance since the Yüan Dynasty of attempted ethnic Mongolian unity, they nevertheless failed to appeal to the Khalkh because of long-standing mutual animosity and distrust (Soucek 2007: 170). Rather, in response to the Khalkh decision to align with the Qing in order to balance Oirat power, the Oirats invaded northern Mongolia forcing the Khalkh to temporarily flee to ‘Inner’ Mongolia. The invasion proved the decisive factor for Qing intervention in northern Mongolian affairs as they intervened to reclaim the Khalkh Mongols occupied territory (Bawden 1968:78).

Part of the Oirat appeal for a common Mongolian identity came under the auspices of Buddhism. By the seventeenth century, Buddhism had become a common defining feature of the Ordos, Tümet, Khalkh, and Oirat Mongols and, therefore, provided the greatest potential for laying the foundation of a common collective Mongolian identity. Instrumental in the push to spread Buddhism throughout the Mongol tribes in the region was the Oirat leader, Galdan Khan. A novice monk, Galdan believed Buddhism could serve as a unifying element for the Mongols just as it had for the Tibetans. He believed that, with a common religion, the ethnic Mongols could overcome their mutual distrust and establish a formable alliance against Qing aggression. Yet Buddhism proved insufficient to overcome ancient animosities and the conflicting identities that existed between the Khalkh and Oirat at the time. The Manchu, with the support from the Khalkh, launched a massive campaign against the Oirat decimating the population and ending the internal drive for a specifically ‘Mongolian’ identity. The Khalkh, Ordon, and Tümet

chose, rather than align against a common enemy, to live within an administrative system that imposed tribal separation while essentially defining their respective identities.

### ***The Fall of the Qing***

In the early stages of the Qing Dynasty, the Manchu' attitude toward the Mongols, especially those of 'Inner' Mongolia, was like that of a cousin to his distant kindred. As the Manchu themselves were 'barbarians' by Han Chinese definition, they took care to elevate the status of the nomadic ethnic Mongols and to insulate them from the Han population at large. The Qing accomplished this through restrictions of Han Chinese migration to 'Inner' Mongolia, going so far as to severely limit trade and restrict intermarriage between the two peoples (Lattimore 1955:15).

The Manchu dramatically reformed these policies as part of an effort to strengthen the Dynasty following a series of foreign military defeats and growing domestic opposition from nationalist and socialist groups (Spence 1991:245-256). That most affecting a Mongolian identity was the Qing decision to allow Han Chinese migration into 'Inner' Mongolia. What had before been a semi-protectorate under Manchu control in which the Qing encouraged cultural continuity and practiced religious tolerance in support of a 'Mongolian' in contrast to 'Han' identity, became little more than another Chinese province with traditional pastureland losing ground to an increase in agricultural activity that fundamentally changed the region's economic and administrative systems. While before Ordos and Tümet ethnic Mongols had administered the 'Inner' Mongolian region, in the late nineteenth century Qing policy changed to where Han Chinese held the majority of positions of power (Lattimore 1955:20). Moreover, Qing relaxation on the Banner system (a traditional tribal Mongolian administrative division into which the Han were not allowed to intermix) erased most forced divisions between the Han and 'Inner Mongolian' Mongols, thereby further diluting the Ordos and Tümet identity as they no longer enjoyed special privileges within the Qing hierarchy (Smith 1983:16).

### ***The 1911 Revolution***

Sensing that internal rebellion and foreign pressures had greatly weakened the Qing, the Khalkh Mongols gambled and declared independence in 1911 (Bawden 1968:136). To strengthen their claims, the Khalkh looked north to Russia to find a protectorate that could balance Chinese claims to ‘Outer’ Mongolia and allow the Khalkh space enough to define their administrative system based solely on Khalkh terms. The Khalkh elected a Buddhist monk called the Bogd Javzundamba to lead the newly liberated region and launched a unification campaign to incorporate ‘Inner’ Mongolia into a Pan-Mongolian state (Onon & Pritchatt 1989:51).

The 1911 Mongolian Revolution marks the turning point of Mongolian identity from the elusive ‘pre-modern’ ethnos to the far more tangible ‘modern’ nation (Smith 2001:10-12). Indeed, until the time around the 1911 revolution when the idea of a ‘Mongol’ state was first realistically conceived of in terms of modern concepts of statehood, the term ‘Mongolian’ could only be applied loosely to a scattering of unconnected, often warring ethnic tribes. The Manchu had all but annihilated the western Oirat, while ‘Inner’ Mongolia remained divided and inundated with Han Chinese. Even the Khalkh Mongols were not unified enough to fully support the idea of independence in 1911 as a large portion of the northern Mongols did not initially support the idea of an independent state under the Bogd Javzundamba and the western Khalkh were involved in a separate struggle for independence under the revolutionary Ja Lama (Fritters 1949:163).

In this sense, the pre-1911 concept of ‘Mongolian’ identity was a fragmented and constantly shifting entity because it included and excluded ethnic and tribal groups based more on geographic proximity than strict ethnic or linguistic lines. The weakness of a divided people systematically fractionalised for the better part of two hundred years, geographically separated by the immense Gobi desert, and shaped by varying degrees of Qing administrative freedom or repression, made forging a common national identity more or less impossible.<sup>4</sup>

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<sup>4</sup> This is not to say that the divided Mongol tribes did not maintain a common cultural identity. Whereas a national identity requires political unity to some degree, cultural identity can exist in different geographical regions without diminishing.

The Mongolian revolution of 1911 provides, therefore, the first modern attempt to unify a group of ethnically similar tribes into what was conceptualised as a Mongolian state. It is also a definitive moment in the history of Mongolian identity formation when one group of Mongolians, the Khalkh, declared the formation of a sovereign regime intent on forming a state and national identity exclusive of an equally large number of ethnic Mongols. While attempts were made by both sides to unify into a Pan-Mongolia, the Republic of China quickly intervened and quelled the movement. 1911, therefore, marks a turning point in modern Mongol identity from which Khalkh Mongols, in what would shortly become the Mongolian People's Republic, began to see ethnic Mongols within China as inherently *not* Mongolian (Bulag 1998:34). The 1911 revolution in this sense is a useful starting point when considering the foundation upon which the modern Mongolian national identity was formed.<sup>5</sup>

## 2.2 Modern Mongolian Identity

Mongolia experienced three dramatic events surrounding ethnic identity in the twentieth century that merit examination when determining the role identity plays in regard to the modern state's weakness. First was the formation of a Mongolian sacred community based on Buddhism that occurred early in the twentieth century and was largely focused around the Khalkh Mongols. Second was the seventy-year period during which Soviet influence inspired the Mongolian government to institute strict demographic policy and forced migration aimed at weakening regionally based ethnic identities and replacing them with socialism (Bulag 1998:33). Third was the resurgence of Mongolian identity based on a perceived *ethnos* following the end of the Cold War. While each instance contributed to the development of Mongolian identity, so, too, does each contain elements of ethnic disunity that contribute to divisions within the modern Mongolian identity.

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<sup>5</sup> For the remainder of this chapter, I will use the term 'Mongolian national identity' to refer to the Mongols, Khalkh or otherwise, residing within northern, or Outer, Mongolia. Additionally, I will use the term 'Mongols' to refer to those Mongol tribes living Khalkh dominated 'Outer' Mongolia while employing 'Pan-Mongolia' to include those ethnic Mongolians in Inner Mongolia and various other geographically divided regions. Any deviation from these revised definitions will be qualified.

### ***The Khalkh Mongols and The Formation of the Mongolian ‘State’***

As the Khalkh Mongols found themselves in an advantageous position from which they could pursue a sovereign state independent of China, they assumed ‘Mongolian’ identity in full by looking at an imagined ‘Mongolian’ past of which they were only a small part. In order to successfully appropriate the Mongolian *ethnos* as their own, however, the Khalkh needed to exclude large portions of ethnic Mongolians from the modern Mongolian identity. Through this self-identification with a Mongolian identity rather than one focused exclusively on the smaller ethnic group, the Khalkh drew on a larger historical narrative as well as signs and symbols that helped transcend the divisions within the Khalkh while also establishing the basis for what had the potential to become a ‘Mongolian’ nation.

Following the country’s 1911 Revolution, the Khalkh Mongols, led by the Buddhist spiritual leader Bogd Javzundamba, formed a quasi-state centred around Buddhism. Lacking formal institutions of control, the ‘state’ was more accurately what Anderson calls a ‘sacred community’ that used religion to shape a common sense of history and time and in turn a communal identity (Anderson 2006:22). Yet as the Bogd Javzundamba’s sacred community excluded the IMAR’s ethnic Mongols, it contained elements of weakness from its inception that were vulnerable to exploitation by external power. Indeed, the Khalkh’s decision to form a ‘sacred’ community at the expense of the larger *ethnos* solidified a division between the two largest ethnic Mongolian groups that exists into present time. This weakness was even more pronounced as the Bogd Javzundamba’s sacred community lacked the means to establish a state capable of translating the burgeoning ‘Mongolian’ identity into a nationalist identity and a subsequent Mongolian nation.

Indeed, while the collapse of the Qing Dynasty afforded the Khalkh the opportunity to first declare independence in 1911, it was the Russian Revolution of 1917 that provided the newly emergent Mongolian state with a doctrine by which to lay the foundation for an

administration system, social order, and a subsequent national ideological agenda. In this regard, while the events in and around 1911 helped shape modern Mongolian identity, the Russian Revolution was far more important for the construction of the Mongol state.

Early Soviet influence in Mongolian state building created a situation in which Mongolia became dependent on the Soviet Union militarily, developmentally, administratively, and ideologically. Before Mongolia was able to build its own internal mechanisms for sovereign control—mainly establishing a rule of law, a primarily ‘Mongolian’ system of governance, cultivating foreign relations with various actors to balance one another, or developing an alternative ideology to that imposed from Moscow—it found itself under strong Soviet influence and involved in the international Marxist-Leninist revolution. As Mongolia was dependent on the Soviet Union for protection against China, as well as to buttress its claim at being a sovereign state, it entered into what Bruce Moon calls a Bargaining Model with the USSR. The essence of the bargaining model, according to Moon, is that ‘powerful nations secure the cooperation of weaker states chiefly through the use of reward and punishment behaviour’ (Moon 1983:317)

Yet in many ways Soviet communism often failed to impress the Mongols, particularly those in the countryside who could not see any tangible benefit come from the imposed socialist policy. Indeed, communism seemed ill adapted to fit the Mongolian economic model as more than 70 % of the Khalkh were herders and there was no proletariat class to lead a communist revolution. Early attempts to structure Mongolian animal husbandry around a collective system led to widespread revolts and famine while anti-clerical campaigns launched in the name of socialist doctrine caused massive resentment towards Soviet interference.

The result was an emergence of localism focused on geographic and ethnic relations that grew among Khalkh Mongols in response to what many viewed as communist inspired policy failure. This localism, in turn, provided a direct threat to Soviet influence in Mongolia. It was, however, equally full of opportunity for the Soviets as it also contained an element of deep-seated anti-Chinese sentiment that helped maintain

Mongolian dependency on Russia in light of the need to balance Chinese power. For this reason, so long as the Khalkh Mongolians believed they were vulnerable to Chinese expansionism, and the Mongolian elite was pro-Moscow, the Soviets sought to redirect Mongolian localism to best serve their regional policy goals. Only when such localism was directed against the Soviet Union was it aggressively denounced as being contrary to Marxist principles by reminding the Mongols that Marx claimed ‘working men have no country’ (Marx 1998:36).

### ***The Soviet Union and the Mongolian People’s Revolutionary Party***

Established in 1920 by the Khalkh revolutionaries Sühbaatar and Choybalsan among others, the Mongolian People’s Revolutionary Party (MPRP) inherited an ideological base from the Bolsheviks and accordingly adapted the nationalist movement to fit with communist principles (Ballis 1956:299). As Bolshevik communism provided a framework of national organisation, as well as the promise of raising the Mongols to a position of self-sufficiency in the theoretically non-hierarchical international communist system, the appeal of such an ideology is clear. The result, as with the state’s decision to adhere to democratic capitalism some seventy years later, was domestic political acceptance of an ideology conceptualised and shaped in a foreign milieu that was entirely foreign to existing Mongolian identity politics.

The Soviet presence began in Mongolia in 1921 with the MPRP’s request for military and financial support from the Bolsheviks to expel the White Russian forces that had been occupying Mongolia’s capital, Ulaanbaatar, for nearly a year. This invitation created a Mongolian sanctioned opportunity for the Red Army to establish a military presence in Mongolia for support against the Chinese ‘threat’ of re-invasion. Therefore, once Red troops drove the White Russians from Ulaanbaatar and disbanded their forces, they remained in place as advisors and a military deterrent against regional aggressors. The same year, the Mongols declared independence for the second time under MPRP leadership thereby breaking with the already established, quasi-sovereign Buddhist regime (Lattimore 1930:320). While the declaration came from such revolutionaries as

Sühbaatar and Choybalsan, most scholars agree that it was instigated by the Bolsheviks and only retroactively attributed to an internal call for revolution (Isono 1976:394).

Regardless of the actual process, the result remained the same: a Soviet Union supported coup d'état against the existing Khalkh sacred community and fledgling Buddhist-based Mongolian identity.

It is important to note that the growing Soviet influence in Mongolia did not go unnoticed by China which still, under a 1915 agreement with Tsarist Russia, claimed suzerainty over the region. In 1921, the Republic of China, through the Chinese attaché to Moscow, Li Gongzan, made what would be its last attempt to re-establish a military and diplomatic presence in Ulaanbaatar by demanding that Red Russian troops withdraw from Mongolia so that Chinese troops could replace them (Elleman 1993:548). The Russian plenipotentiary, Aleksandr K. Paikes, responded that Red troops would withdraw at the request of the Mongolian government. This defiant stance, supported by the Soviet military presence, effectively established Mongolia's independence from Chinese rule and Russia's position as a third-party 'mediator' between the two states. While diplomacy continued for several more years, China's relatively weak position at the time left it little leverage and it eventually succumbed to Russian dominance in Outer Mongolia (Elleman 1993:561). As a result of the loss, however, China did tighten its hold on Inner Mongolia, thereby further separating the two regions and further inflaming Outer Mongolian anti-Chinese sentiments.

This development had a huge impact on modern Mongolian identity. First, it allowed the country to consider itself as formally detached from China and, thereby, officially hold itself in opposition against the Other. Second, it forced a closer bond between Russia and Mongolia that would last throughout most of the twentieth century and that still plays an important role in Mongolian identity today. Lastly, it helped the Soviet Union and the MPRP to consolidate what up to that point had been localism, or multi-nationalism, into a national identity based on communist ideology.

#### ***The Death of the Bogd Javzundamba, 'Class Struggle', and Collectivisation***

The Bogd Javzundamba died in 1924, marking the end point of Buddhism as an organizing principle for Mongolian society. While between 1911 and his death, the Bogd Javzundamba's influence as a politician and spiritual leader had largely balanced the socialist MPRP in so much that he represented an alternative Mongolian identity to socialism, his death allowed the MPRP to consolidate its power and force the country down a purely socialist path (Rahul 1989:9).

The MPRP did so at the first meeting of the Great People's *Khural* (assembly) on 8 November 1924 when it declared Mongolia a republic (Sanders 1987:20). Acting further under the advice of Soviet advisors, the MPRP declared that the Bogd Javzundamba would not have a successor and that Mongolia would thereafter be called the Mongolian People's Republic (MPR). This decision effectively nullified the position the Bogd Javzundamba had held for more than a decade with the purpose of weakening the Lamaist church and the popular support it received as the centre of the Mongolian sacred community and a Buddhist-based Mongolian identity (Ballis 1956:303).

The MPRP also used the Great People's *Khural*, attended by Comintern representatives, to adopt a new constitution modelled after the Soviet constitution (Ballis 1956:305). The new constitution, 'nationalized lands, mineral wealth, forests, and water resources; it cancelled individual and hoshun (collective) debts to foreign traders, and abolished the system of mutual guarantee of debts; it established a state monopoly of foreign trade, to be introduced gradually; and it declared the determination of the state to end the "feudal theocratic regime" of Outer Mongolia' (Murphy 1966:98). The constitution deprived the clergy and nobles of their titles and political rights while expelling Chinese merchants from Ulaanbaatar (Ballis 1956:305). Thus the MPRP moved one step closer to institutionalising a communist-based nationalist identity through policies that sought not only to administer the country's political and economic development, but also limit the legitimacy of alternative forms of identity through institutional restriction.

In 1927, Soviet advisors sought to push the MPRP even further as it warned the party of Buddhism's conflicting ideology and interference with Marxism-Leninism and suggested total eradication of the Lamaist church (Sandag & Kendall 2000:70). While many Mongolian leaders feared the ramifications of an overt attack on Buddhism, most especially as lamas represented a large portion of the overall population and upwards of one hundred lamas were members of the MPRP, Soviet pressure mounted to the point where inaction was no longer possible (Bawden 1968:328). In 1932, the Soviet Comintern Executive Committee and the All-Union Communist Party Central Committee demanded that the MPRP adhere to the socialist principles of its 1924 constitution and launch an anti-clerical and anti-feudalist campaign in order to assure true 'egalitarianism' in the MPR. Led by the Mongolian Secret Police, of which the future prime-minister Horloogiyn Choybalsan was head, the MPRP accepted Moscow's directive and instigated an intensive programme of persecution of lamas and destruction of Buddhist temples (Gellner 1987:383). The campaign lasted from 1932 until 1939, at which time all the lamaseries were closed and organised Buddhism in Mongolia all but destroyed (Bawden 1968:328).

An additional Soviet inspired policy that would have a significant effect on Mongolian identity was collectivisation. In line with a 1929 Soviet-Mongolian agreement, the motivation behind collectivisation was to exclude private and foreign investment from the Mongolian economy while nationalising private herds (Kotin & Elleman 1999:110). Mongolian herders were forbidden to trade or sell with any country other than the Soviet Union while those with excessive livestock were considered feudal and 'struggled' against. The results were disastrous as those with herds large enough to find themselves accused of being 'feudal' slaughtered their livestock en masse and millions of animals died from lack of vigilance and food on communal farms. Moreover, forced collectivisation acted in direct opposition to nomadism, one of the central tenets in Mongolian identity.

These three developments—the Bogd Javzundamba's death, 'class struggle', and collectivisation—had a tremendous impact on modern Mongolian identity. Taken

together, they constituted a definitive break with the existing sacred community based on Buddhism as well as directly challenging important nomadic traditions that were elemental in imagining a historically ‘unbroken’ thread of pre-modern Mongolian identity. Indeed, the end effect was nothing less than the complete break down of the Mongolian identity’s last remaining non-socialist institutions and the undoing of important historical ties to an alternative imagined past (Bulag 1998:33-34).

### ***Choybalsan and the Satellite State***

By 1932, Mongolia was divided by civil war. Localism, before confined to the countryside, threatened to turn into an anti-Soviet nationalism that could challenge communism by appealing to signs and symbols based in the Khalkh sacred community and nomadism. In response, the MPRP and Mongolian Revolutionary Army, supported by and acting on behalf of the Soviet Union, launched a campaign against those opposing communist realignment by labelling them ‘rebels’, Japanese spies, and saboteurs. These ‘rebels’ consisted of countryside herders, lamas, and a few anti-Soviet officials. They were undisciplined troops lacking any cohesive structure other than their disconnected localism and their common resistance to Soviet and MPRP policies. The MPRP, however, could not quell the scattered violence alone and, therefore, had to request units of the Soviet army to intervene. The MPRP’s decision to call on Soviet support to quell domestic unrest effectively handed control of the military and state to the Russians (Bawden 1968:290). The Russian army was, of course, able to bring the countryside under control with little effort and re-establish communist-based nationalism throughout the MPR with a credibility it did not have before.

Although the MPRP and Mongolian ‘rebels’ were directly in conflict during the Mongolian civil war, it is an oversimplification to present them as diametrically opposed. A clear indication of the ways in which the MPRP’s leadership at the time sympathised with the Mongolian people’s sense of a different ‘Mongolian’ identity based on a sacred community is visible in Prime Minister Peljidiin Genden’s attempts to step back from the aggressive Soviet-inspired policies. Further indicative of Soviet control in Mongolia at

the time is how Genden's attempt to break with Russian interference in Mongolian national policy led to his being purged, executed, and replaced with the more malleable Choybalsan.

Indeed, as the Japanese launched an invasion into China in 1937, it was essential that the Soviet Union have a Prime Minister in Mongolia who would actively support Soviet policy, direct nationalist sentiment, and maintain the military advantage Russia had in Mongolia (Carlson 1941:103). In 1937, Horloogiyn Choybalsan was quick to fill this gap and managed to hold possession of the position until his death in 1952. In addition to Prime Minister, by 1939 he held the posts of minister of war, minister of internal affairs, and chief of staff of the Mongolian Army (Ballis 1956:312). Thus, by the end of the 1930s, Choybalsan had successfully consolidated power, making himself the 'Stalin' of Mongolia without any serious rivalry capable of challenging his predominance.

The source of Choybalsan's political power was his willingness to accept direction from Moscow regarding policy, both foreign and domestic, without opposition. In 1940, he reformed the Mongolian constitution to be more in line with the 1936 USSR Constitution (Ginsburgs 1961:142). He instituted large-scale purges against members of the MPRP who expressed hesitation about a socialist path for the country. Following the Russian model, Choybalsan opened *gulags* in the countryside to imprison dissident intellectuals and politicians (Sandag & Kendall 2000:70). Within a few short years, Choybalsan turned Mongolia into a satellite state under Soviet control (Lattimore 1956:39).

It is difficult to judge the degree to which Choybalsan affected the modern Mongolian identity, although he almost certainly had a lasting influence on the country's norm development, social identity, and cognitive structure as he held dictatorial powers over the country for close to twenty years. While it is not in this dissertation's scope to examine the effect of his personality as a leader, his fiercely pro-Russian stance as well as his instrumental role in deepening Mongolia's dependency on the Soviet Union economically, political, and, subsequently, socially, is a legacy easily measured by the state's institutional development at the time of his death.

### ***The People's Republic of China***

In 1949, the Chinese Communist Party (CCP) under Mao Zedong overthrew the Guomindang (KMT) and established the People's Republic of China (PRC). This shift in Chinese government greatly changed the region's dynamics as China's relations with the Soviet Union improved and it recognized and established diplomatic relations with the MPR (Geisler 1959:183). Whereas the Mongolian government had long considered China a direct threat, the major change in Chinese leadership, as well as Russia's improved relations with the PRC, provided the MPRP with a chance to further develop ties to China. Whereas Mongolia before had to act as a buffer between Russia and China, Russian-Sino détente in the 1950s allowed the MPRP to assume a more neutral position between the two great nations (Smith 1970:26).

This allowed Mongolia to enjoy a very favourable position between the USSR and PRC for much of the 1950s (Rupen 1973:465). Indeed, increased cooperation between the two states directly benefited the MPR in terms of the country's development and revenue. The most tangible example of this is the 1956 Sino-Soviet agreement to complete a railroad from Ulaanbaatar to Beijing, thereby connecting Russia and China through Mongolia for the first time. The significance of the railroad is hard to overstate as it allowed the Mongolian government to collect transportation duties on goods passing between China and Russia while connecting previously isolated Mongolian towns and villages to a main line of transport. Such infrastructure development contributed to the MPRP's ability to develop important secondary cities such as Darkhan and Erdenet, thereby diversifying its centres of production (Rupen 1957:349).

During this time, the PRC made a series of political overtures towards the MPRP based on policies that sought to further develop a sense of common identity based on the Yüan Dynasty, Chinggis Khan, and the IMAR. In 1956, delegates from the PRC, MPR, and IMAR met to arrange a project to write a joint Sino-Mongolian history (Rupen 1957:344-5). The PRC agreed to adopt the use of the Cyrillic alphabet (in use since 1941 in

Mongolia) in Inner Mongolia so as to encourage cooperation between the MPR and China's Mongols (Green 1986:1347). In 1961, the Chinese celebrated the 800<sup>th</sup> anniversary of Chinggis Khan in the IMAR in an attempt to arouse Mongolian nationalist sentiment that would lead to calls for reunification with the IMAR Mongols (and subsequent closer relations with China).

This appeal to identity did not, however, increase Mongolia-Sino relations at the cost of Soviet influence in the country. By the late 1950s, Sino-Soviet relations began to sour as Mao Zedong sought to remain independent from Soviet control and expressed his dissatisfaction with several of Khrushchev's China-related policies such as a détente with the United States. Tensions between the two countries' increased when Khrushchev reneged on his former promise to help China develop nuclear weapons (Zagoria 1974:147). In response to these developments, the MPRP expelled all Chinese workers from the MPR in 1964 in order to show it remained unequivocally aligned with Moscow (Haggard 1965:19).

The period of Sino-Mongolian rapprochement is informative as to the role Mongolian identity played in the MPRP at the time in so much as Beijing sought to appeal to a common *ethnos*. In doing so, the CCP offered the MPRP a chance to develop closer political relations with a state that not only encouraged an ethnic national identity, but also one that allowed for greater connectivity between the Khalkh and Oirat Mongols. Yet the MPRP declined closer relations, opting to maintain its authoritarian domestic regime rather than break ties with the Soviet Union. This, in turn, further emphasises Mongolian ethnic identity's weakness during the time it was a Soviet satellite state (Bloom 1991:61).

### ***Towards the Transition***

By 1971, Mongolia was a virtual Soviet military colony housing bases, missiles, and troops (Rupen 1973:458). Anti-Chinese propaganda was virulent through the 1970s and there was a clear discourse among MPRP officials that centred around the assertion that China's influence on Mongolian culture, and the shared history between the two, was

largely exaggerated (Rupen 1979:82). Indeed, the 1970s saw some of the first attempts to differentiate Khalk Mongols from Oirat Mongols, effectively denying that the Qing Dynasty had ever exerted political control in what was the contemporary MPR. This is significant in so much that at this time the differences between Inner Mongolia and the MPR became more important for many ‘Outer’ Mongolians than the desire for unification. Whereas Mongolian identity in the MPR was based in large part on socialism, the IMAR was without a doubt ‘Chinese’ and any sense of collective identity gave way to a desire for distance between the divided ethnic groups (Rupen 1979:97).

The 1970s were, therefore, the apex of the MPR’s position as a Soviet constructed nation-state. Russia had succeeded in suppressing and fragmenting Mongolian ethnic identity and establishing socialism as the country’s unquestionable foundation of political legitimacy. The result was nothing less than complete Mongolian dependence on the Soviet Union and subsequent linkage between the two state’s foreign policies. Most of Mongolia’s key governmental institutions, from its judicial system, which was largely administrated according to the Soviet model and under Soviet advisory, to its very constitution, were based on Soviet models (Heaton, Jr. 1974:497). Soviet interests dominated Mongolian policy to such an extent that, by 1970, the MPR had dropped its plans to develop an industrial sector and shifted its development priorities towards agriculture in order that it might produce the meat Russia deemed that country’s most valuable export. Moreover, Soviet exports to Mongolia created a huge trade deficit for the MPR as it imported over 80 % more in value than it exported. This position, clearly unbeneficial to Mongolia as it created a deep seated dependency on the USSR, nevertheless continued unchecked by Mongolian leadership (Heaton, Jr. 1974:498).

Mongolia’s socialist identity was, however, once again challenged with the second Sino-Russian détente in the early 1980s. The tit-for-tat acts of aggression both countries engaged in throughout the 1960s and 1970s decreased by 1983 when Deng Xiaoping’s economic reform policy began to affect Chinese foreign policy. On the Russian side, Mikhail Gorbachev’s rise to power following Leonid Brezhnev’s death helped facilitate better relations between the Soviet Union and China (Batbayar 2003:954). Both nations

engaged in efforts aimed at easing tension while Russia encouraged the MPRP to improve relations with the PRC. While this is somewhat of an oversimplification as Sino-Soviet relations did not improve to such a degree that the two countries interacted without reservation, Soviet pressure to curb Mongolian anti-Chinese campaigns did indeed lead to Moscow's removal of Tsedenbal's from power in 1984 (Batbayar 2003:954).

In the last years of the Soviet Union, both *perestroika* and *glasnost* weakened the Communist Party by causing it to lose control over the command economy while exposing the party's misrepresentation of the state's economic stability (Koslowski & Kratochwil 1994:212). Widespread revolution in Eastern Europe in 1989 led to the ouster of many communist governments and, consequentially, a weakening and ultimate dissolution of the Warsaw Pact. In December 1991, the Soviet Union was dissolved and replaced by the Commonwealth of Independent states (CIS). Ironically, just as socialism became an established element of the MPR's modern social identity, the Soviet Union-led international communist movement began to unravel.

Following the dissolution of the Soviet Union, the Mongolian government faced the prospect of economic collapse and political crisis. In order to mitigate the crisis, the MPRP collaborated with international financial funds such as the IMF and World Bank. Such a realignment of government and economic doctrine dramatically diverged from the existing Mongolian identity.

According to Bulag, elements of Mongolian society responded to the state's transition and the threat of economic collapse with a resurgence of ethnic sentiment based on signs and symbols associated with its earlier sacred community as well as a common historical understanding of 'Mongolian' history as related to Chinggis Khan and the Mongol dynasty (Bulag 1998:52). This burgeoning nationalism was, however, largely unsuccessful in forming a national identity as it did not align with the state's existing political and economic structures. Despite the identity continuity that came from drawing on a common history and symbols of a collective past, this burgeoning nationalist

identity remained marginalised as it lacked institutional support. The result was a division between Mongolian identity and the post-Cold War Mongolian state that remains a source of weakness today.

## Conclusion

Modern Mongolian identity is complicated by a number of external variables that stymie its development into a national identity. It lacks the ability to establish a solid ‘social base’ for a system of government more in line with a Mongolian *ethnos* than the existing democratic state. This, in turn, has contributed to a dissonance between the Mongolian government and Mongolian society that plays a part in the state’s post-transition weakness.

Central to Mongolian identity’s weakness is the division between Mongolian ethnic groups, the Khalkh Mongols failure to turn its early twentieth century sacred community in a nation-state, the Soviet Union’s active campaign to subsume Mongolian ethnic identity, and the state’s transition to democracy and capitalism. While each occurrence singularly constitutes a ‘obstacle’ to Mongolian national identity formation, viewed together they provide a basis for understanding its position in the modern state.

Of these themes, the division between geographically separated Mongolian ethnic groups has had the most enduring effect on Mongolian identity. That the separation between the Khalkh and the Oirat remains a persistent issue for Mongolian identity is evident in the division between Mongolian and the IMAR. Indeed the pan-Mongolian movements following the 1911 Revolution and the country’s transition to capitalism and democracy are evidence that many still believe Mongolian identity is somehow incomplete without a marriage between the two groups. As this chapter has shown, however, the ethnic groups have largely been separate for most of history, which greatly complicates calls for ‘reunification’ based on a common past.

As such historical division between the ethnic groups makes it difficult for Mongolian identity to find a root in a ‘Mongolian’ common past, such movements as pan-Mongolianism and Mongolian nationalism have tried to construct the concept of a Mongolian *ethnos* as the foundation for political legitimacy. Yet in many ways, this Mongolian *ethnos* has not proven strong enough to form a common Mongolian ethnic identity capable of becoming a nationalist identity even when the opportunity presented itself. The 1911 Revolution provides an example of this as internal division among the Khalkh stymied the Bogd Javzundamba’s sacred community from progressing into a state, much less a nation. So, too, did the *ethnos* fail to provide a sufficient nationalistic foundation for state legitimacy following the country’s transition to democracy.

Further complicating Mongolian ethnic identity were the Soviet Union’s violent anti-Buddhist campaign and forced migration policies as both attempted to undermined an ethnic-based identity for the sake of a socialist Mongolian state. Indeed, for nearly seventy years, the MPRP followed this directive by successfully suppressing ethnic identity for one based on socialism with little coordinated resistance from the Mongolian population as a whole. While the state’s success in the manner did help establish what was as close to a nation-state (based on socialism) as Mongolia has come, the Soviet Union’s dissolution and the collapse of the international communist movement forced the MPRP and Mongolian people to abandon socialism as a means of organising the state and, therefore, as a base for social identity.

The move from socialism provided Mongolian society with the opportunity to push forward a national identity as means to organise the state. Yet the movement failed to displace the existing capitalist and democratic institutions and has since lost momentum. What has emerged from Mongolia’s post-Cold War order is a Mongolian identity construct based almost entirely on an imagined concept of pre-modern Mongolian ethnic continuity, a memory of nearly seventy years of socialist government, and a fear of China as the Other that exists in opposition to the state.

This is not to argue that Mongolian identity in Mongolia is not inherently ‘Mongolian’. In many ways, modern Mongolian identity in Mongolia draws successfully on what have come to be accepted as purely ‘Mongolian’ historical attributes, such as the image and symbol of Chinggis Khan as well as concepts of nomadism and Buddhism. What this chapter does argue is that Mongolian identity has failed to translate its ‘historic territory’, ‘common, mass public culture’, comprehensive ‘homeland’, and ‘historical memories’ into a nationalist identity and subsequently social base for organising the state’s political and economic institutions. While modern Mongolian identity does maintain concepts of an *ethnos*, it appears too weak to challenge the existing state’s construction.

## **Chapter Three: The Development of Sovereignty in the Post Cold War Mongolian State**

Examining Mongolia's sovereignty is important in so much as it contributes to a greater understanding of the country's foreign and domestic policy and its internal economic development. In a country with strong sovereignty, government can use what Krasner calls the 'logic of appropriateness', or logic based on the country's identity and norms, to formulate domestic policies. In a country with weaker sovereignty, governments are more limited by the international system and must approach its domestic policy decisions with a 'logic of consequence' based on 'calculating behaviour designed to maximize a given set of unexplained preferences' (Krasner 1999:5). In this sense, determining whether a government's sovereignty is strong or weak can contribute to a basic understanding of whether its domestic and foreign policy is designed to meet a domestic agenda or whether it is aimed at maximising the country's advantages in the international system without consideration of the state's social identity.

In order to facilitate analysis, the remaining chapter will employ Krasner's four-part categorisation of sovereignty. This typology includes international legal sovereignty, Westphalian sovereignty, interdependence sovereignty, and domestic sovereignty (Krasner 1999:3). This approach allows for a comprehensive examination of sovereignty's multiple components.

The first aspect of Mongolia's sovereignty considered will be Mongolia's international legal sovereignty. At present this is the least contested and the most fully established aspect of its sovereignty as Mongolia has been recognised by the United Nations since 1961 and has enjoyed international diplomatic relations with its most important regional and international partner states for several decades. The chapter will examine Mongolia's international legal sovereignty from a post-Cold war perspective.

Secondly, the dissertation will examine Mongolia's Westphalian sovereignty, which is concerned with the role of international actors on the development of domestic institutions of authority. To achieve this, the chapter will analyse the country's administrative, judicial, and legislative systems' formation post-Cold War.

The chapter will then segue from a focus on Mongolia's legitimacy (legal and Westphalian sovereignties) to its control (interdependence and domestic sovereignties). It will do this by offering accounts of the country's post-transition development of interdependence sovereignty, which is concerned with the country's control of its borders, and domestic sovereignties, which focuses on the state's ability to govern.

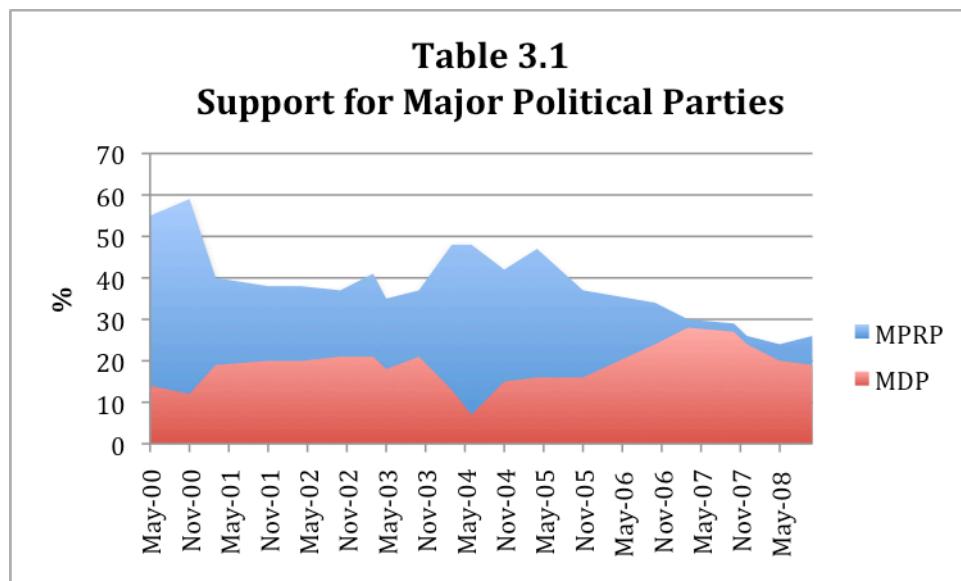
### **3.1 Post-Cold War Political Development of Mongolia's Political Parties and Institutions of Authority**

In addition to challenging the Mongolia's social identity, the country's transition from socialism also forced a fundamental realignment of the ruling Mongolian People's Revolution Party (MPRP) as well as the country's legislative, judiciary, and administrative systems. It also led to the establishment of a multiparty system of government with the Mongolian Democratic Party (MDP) emerging as the MPRP's largest political opposition group. While heralded as a successful transition from socialism to democracy in western journals and by western politicians and institutions, Mongolia's post-transition political system contained numerous shortcomings that have overtime contributed to a domestic government that is essentially weak.

To begin, opinion polls indicate that the Mongolian public has largely lost faith in the MPRP and MDP and increasingly views the country's two largest parties as inefficient (table 3.1). This loss of faith is due, in part, to the continually declining quality of the country's education, health, and social welfare systems together with simultaneous increases in unemployment (Rossabi 2009:245). Public opinion has also turned against the government for what it perceives as persistent corruption and nepotism. Indeed, a 2006 Asian Foundation and Sant Maral poll on the Mongolia public's attitude towards

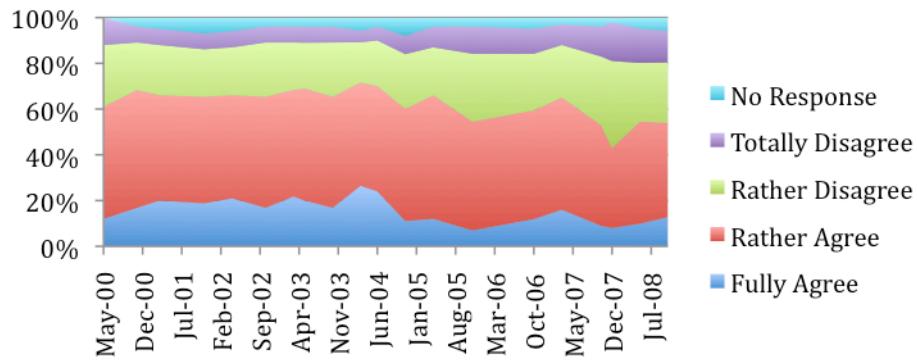
corruption in government notes that 67 % of respondents believe that corruption has fundamentally inhibited the government's ability to perform affectively (Asia Foundation & Sant Maral 2006:6).

The Mongolian public's loss of support for the country's two leading political parties has further translated into a loss of faith in their ability to govern (Rossabi 2009:240). This is apparent in that more than 75 % of respondents in a 2008 poll noted that the government either 'always' or 'often' fails to solve the country's most important problems (Sant Maral 2008b:5). An increasing number of respondents also claim that the government does not act in the citizenry's best interest (table 3.2).



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

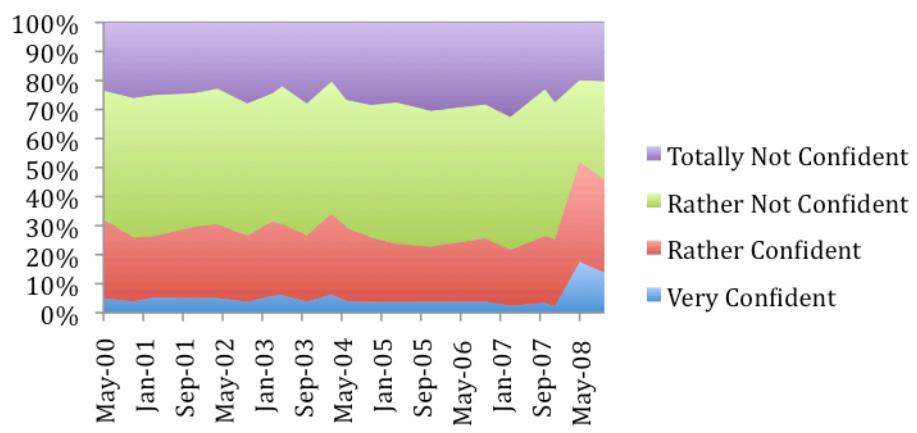
**Table 3.2**  
**Response to the statement “In principal you can trust that government is doing right things for citizens”**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

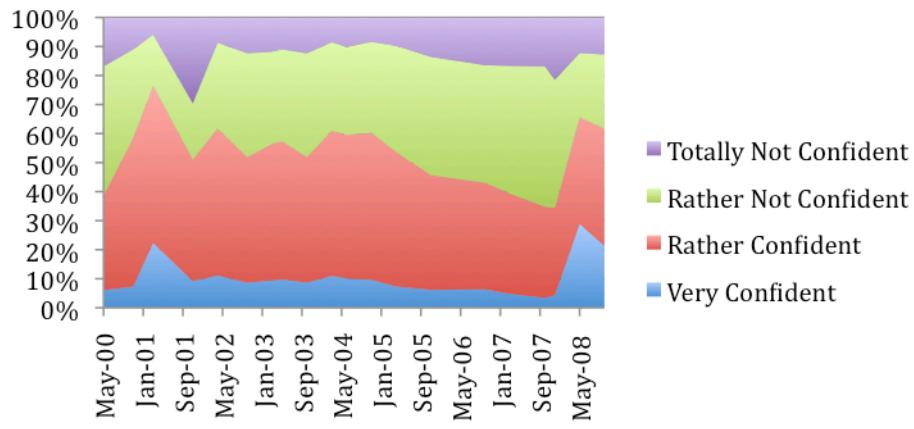
Similarly, public support for both the country’s legislative and judiciary systems is equally low as it perceives them inefficient, corrupt, and unjust (table 3.3 and 3.4). Studies at the USAID and Transparency International have further traced social perceptions and have concluded that the majority of the Mongolian public believes corruption and opaqueness in the country’s institutions of authority are endemic and increasing in severity (Rossabi 2009:243).

**Table 3.3**  
**Public Confidence in Judiciary System**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

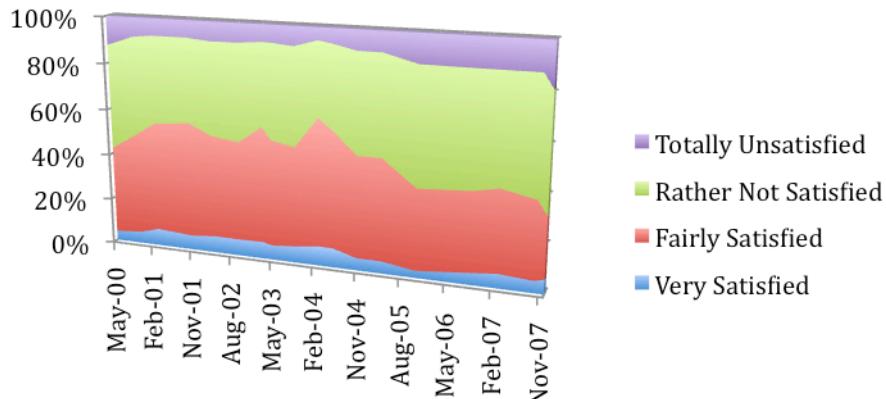
**Table 3.4**  
**Public Confidence in Parliamentary System**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

While a myriad of variables contribute to the Mongolian government's current state, it is this dissertation's position that the root cause for its ineffectiveness is the country's adoption of Washington Consensus-aligned political and economic reform following the country's transition from socialism. As the international community shaped and applied Mongolia's post-Cold War political institutions, the countries' political parties were unable to 'reclaim' and shape the state's political institutions so that they could 'build emotional and psychological support for [its] legal and institutional apparatus' (Iigen 2003:8). The result of this development is that the current political system was formed outside Mongolian identity and is, therefore, out of line with Mongolian social needs (Smith, Solinger, & Topik 1999:20). Moreover, as a growing majority of Mongolians are dissatisfied with the country's current government and political system, that the MPRP and MDP both increasingly adhere to market based economic principles and liberal democracy indicates that the parties are moving even further away from public support (table 3.1, 3.5) (Rossabi 2009:249).

**Table 3.5**  
**Satisfaction with Current Political System**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

This dissonance between Mongolia's post-Cold War political institutions, political parties, and public opinion casts doubt on the viability of Mongolia's overall sovereignty. If, for example, Mongolian political parties and institutions are weak because international organisations and financial institutions formed them, has this weakness extended to the government's ability to maintain autonomous domestic and foreign policies? Within the confines of these same institutions, are Mongolia's ruling parties, whether the MPRP or MDP, capable of maintaining the country's geographic boundaries while also limiting the extent to which foreign actors are involved in domestic affairs?

The remaining chapter will examine the development of Mongolia's sovereignty, post-Cold War in order to answer these important questions. It will do so by providing a thorough, detailed analysis of the Mongolian state's political security strengths and weaknesses to determine whether the state has the authority capable of maintaining its sovereign jurisdiction. The chapter will pay particular attention to China's influence on Mongolian political autonomy and the degree to which it played a constructive, or detrimental, role in the development of Mongolia's sovereignty. It will do so with the understanding that the Chinese government did not play a substantial role in Mongolia's

post-Cold War political transition, but that it is Mongolia's largest neighbour and likely to be the greatest challenge economically, socially, and geographically to the country's sovereignty.

### **3.2 International Legal Sovereignty**

As Mongolia is an internationally recognised state, its legal sovereignty is as legitimate as any other states' regardless of strength, size, or wealth (Harrison & Boyd 2003:26). Since 1961, Mongolia has been a recognised member of the United Nations and is, thereby, entitled the security and state's rights that accompany membership in the organisation. It has enjoyed increasing support, particularly since the end of the Cold War, from a variety of states all with the intention of further buttressing the nation's independent and non-aligned status.

As the stability of an independent Mongolian state is increasingly important for a balance of power in East Asia, it is safe to say that Mongolia's international legal sovereignty is well established. Indeed, as Mongolia has become an integrated regional actor economically, militarily, socially, and environmentally for a number of states, that any one state would act overtly against the Mongolian government to undermine its legal sovereignty is extremely unlikely. Such aggression would constitute a direct challenge to the integrity of the East Asian community and likely draw intense regional and international condemnation.

Yet to say that Mongolia's international legal sovereignty has not been challenged and in some ways does not remain challenged is to overstate the degree of security a state is guaranteed through its legal sovereignty. For unlike domestic sovereignty, of which more will be written later, legal sovereignty is about recognition, not control (Krasner 1999:4). Legal sovereignty is, therefore, one aspect of sovereignty bestowed rather than taken and, while able to organise the international system, is a very limited means by which a state can hope to organise its interstate relations (Reinicke & Witte 2000:76). This creates a paradoxical situation in international law in which a state is guaranteed

equal rights in relations to all other states in the international system, but only in so much as external actors are willing to admit the state's rights.

In the years immediately following the country's transition away from socialism, the Mongolian government debated how best to preserve the country's international legal sovereignty in light of its geographic proximity to Russia and China. While not directly threatened, Mongolian policy makers and scholars understood that in order to remain independent from either one of its larger neighbours, it had to learn from its historical lessons and implement a foreign policy that could capitalise on its strengths while minimising its weaknesses. This realisation led to an internal debate as to how it could best achieve these goals (Batbayar 2002:332).

The debate revolved around three alternative policies. The first suggested realignment with Russia, which sought to capitalise on existing economic relations and the country's near seventy-year position as a satellite state to the Soviet Union. The second alternative was to pursue regional neutrality based on the Swiss model. Policy makers rejected both options as essentially limiting the country's options in pursuing international partnership (Batbayar 2002:332).

In the end, the Mongolian government adopted the third option, which focused around a concept called the 'balanced relationship' (Batbayar 2002:333). This policy called for a stated insurance from Ulaanbaatar that it would respect Russian and Chinese sovereignty and independence in exchange for a mutual assurance.

In 1993, the MPRP signed an agreement with Russia in which both countries promised to respect one another's independence and not to participate in a military alliance aimed at their respective countries (Elleman 1997:113). In order to balance the Mongolia-Russian treaty, the MPRP signed a similar treaty with the PRC in 1994 in which it recognized the PRC as the legitimate Chinese government and promised not to pursue formal ties with Taiwan. In exchange, China promised not to use nuclear weapons against Mongolia (Elleman 1997:113).

The Chinese government's approach to Mongolian international legal sovereignty in the years immediately preceding the Soviet Union's collapse was at least partially driven by security concerns related to ethnic unrest in Inner Mongolia (Glasner 1993:262). In order to mitigate these concerns, and as part of a general security strategy aimed at managing its regional security concerns, the Chinese government adopted a policy of increasing diplomatic and economic ties with Ulaanbaatar while stressing its desire for regional stability and partnership (Glasner 1993:268). In order for these policies to be effective, the Chinese government sought to strengthen Mongolia's international legal sovereignty by officially recognising its borders and downplaying previous Chinese patriotic historical teachings that noted Mongolia had only achieved independence from China by illegitimate means (Yahuda 1999:655).

While Mongolia's 'balanced relationship' approach has been largely successful in ensuring the country's international legal sovereignty, it is worth noting that the Mongolian government's position remains inherently weak in so much as its future is largely dependent on Russian and Chinese internal initiatives (Elleman 1997:113). Moreover, the country remains dependent on Western political and financial support to provide it with a conceptual 'third neighbour' that it can use to balance both Russia and China (Batbayar 2002:333). This does not, however, undermine what is largely a Mongolian government success in so much that the Mongolian government has worked within the confines of its political system to form a foreign policy that capitalises on its weakness while playing to its strengths.

### **3.3 Westphalian sovereignty**

Westphalian sovereignty is a measure of the state's legitimacy and effectiveness in limiting the influence of external actors over domestic authority structures (Galligan, Roberts, & Trifiletti 2001:21). A country enjoys Westphalian sovereignty when the development of its domestic institutions is propagated and implemented by the state in direct relation to the state's own perceived priorities and needs. In this sense, a state can

compromise its Westphalian sovereignty either in response to external pressure or voluntarily and may chose to do so temporarily in order to strengthen its more broadly defined sovereignty (Alagappa 1998:130). As with international legal sovereignty, weak or newly formed states often opt for a limited degree of Westphalian sovereignty for the more tangible ability to strengthen their domestic and interdependence sovereignty—both of which require direct control.

This is largely true of Mongolia in the early 1990s. The precarious political and economic environment the Mongolian government found itself occupying after the withdrawal of Soviet support, as well as the lack of domestic experience in managing a market economy, gave it little option other than to seek foreign support to bolster its rapidly dissolving ability to provide basic services for the Mongolian people. As the Mongolian government feared a renewed dependence on China more than any other scenario, it turned to the Western community of democratic nations, financial institutions, and non-government aid agencies (NGOs) for development expertise and aid. These various agencies were to have a significant influence on the development of Mongolia's domestic institutions.

The effects international actors had on the development of Mongolia's political system, including its legislative, administrative, and judicial institutions, were especially pronounced as the country's transition left it vulnerable to foreign influence (Rossabi 2005:46). Specifically, Mongolia's weak economy, lack of diverse international partnerships, and general inexperience with a market economy all allowed for a higher than average dependency on external actors (Zweifel 2006:5). While it is arguable that such interference does not constitute external involvement in domestic affairs because Mongolia accepted the institution's conditions voluntarily, such perspective fails to take into account the country's needs and the seeming lack of choice it had under the desperate circumstances engulfing the country.

The remaining section will examine Mongolia's political system in order to determine the degree of Westphalian sovereignty the state holds over its institutions of control. While

the argument will not be made that international actors have direct control over any aspect of Mongolia's modern institutions, the section will address the lasting effects external influence has on the Mongolian state's capacity for autonomous action and the degree to which its legislative, administrative, and judicial institutions can be considered to be under its control (Borzle & Risse 2005:207).

### ***Legislative***

Changes to the legislative system were at first modest and internally driven. In response to widespread student protests, the MPRP established a 'two-tier' assembly based on the USSR Congress of People's Deputies elected in March 1989 with the Supreme Soviet as the executive body. It then announced the first multiparty democratic election at which it succeeded in securing 357 of 430 seats in the Great Khural, and 33 of 53 in the Small Khural (Karatnycky, Motyl, & Graybow 1999:423). This reform, while gradually moving towards a more representative system than socialism, allowed the country's leadership to remain remarkably unchanged. This, in turn, lent an air of stability and continuity to existing socialist programmes focused on social welfare. In addition, the election also allowed for a move towards a multi-party system as the MPRP allowed the newly formed opposition parties—the Mongolian Democratic Party (MDP), the National Progress Party, and the Mongolian Green Party—to participate in the elections. All of the new parties won seats in the newly elected Parliament (The International Institute for Democracy 1997:324).

Despite this initial adaptation of the country's political system, a large number of institutions dominated by the developed states, including the International Monetary Fund, World Bank, and Asian Development Bank, exerted pressure on the Mongolian government to 'deepen' reform in a show of solidarity with capitalist and democratic norms (Carothers 1999:187). As the pressure to reform was conditional to continued aid and foreign expertise, the MPRP-led Mongolian government acquiesced and responded by drafting a new constitution in line with international democratic and capitalist norms rather than the more familiar 'two-tier' system (Rossabi 2005:55). The result was that

radical political reform in Mongolia came more quickly than the MPRP had originally intended and that the break between the former system and that adopted was larger and more drastic than had been initially comfortable.

Work from both Huntington and Brzezinski on the evolution of single party communist states further lends to the hypothesis that the MPRP's jump from an internally conceptualised 'two-tier' legislative to a unicameral democracy constituted an 'unnatural' shift in the country's political environment. Huntington's three-stage model of communist party transition includes 'transformation', 'consolidation', and 'adaptation', all which rely on continuity and change driven by growing social demands (Huntington 1970:23-40). Brzezinski expands on this concept, noting four stages including 'communist totalitarianism', 'communist authoritarianism', 'post-communist authoritarianism', and 'post-communist pluralism', all of which occur internally as the result of social pressure (Brzezinski 1989:255). While both scholars put forward these paradigms to emphasise the natural progression communist states pass through on their way towards reform, they are useful in understanding how the MPRP and Mongolian political environment might have developed without external pressure to completely redefine the country's political system. As a more internal, gradualist political development path may have slowed the country's democratic development, so, too, would it have allowed a greater continuity between the MPRP's impressive 1980s political accomplishments and a post-transitional Mongolian political environment (Rossabi 2009:233).

Instead, the MPRP underwent what Rossabi calls a 'transmogrification' in order to remain a competitive party within Mongolia's newly established liberal democracy, undermining its previous accomplishments and contributing to a growth in corruption and nepotism and an increasing inability to deliver public goods (Rossabi 2009:243). At the same time, the MDP received funding and directive from foreign NGOs aimed at undermining the MPRP's 'socialist' policies, which it successfully did in the country's 2000 elections by forcing the MPRP from power (Rossabi 2009:238-239). Yet despite translating this victory into political reform that contributed to the country's post-

transition development, the MDP adopted a pure market economic strategy that led to limited economic growth and a general deterioration of the country's social welfare. The party also became embroiled in corruption charges and lost power in 2004.

### ***Administrative<sup>6</sup>***

Much as the country's transition led to fundamental legislative reform, so too did it lead to substantial changes in the existing administrative system. During much of the twentieth century, Mongolian operated under a centralised Soviet inspired system. Through this system, the MPRP made all administrative decisions in Ulaanbaatar and then dispersed throughout the countryside to the provincial capitals, or *aimag* centres, to the local party organ called the People's Deputy Khural (PDK). The PDK then implemented the central government's mandate by disbursing MPRP directed funds and organising local resources as appropriate. While this system was not entirely efficient as needless bureaucracy weighed it down, through it the Mongolian government nonetheless succeeded in providing a relatively high level of unprecedented social services to the Mongolian countryside.

Following the state's transition, international agencies put pressure on the government to fundamentally restructure the country's administrative system. The most drastic reform came in 1992 as the result of the United Nation Development Programme's (UNDP) Management Development Programme (MDP) which it formulated in conjunction with the MPRP (Nixon & Walters 1999:164). The MDP aimed at instituting four major administrative reforms that marked a dramatic break from the country's previous system. These were: '(1) Public administration and civil service reform; (2) Decentralisation and local administration strengthening; (3) Privatisation and local administrative

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<sup>6</sup> 'According to the Constitution, the state of Mongolia is now divided into the following administrative units of different levels: The first level is Mongolia itself. On the second level Mongolia is divided into one city (the capital) and 21 *aimags* (provinces). On the third level, the *aimags* are divided into 336 *sums* (counties). A *sum* is divided into approximately 5 *bags* (townships), each with an average of 200 families. In total, the 336 *sums* have around 1,600 *bags*. Each level—this is Mongolia, *aimag*, *sum* and *bag*—has its own government. The three cities of Darkhan, Erdenet and Gobisumber were given *aimag* status in 1994. Ulaanbaatar itself consists of twelve districts, which are divided into 119 *horoo* (neighbourhoods). Thus the *bag* and *horoo* are the lowest administrative units of urban and rural areas respectively' (Bruun & Odgaard 1996:168).

strengthening; (4) Private sector development' (Nixson 2000:32). In an attempt to implement the UNDP's programme, the MPRP decentralised a wide range of tasks to local level governments including the privatisation of cattle, machinery, farms and small businesses as well as the administration of land, physical infrastructure, health, education, and poverty alleviation (Bruun & Odgaard 1996:171).

This decision to decentralise was hastily made and implemented without due consideration to the consequences. Indeed, no aspect of the UNDP's reform addressed the potential effects it could have on social welfare, whether provincial governments had the expertise to implement administrative duties previously handled by the central government, or how these provincial officials would find revenue to implement programmes formerly state funded. Both the UNDP and MPRP even failed to consider what would happen if, in the 1996 election, opposition parties came into power and disagreed with the administrative development path. When the Democratic Union Coalition (DUC) came to power, therefore, no safeguards or multiparty consensus were in place to ensure continuity of the newly established programme. As a result, the DUC immediately abandoned the efforts made to institute the MDP reforms to push forward its own administrative agenda.

At the suggestions of the World Bank, ADB, and, oddly, the UNDP, the DUC launched a second round of administrative reform in 1996 (Laking 1999:221). The DUC stated it would abandon the UNDP's original, more modest programme and instead adopt reform based on the widely admired New Zealand administrative system.<sup>7</sup>

From the very beginning the DUC's plan was flawed. While New Zealand's administrative reform was a praiseworthy system, its government had modelled it on a

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<sup>7</sup> The New Zealand administrative reform can be summarised as follows: 'Virtually every element of reform has been designed to establish or strengthen contract-like relationships between the government and ministers as purchasers of goods and services and departments and other entities as suppliers. Hundreds of contracts are formally negotiated each year; the typical contract specifies the resources that one side will provide and the performance the other side will produce. Ministers are always on the resource-providing side of the relationship; chief executives can be on either side, depending on the role they are playing. A chief executive provides resources in negotiating employment contracts with managers but promises results in negotiating purchase agreements with ministers and performance agreements with the State Services Commissioner' (Schick 1998:124).

developed country with highly skilled, highly competent ‘manager’ administrators at the local administrative region as well as an established formal sector (Schick 1998). In this regard, it was largely inappropriate for a developing country in transition from socialism to democracy. Nevertheless, the DUC pushed ahead with the reform despite warnings from experts who believed Mongolia did not have the prerequisite personnel with the necessary training in place to support such a system (Nixson 2000:37). Indeed, no serious attempt to study the effects of the transposition of the New Zealand administrative model to Mongolia’s post-Soviet modelled administrative system ever took place.

The results, particularly in rural areas, were disastrous. Between 1989 and 1999 government expenditures declined from 50.2 % of GDP to 26.9 %, substantially outpacing the decline in GDP. This sharp decrease reflects a widespread disinvestment in public goods in rural areas such as social services, health care, and education over the same period. It further emphasises the government’s failure to support the decentralization of administrative reform with action other than ideologically driven words (Chuluundorj 2004:236).

The consequences of the New Zealand reforms have never been adequately mitigated. Indeed, Mongolia’s administrative system remains greatly aligned with the DUC-led reform. The result has been a steady fall in rural resident’s health, literacy, and overall standards of living as local governments lack necessary finance to maintain these essential social services (Asian Development Bank 2005).

### ***Judiciary***

Judicial reform and a move towards a rule of law began with the 1992 drafting of the state constitution. The constitution in turn led to the establishment of a National Security Council, a Constitutional Court (called the *Tsets*), and the General Council of the Courts (Batbayar 2003:46). These institutions, and the state-guaranteed rights expressed in the constitution, marked the first instance in the history of the Mongol state where the

government expressed a willingness to limit its power while extending civil liberties such as freedom of speech, religious tolerance, and economic rights. Moreover, while the constitution establish tangible institutions by which all members of society could be held accountable, the state was seen as simultaneously enabling the means to enforce such guarantees. In this regard, civil society was greatly strengthened by the democratically aligned constitution as it broke with the communist era constitutions' (1924, 1940, 1960) failure to protect individual citizen's rights.

Yet, according to Deborah Davis, Managing Director of Lehman, Lee & Xu, the oldest foreign law firm currently operating in Mongolia, the Mongolian government has failed to live up to its commitments and has thereby undermined most of the gains made in constitutionally guaranteeing judicial regularity (Interview 9). Indeed, the *Tsets*, or Constitutional Court, is widely regarded as being politically aligned and unable to fulfil its expressed role in an impartial way (Ginsburg 2003:159). The constant re-writing of election laws before a new election, as well as the failure of the *Tsets* to remain neutral in intra-party conflicts, has created a sense of anarchy around the way in which the judiciary is composed and fears the political elite are manipulating the rule of law system to remain in power (Freedom House 2007).

Deborah Davis further notes that corruption in the judicial sector has become endemic. Indeed, a 2006 public opinion poll on corruption identified the judicial system as one of the country's most corrupt institutions (Asia Foundation & Sant Maral 2006:8). This, in turn, contributes to a sense among the Mongolian public that those who can afford to bribe judges or pay high 'fines' are essentially above the law. Indeed, in a 2005 Transparency International poll, 93 % of Mongolians surveyed stated that they believe rich and/or politically influential people can manipulate the judicial system while average citizens have little recourse to legitimate legal proceedings (Transparency International 2007:229). The survey continued by noting that many Mongolians believe justice is a matter of whether one can afford it as lawyers are widely regarded as little more than conduits for bribes (Transparency International 2007:230). Transparency International

also cited Mongolian federal judges' low pay and living standards as threats to judicial independence and integrity (Transparency International 2007:230).

The sense that Mongolia's judicial system is fundamentally corrupt does not end domestically. Indeed, Amnesty International published a report on Mongolia's courts that included intense criticism for its failure to ensure transparent judicial hearings, its use of secret executions and torture, and its intimidation of the press (Amnesty International 2007). Amnesty did, however, note that severe occurrences of torture remain relatively rare.

### ***China's Role in Mongolia's Institutional Development***

China's role in the development of Mongolia's post-Cold War institutions of authority was nominal. Indeed, the Mongolian government's decision to move toward a liberal democratic system of government was motivated, in part, by the state's desire to increase contact with the international community in order to balance China's regional influence. Moreover, as China's professed system of government is communism, the Mongolian government had little to gain from closer political interaction with the PRC in the development of its democratic legislative, administrative, and judicial systems

Yet it is also important to note that China has played a significant role in the evolution of Mongolia's state institutions. According to L. Vanjildorj and J. Liang of the Asian Development Bank, Mongolia has worked with the PRC in regional cooperation activities such as government staff training, IT support, infrastructure development, and economic development (Interviews 14 and 17). Moreover, according to Ts. Batbayar, Counsellor of Policy, Information, and Monitoring, Mongolian Ministry of Foreign Affairs, Mongolia has increasingly begun to look towards the IMAR for policy and institutional development direction as the two regions share geographic, demographic, and economic similarities (Interview 27). While it is too early to tell whether this will allow the PRC to have a significant impact on Mongolia's institutional development, it provides an alternative model for the Mongolian state to consider.

### **3.4 Interdependence sovereignty**

The most significant aspect of sovereignty in terms of China's influence over Mongolian domestic political environment is interdependence sovereignty which, according to Krasner, represents the degree to which a government has managed to secure the cross border flow of ideas, goods, and people (Krasner 1999:12). In this sense, interdependence sovereignty's particular significance in Sino-Mongolian relations comes from its focus on control rather than on the authority that defines international legal and Westphalian sovereignties. While authority is important in that it gives the Mongolian government the legitimacy it needs to govern, the ability to control a country's cross border movements is essential to the maintenance of its integrity and its ability to control the degree to which external ideas, peoples, and manufactured goods effect its domestic development. As China is a significant force in Mongolia's capacity to control its borders, Mongolia's interdependence sovereignty is largely influenced by the PRC.

Identity also becomes an issue when considering Mongolia's interdependence sovereignty as individuals are ultimately responsible for instituting the state's directives. In this sense, if the state sets rules regarding behaviour that the individual or collective unit does not agree with, the chances of these rules being enforced are few. Social roles, in this sense, are based in social norms and accepted behavioural patterns set in social cognitive action. If these roles do not adhere to the institutional regulations, the result will be chaos and a weakening of the overall state.

The following examination of Mongolia's interdependence sovereignty will focus on the physical flow of goods and people by evaluating Mongolia's border control in relations to China, its rail line and other transportation issues, as well as smuggling and other illegal cross border activities.

#### ***The Mongolian Border and Customs***

By 1991, Mongolia had settled all serious border disputes with neighbouring Russia and China, albeit mostly to Mongolia's geographic disadvantage. In agreeing to permanent demarcations, the Mongolia government agreed to accept what it considered the loss of portions of Mongolia proper equalling more than 5,800 square kilometres. Most of these lands, including large portions of China's Xinjiang, Heilongjiang, and Inner Mongolian provinces, while never a part of the modern Mongolian state, were widely believed to constitute the traditional Mongolian 'motherland' and considered 'Mongolian' in so far as they were geographically, environmentally, and cultural similar to Mongolia's defining Gobi desert and eastern steppes (Hodder, Lloyd, & McLachlan 1998:150). That the Mongolian government agreed to legally and formally accept the permanent loss of such lands is a testimonial to both the country's weakness vis-à-vis China and Russia, its inability to mediate the country's identity with geopolitical needs, and its desire to secure its borders regardless of the cost.

**Image 3.1: Mongolia's Primary Border Crossings**



Source: Department of Peacekeeping Operations, United Nations, January, 2004.

Despite Mongolia's strengthening of its border control through regional treaties and agreements, the early 1990s saw a significant increase in illegal cross border activities between the Russian/Mongolian and Chinese/Mongolian borders. For example, illegal activities between Russia and Mongolia increased 60% in 1991 alone while growing 30% between China and Mongolia in the same year (Hodder, Lloyd, & McLachlan 1998:150). While the state has successfully reined in a good percentage of this initial cross border illegal activity by improving the quality of its border patrols, its regional partnerships, and its customs facilities, the sizable increase during Mongolia's transition years is worth mentioning in that it indicates the degree to which continued interaction with Russia was initially more important than newly formed relations with the Chinese.

It is also useful in understanding how this balance has shifted over time to favour Sino-Mongolian border activity at the expense of Russo-Mongolian relations. Indeed, while the Altanbulag border crossing between Russia and Mongolia is the country's oldest and for much of the twentieth century Mongolia's most important link with the outside world, it has diminished significantly in recent years as both trade between Russia and Mongolia has lessened (image 3.1). This is due to both increased Russian restrictions on cross border traffic from Mongolia in order to limit the number of Chinese goods entering Russia through the country and to growing Mongolian-Sino trade (Business Times 2007). Moreover, in comparison with Zamin Uud, the primary border crossing between China and Mongolia, Altanbulag remains vastly underdeveloped and unprofessionally guarded (image 3.1).

According to G. Baigalmaa, Second Secretary at the Embassy of Mongolia, Beijing, China and Mongolia have nine border crossings between them: five in Inner Mongolia, four in Xinjiang (Interview 10). While the largest, and most utilised, is the Erliang/Zamin Uud crossing on the Beijing-Ulaanbaatar rail line, the other eight are equally important for small-scale trade and business. More relevant to any discussion on Mongolian interdependency sovereignty, the eight smaller border crossings are also more susceptible to corruption, smuggling, and illegal crossings.

Indeed, respective Chinese and Mongolian policy toward visa issuances may indirectly contribute to illegal crossings and corruption at the two countries' smaller border posts. Despite there being four crossings between Xinjiang and western Mongolia, there is not a consulate in Xinjiang to issue visas to Chinese who want to travel to Mongolia for business. Nor is there a consulate in western Mongolia able to issue Chinese visas to Mongolians. The logic behind this restrictive visa policy is, according to J. Liang of the ADB, due to China's hesitancy to allow foreign activity in and around Xinjiang out of concern such foreign influence might have a negative effect on the region's security environment.

Thus, in theory at least, anyone wanting to do business between Xinjiang and Mongolia would have to first travel several days by car to apply for a visa, only to turn around and repeat the same trip back home all in order to cross several kilometres over the border into Mongolia to conduct business. In reality, of course, it is far cheaper and more practical to simply bribe a customs' official, whose average monthly salary is around USD200 a month, than to operate through the more formal channels (Business Times 2007). As corruption among Mongolian border guards and officials is widespread, unchecked, and in many ways socially accepted, these smaller, under regulated crossings are a source of weakness in Mongolian interdependence sovereignty (News Today 2007a).

The Mongolian government has, however, deflected larger criticism of these ineffectual border crossings by actively working with the World Customs Organisation (WCO) as well as the Chinese government under the auspices of the Asian Development Banks' Central Asia Regional Economic Cooperation (CAREC) initiative. The programme seeks to increase the quality of Sino-Mongolian main border patrols, to facilitate information exchange and capacity building programmes between the two countries, and to deal with corruption. In July 2007, WCO General Secretary Michel Danet visited Mongolia and inspected the Zamin Uud crossing and commended Mongolia on its professionalism and adherence to international customs' standards. He also pledged further assistance towards training for Mongolian customs agents and expressed his opinion that corruption

could be overcome if the country remained committed to routing it out of society as a whole. While his opinion of the Zamin Uud crossing was welcome by the government, his seeming lack of interest in the small, more porous and corrupt border crossings makes questionable his, as well as the Mongolian government's, real commitment to securing the Mongolian-Chinese border (M.Bolorma 2007).

Moreover, while the CAREC project is increasing the quality of Mongolia's border guards at the Zamin Uud crossing, it is primarily focused on streamlining trade and not necessarily to tackling the larger issue of corruption. Indeed, to date Sino-Mongolian customs cooperation under CAREC has consisted mainly of a move towards joint customs control. The two countries hope to accomplish this by agreeing upon a standard operation procedure that would allow them to streamline customs, which took five hours on average in 2008, thereby requiring only one inspection rather than two. According to Jeffrey Liang, head of the ABD's PRC Resident Mission's Programmes and Regional Cooperation Unit, the Chinese government has agreed to allow Mongolian customs agents to train at the Shanghai-based customs training centre while also agreeing to finance the training (Interview 14).

### ***Rail line and Transportation***

At present, Mongolia is connected to Russia and China by a single rail line that divides the country from north to south. Over 1800 kilometres long, the rail line was first constructed in 1949 and is part of Mongolia's Soviet legacy. Indeed, Russian Railways still own 50% of the line, thereby giving them direct control over its operation and maintenance. This has led to a situation in which the country's track, trains, and signals are all in disrepair because the respective Mongolian and Russian owners cannot agree on how to finance repair. As Russian Railways primary concern, at least according to Mongolian perceptions, is to maintain control over the railway so as to have more leverage over Mongolia's mineral exports, achieving consensus between the two national railways has proven difficult at best (D.Behee 2007).

The Mongolia government has, however, been working with the United States government to renovate the old line while beginning construction of a more modern, larger capacity rail line directly parallel to the existing line. Indeed, in July 2007, the Mongolian parliament passed legislation outlining a privatisation plan for the country's rail line related industry while maintaining the actual line would remain state controlled. The legislation's purpose is to increase competitiveness within the industry with the hope a raise in efficiency will follow suit (D.Behee 2007). While as of the beginning of 2009 no work towards renovation or a new railway was underway, the Mongolian government hopes to begin both projects in the very near future.

At present, Mongolia is reliant on Chinese goodwill not only for the use of its rail services inside China but also for use of its Tianjin port facilities (Mongolian Railway website 2008). Such cooperation is, however, technically difficult. As Chinese and Mongolian track widths do not match, all Mongolian trains entering China must adjust their wheel width from 1524 millimetre to accommodate China's narrower track width of 1435 millimetres. Until 1998, the Mongolian government lacked the equipment necessary to facilitate the change and were exclusively reliant on Chinese good will.

In recent years, the Chinese government has further offered to help Mongolian transportation development in ways that would link the two countries even more. Firstly, the PRC has offered to fund a direct rail line from Mongolia's Oyun Tolgoi and Tavung Tolgoi gold and copper mines to the Inner Mongolian autonomous region for the sake of expediting resource-based imports (Railway Authority 2008). Secondly, the Chinese government, along with the ADB, has proposed the possibility of funding a rail line between Xinganmeng in Inner Mongolia and Sukhbatar city in eastern Mongolia. The Mongolia government, anxious to create transportation infrastructure in the poorer eastern and western regions, have embraced the proposal while submitting their own desired joint construction project to the Chinese government and Asian Development Bank for a road connection China's Xinjiang to Mongolia's Khovd province.

These increases in transportation linkage between the two countries, while good for Mongolia's economic development, would also increase the Mongolian government's dependency on the Chinese government for access to regional and international markets as well as cross border traffic that could negatively affect Mongolian interdependence sovereignty. Indeed, while the Mongolian government is seemingly willing to forgo any concern of greater Chinese control over the transportation of Mongolian goods and peoples for the boon of a more developed infrastructure, the effect on the country's interdependence sovereignty could be significant. Indeed, increased Mongolian dependency on Chinese maintained transportation lines could translate into Chinese leverage over the country's trade. This, in turn, would enable the PRC to use the country's dependency on the rail lines to influence Mongolia's domestic affairs.

The PRC's response to the Dalai Lama's visit to Mongolia in 2002 made clear that the Chinese government was willing to use control of Mongolia's access to its rail lines and ports to effectively punish the Mongolian government. Chinese government officials stopped all train traffic, and by proxy access to its port in Tianjin, to Mongolia for the duration of the Dalai Lama's visit, essentially cutting off Mongolia's economic lifeline to the rest of the world. In response, Mongolian government officials refused to meet with the Dalai Lama in a show of solidarity with Beijing, despite what the country's religious leaders and public alike believed was one of the most important events to take place in the modern Mongolian state (The Economist Intelligence Unit 2003:32).

### ***Smuggling***

Corruption among border guards, an 8000 kilometres long border, a fledgling recreational drug scene in the capital city, as well as newly introduced windfall taxes on minerals and exported cashmere, have all contributed to a growing industry of smuggling between China and Mongolia. In response, the Mongolian government has turned to China and the international community for support. At present, the Mongolian government is working closely with the Chinese customs agency and the Asian Development Bank to improve the standards of its customs operation. It has also entered into cooperation with

the United States' government to increase technology at its border crossings aimed at dealing with nuclear weapons and materials smuggling (United States Department of Energy Office of Public Affairs 2007). While these efforts do show that the state is determined to develop a sustainable approach to improving border security, thus far such attempts have fallen short of stemming illegal smuggling in practice.

Of immediate concern to the Mongolian economy is the growth in recent years of raw cashmere smuggling from Mongolia into China's IMAR. Such an increase in smuggling is the direct result high export taxes on cashmere and Mongolia's own lack of domestic production facilities. By smuggling their skins directly to China, herders are able to avoid paying tariffs as well as the initial costs of having to comb the cashmere domestically. Herders accomplished this by placing cashmere skins between sheep and cow skins, both of which are not heavily taxed, and smuggling them across the border. While this method is not difficult for customs officials to detect, it is time consuming and often simply infeasible to adequately monitor. Indeed, according to one account, corrupt customs officials were actively involved in allowing the goat skins through the border in exchange for a small percentage of the profits (News Today 2007b).

As a result, overall government revenues from cashmere plunged from on average 20 billion tugrik annually to a mere 96 million in 2007. Yet perhaps even more detrimental to the Mongolian cashmere industry is that the end products produced in Inner Mongolia are of lower quality. As these products are marketed internationally as 'Mongolian' cashmere, they have negatively affected Mongolian cashmere's international reputation. As cashmere ranks second on Mongolia's strategic product index, following only mining, any fundamental threat to the industry such as questionable quality could have long term, negative effects on the overall Mongolian economy (News Today 2007b).

Another important issue related to smuggling is the growing drug trade in Ulaanbaatar. While those who can afford designer drugs such as marijuana and cocaine are still relatively few, some younger generation Mongolians do have disposable incomes and choose to spend them on drugs. This growth of drugs and drug users among Mongolians

is an extremely recent phenomenon as in early 2000 knowledge about drugs and drug use was exclusively relegated to the foreign community. Indeed, Mongolians lacked even the vocabulary to speak about drugs as all illegal drugs, from hashish to heroin, were commonly referred to as *har tamax*, or ‘black tobacco’. By 2008, however, the situation in the capital city had changed enormously as it was not at all uncommon to find drug dealers in most bars and all the capital city’s popular discos.

Mongolians in the capital city attribute the increase in drug flows in Ulaanbaatar to the Chinese both in the sense that they harvest it domestically (marijuana grows wild along the rail line north of Ulaanbaatar) and smuggle it illegally from China. Indeed, according to popular newspaper reports, the Chinese mafia is solely responsible for the drug network in Mongolia (G.Delger 2007). Whether or not this is true, the perception that illegal drugs smuggled into Mongolia all come from China is damaging to the Mongolian government’s interdependency sovereignty as it creates the image of aggressive Chinese criminals engaged in illegal activities in Mongolia despite society’s and the government’s best efforts to protect the Mongolian people (G.Delger 2007).

Lastly, the issue of human trafficking between China and Mongolia was discussed widely in newspapers in late 2007-2008 as a Mongolian woman was returned to Ulaanbaatar after having endured a yearlong period of forced prostitution in Macau. According to one newspaper report, the number of Mongolian women tricked into sex slavery by being offered modelling contracts in cities like Singapore, Hong Kong, Tokyo, and Berlin, has grown substantially in recent years. This is due to the increased attractiveness of a modelling career among young, attractive Mongolian women and foreign sex traffickers who prey on their inexperience and desire to leave Mongolia for a more international life. Indeed, in early 2008, both Mongolia’s top modelling agencies and the government issued warnings in local newspapers for women interested in modelling careers to be vigilant when offered work abroad (G.Yalgun 2007).

Moreover, a 2006 Asia Foundation study on human trafficking in Mongolia found that the Zamin Uud border crossing between China and Mongolia is the primary corridor

through which Mongolian women are trafficked into China for sex work. An estimated 200-300 women work as prostitutes in China's Erliang, the Chinese border town adjacent to Zamin Uud, while hundreds more work in Beijing, Shanghai, and other larger cities. While some are prostitutes by choice, others, particularly students, are lured into the trade through promises of scholarships to study abroad. That it is becoming more profitable for Mongolian prostitutes to work in China than in Mongolia is an indication that human trafficking will become more of a problem in the future (Desai 2006).

### **3.5 Domestic sovereignty**

Domestic sovereignty differs from Westphalian sovereignty as it is largely unconcerned with the international influences on domestic affairs and institutions but rather with the effectiveness of the government to exercise authority. While some distinction must be made as to who is the sovereign—whether a nationalist dictator, a foreign controlled government, or the citizens in a democracy—such variations do not necessarily have any influence on a country's International Legal or Westphalian sovereignties (Krasner 1999:11). Domestic sovereignty is, therefore, more closely aligned with political legitimacy in that it focuses on effective government rather than the nature of the power that composes it.

In this regard, the two primary variables that constitute a challenge to Mongolian domestic sovereignty are the increased infighting and nepotism that have kept the Mongolian parliament from addressing some of the country's most pressing foreign and domestic policy needs as well as systemic corruption throughout the government. Indeed, the 2008 Ulaanbaatar riots against the government indicate deep-seated frustration at the government's inability to augment the failures caused by the disastrous shock therapy, frustration at what is considered persistent and unaddressed corruption, as well as the widening gap between the urban rich and rural poor. Moreover, increased media accounts of nepotism that leads to inefficient management or inexperienced appointees to government posts also contributes to a public sense of an ineffectual government

operated by politicians more concerned with maximising their foreign and domestic contacts for financial gain than in delivering public goods (Ch.Sumiyabazar 2007).

### ***Parliament***

Within the last ten years, a growing number of Mongolians have expressed a loss of confidence in the country's parliament (table 3.4). At the centre of such growing disillusionment is the perception that infighting and nepotism often force ruling parties to focus their energies on maintaining factional alliances for the sake of remaining in power rather than delivering public goods. While such occurrences are, of course, often present in all governments, that they occur as frequently as they do in Mongolia is cause for frustration and concern among many Mongolian citizens (Ch.Sumiyabazar 2007).

While the MPRP bears the burden of criticism related to policy and legislation, the parliament in general has come under increased pressure due to the widespread belief that the majority of MPs are not acting professionally and that the institution that serves as the cornerstone of Mongolian democracy has become little more than a 'men's club' of the rich and corrupt. For example, in 2008 the Mongolian media began attacking members of the Mongolian parliament with poor records of attendance. This increase in media coverage highlighted parliamentary 'abuses of power' and came about as the result of a widely criticised law on Parliamentary Procedure passed in October 2007 (Ts.Monkhtsetseg 2007). The Parliamentary Procedure law exempted MPs from disciplinary action for non-attendance, unethical behaviour, and shortened the number of hours that Parliament must hold plenary sessions from 75 annually to 50 (Ts.Monkhtsetseg 2007).

As most sessions of parliament are broadcast live on television throughout the day that many days are poorly attended is common knowledge. Moreover, according to one journalist, those MPs who do attend often sign in for absent colleagues using their electronic attendance cards. Even more common is the practice of MPs who sign in and immediately leave. This lack of commitment is seen as stemming from MPs greater

concern for their private business, or the business they are able to generate in their powerful positions, than the state of the Mongolian government (C.Ul 2007).

Lastly, and perhaps most representative of the Mongolian social perception of MPs and Parliament as a whole, is the widely reported upon perception that a great many MPs are drunkards with connections to organised crime (Ch.Davardorj 2007). In one widely read account in a major Mongolian newspaper, a journalist reported witnessing a drunken scene of pandemonium at a session of congress at which MPs were deciding on council membership. In his account of the incident, rather than respectfully participating in what he believed a very serious matter of the country's future, many MPs were seen staggering, slurring, and acting aggressively with blood shot eyes. The journalist called the incident a 'tragedy' for Mongolia and wrote that 'from drunken minds comes drunken policy' (Ch.Davardorj 2007).

Such instances of aggression and belligerence are all too common in parliament. MPs have been known to engage in physical altercations, challenge one another to go outside to fight, or shout obscenities at one another while on national television. It is not uncommon for more established, older MPs to threaten younger members with imprisonment or even death. Indeed, in one extreme instance a well-known MP was overheard by the media commenting that he would engage a contract killer to assassinate one of his unfortunate colleagues. In a political environment where unsolved killing of those in opposition power has occurred, such threats only serve to add to the general sense of anarchy and lack of professionalism ruling the Mongolian political process (Ch.Davardorj 2007).

More important than public perceptions of MPs behaviour is the degree to which such behaviour has affected overall public governance and the Mongolian Parliament's ability to respond to social demands at both a domestic and foreign level. Without a doubt, the greatest failure in this regard came in the aftermath of the 2008 Parliamentary election that led to riots throughout Ulaanbaatar during which five people were killed. Not only did the MDP instigate the riots by claiming election fraud, but it also effectively crippled

the government afterward by refusing to take less than an equal share of the contested Parliamentary seats. For more than 100 days, Mongolia was effectively without a government while both the MPRP and MDP squabbled for power (Tuul 2008b). During that time the country's domestic and foreign political agendas were in a state of arrested development while Mongolian media carried reports of both old and new MPs leaving the country in the midst of the government 'crisis' to attend the Beijing Olympics at the Chinese government's invitation (Emulgeen 2008).

Numerous Mongolian media articles also reported steep price increases in both petrol and food products, claiming the Russia and China government were both 'taking advantage' of the political chaos for financial gain (Tuul 2008a). While official statistics to corroborate these claims were not available at the time of writing, interviews with Mongolian residents in Ulaanbaatar at the time did indeed confirm that prices increased in various daily-use goods in the riot's immediate aftermath.

Finally, one Mongolian reporter wrote that crime in Ulaanbaatar more than doubled during the 100 days the MPRP and MDP fought over the Parliamentary results (Enhtor 2008). In an article loosely translated, 'While the Government is In Crisis...', this same reporter also chastises the Mongolian Parliament for failing to manage the country despite the average Mongolia's increased suffering.

### ***Corruption***

According to Agni Baljinnyam, United Nation's National Project Manager, Independent Authority Against Corruption, corruption remains a widespread and tacitly accepted part of Mongolian life (Interview 1). It is pervasive throughout society and in many ways recognised as a political and social norm. Indeed, corruption is evident throughout Mongolian society in instances varying from workers having to pay as much as a year's salary in order to secure a new job, residents having to pay bribes to receive a public service to which they are legally entitled, and government official's teenage children

driving Mercedes Benz jeeps through a city where the monthly salary for MPs is around USD400 (Asia Foundation & Sant Maral 2006).

While a survey of corruption conducted by the Asian Foundation found that more than two-thirds of Mongolians believe corruption is unacceptable, two-thirds also accepted that it was a prevalent trend throughout politics and believe that the situation had actually gotten worse over the previous three years (Asia Foundation & Sant Maral 2006). The same survey showed widespread belief that government officials, far from acting to secure the people against corruption, were more likely to use their positions of power to enrich themselves at the cost of society as a whole. As corruption is directly influential on the state's ability to function properly, it is an essential component of any discussion of Mongolia's domestic sovereignty.

A 2005 USAID report on corruption notes that by far the most problematic characteristic of Mongolia's corruption is that which takes place at an elite level and involves a conflict of interests between the state and private sectors (U.S. Agency for International Development 2005:3). According to the report, this high-level corruption is the result of a lack of transparency around government work, ineffective government oversight committees, and a 'spoils system' that has become a widely 'accepted' source of additional income for civil servants and politicians alike. As the report also indicates that the impetus for change among politicians and other government officials is weak, that persistent, pervasive corruption has become what Mongolians believe is the country's third most pressing concern (following poverty and unemployment) is unsurprising.

Among government agencies, the Mongolian public reportedly consider customs to be the most corrupt and unregulated. Indeed, the level of corruption in Mongolia's customs forced Ts. Tsergelen, Brigadier-General of the Border Patrol, to openly admit that corruption within the agency was widespread and all but uncontrollable (News Today 2007a). Indeed, corruption within the customs agency has resulted in at least one highly publicised case where one border guard shot and killed two others while the three were involved in smuggling on the Russian border.

Moreover, nepotism is rife in the appointing of customs officials. This is clearly demonstrated in the case of Ganbatar, the head officer of the Zamin Uud border crossing. While under investigation for illegally allowing more than USD190,000 worth of medicine across the Altanbulag border with Russia while head officer of that border post, the Custom's Office simply transferred Ganbatar the more prestigious and profitable southern border crossing rather charge him with misconduct. His fortune in essentially receiving a promotion away from his troubled post is attributed to the fact that his uncle, Kh. Batar, is director of Customs General Office (News Today 2007b). The Mongolian media and other customs officers in Zamin Uud vocally criticised his reappointment, albeit to no effect.

Corruption among Mongolian customs is not just confined to the small-scale. Media reports note that the custom's agency is currently pushing for new legislation that would turn the Zamin Uud border crossing into a free trade zone over which it would have total authority (C.Tuul 2007). Plans for transferring the fifteen thousand-person village of Zamin Uud range from the absurd (building an international airport) to the exploitative (an unregulated casino). These same reports note that if the legislation passes, Zamin Uud will in effect become a private source of personal wealth for customs officials and their political sponsors (C.Tuul 2007).

The abuse of power for profit is also evident in instances between the government and private sector. Two incidents stand out as exemplary in this regard and are worth noting in brief. The first involved the sale of Mongolia's Savings Bank; the last of Mongolia's state controlled banks. In 2006, the bank was sold for 23.4 billion tugriks, of which 14.2 billion subsequently disappeared unaccounted for. Investigators later proved that Ts. Chimedtseren, the banks senior accountant, embezzled the funds in order to take them abroad to gamble. Upon his return to Mongolia and subsequent arrest, Ts. Chimedtseren accused prominent members of the MPRP and the MPRP's affiliate organization, the Mongolian Democratic Socialist Youth Association, of accompanying him on his gambling debacle and aiding him in embezzlement. While the MPs accused of

participation were suspended from their positions pending an outcome, as of 2009, the case was still under investigation and no charges had been brought against any party involved (Ts.Davendorj, D.Zayabat, & D.Bexbayar 2007).

Second, and perhaps more damaging to Mongolia's international reputation as well as its relations with one of its most important trading partners, is the incident between one of Mongolia's key corporations, Buyan Company, and the Japanese firm, Marubeni. B. Jargalsaikhan, one of Mongolia's most prominent businessmen and an MP, acting in his capacity as director of Buyan Company, bought USD18.9 million worth of equipment from Marubeni on credit. In order to secure the deal, he arranged for the Mongolian Ministry of Finance to act as a guarantor and provided official documentation to the Japanese as proof the Mongolian government stood beside his business endeavour. When, in early 2000, Buyan Company defaulted on the loan, Marubeni undertook legal proceedings against the Mongolian government for repayment. While the Ministry of Finance eventually managed to prove it had never legally acted as a guarantor on Buyan's behalf and that B. Jargalsaikhan had illegally offered the Ministry as a co-signer for the corporation's loans, the state legal fees amounted to USD1.7 million, financed by the Mongolian tax payer. B. Jargalsaikhan's Buyan company was ordered to repay the legal costs, but as of 2009, no attempt has been made by the government to reclaim the expenses (Ts.Davendorj, D.Zayabat, & D.Bexbayar 2007).

While the Mongolian government has taken visible steps to deal with corruption through the formation in 2006 of the Independent Authority Against Corruption (IAAC), the organisation has proved weak-willed in battling any but the lowest level corruption. Indeed, the Mongolian public has increasingly come to view the IAAC itself as a corrupt agency (Today 2007a). Moreover, the agency's heavy-handed approach towards investigation has earned it a horrible reputation of only pursuing corruption cases against low-level, private and government sector employees as well as a comparison to the MPR's security apparatus in the 1930s. In many ways the comparison is accurate as, according to A. Baljinnyam who has worked with the agency since inception as a

representative from the UN, the IAAC is fully staffed with ex-secret police from Mongolia's disbanded Public Security Bureau.

Mongolian media has reported a large number of cases where the IAAC has detained low-level government workers without cause while physically abusing them. Moreover, media reports also offer accounts when the IAAC has harassed those accused of 'corruption' by illegally tapping their home and office telephones (Today 2007a). In this regard, the Mongolian public largely views the IAAC as an agency with a government signed carte blanche to harass and detain individuals at will. Indeed, as the IAAC was established by a parliamentary mandate and all high ranked officials appointed, it is difficult to understand how it is envisioned to pursue high-level corruption.

Corruption in the IAAC extends beyond the agency's abuse of power to its use of government funding. According to A. Baljinnyam, in 2009 the IAAC did not have finances necessary to conduct investigations despite the Mongolian government's general budget having supplied the centre with a substantial allotment of funds. A. Baljinnyam explained this disparity by noting the IAAC spent the entirety of its operational funding on new cars and salaries for a staff of ninety ex-police with no training in corruption investigation as well as an extension on an already sizable new office. As of 2009, no high-level officials had been seriously investigated by the agency.

Moreover, in one instance when parliament sanctioned a high-level official (non-IAAC) to investigate corruption in the credit and savings scandals of 2006 in which it suspected many members of the MPRP had taken part, the investigating officer, D. Badraa, Chief of the Ministry of Finance's Office of Financial Control, was stabbed to death in front of his offices in broad daylight. Investigators identified the perpetrator as a director of a prominent Savings and Loan Co-op with links to numerous government officials. While arrested and detained for several months, as of 2009 the state had not filed formal charges against him (Today 2007b).

As with Mongolia's Westphalian sovereignty, Chinese effects on Mongolia's domestic sovereignty are incidental. While cross border corruption does, of course, include Chinese participation, the inability to staunch domestic corruption is entirely the fault of the Mongolian government. Moreover, the current state of the Mongolian parliament is exclusively a domestic affair in which the Chinese have no part to play.

This is not to say that such weakness in domestic sovereignty is not beneficial to the Chinese government and, even more so, Chinese entrepreneurs. Indeed, a parliament preoccupied with internal power struggles and corruption is neither focused nor united enough to maintain an easily enforceable policy of excluding foreign actors in the state's internal affairs. Moreover, as Chinese economic influence in Mongolia grows, it is more than likely that so, too, will Chinese influence over Mongolian domestic sovereignty in so much that Chinese special interests groups will have funds and influence necessary to lobby a corrupt and power hungry government. This will, of course, ultimately lead to a situation where the Mongolian government's hold on domestic authority weakens.

## **Conclusion**

While Mongolia remains an uncontested, independent state in the international system, it nevertheless faces considerable threats and challenges to its overall sovereignty. Specifically, the inability of the country's two largest parties to bolster various dimensions of state control, particularly in regard to the state's interdependence and domestic sovereignties, is proof that Mongolia's leadership is uncommitted and/or unable to create legitimate governmental institutions that outlast their tenure in office. According to Midgal, this myopic approach to government building is a fundamental component of state weakness (Midgal 2001:136).

Moreover, Mongolia's most stalwart aspects of sovereignty are those relating to legitimacy, not control, and have largely been imposed and strengthened by external actors. In this sense, Mongolia's overall sovereignty is what Weng calls 'negative' sovereignty in that it relies on the international community for legal recognition while

having allowed external influence to play too large a role in the shaping of its institutions of authority (Weng 2000:94).

Mongolia's legal sovereignty, while established and supported by the international community, does not convey on the state what Jackson refers to as the prospect of long-term control and internal legitimacy (Jackson 1990:22). While legal sovereignty does offer the government legitimacy in that it is seen as the head of an internationally recognised state, an ineffective democratic government, particularly one seen as corrupt, can easily lose the support of its populace and weaken the state's institutions (Krasner 1999:17). As the previous analysis of Mongolia's domestic sovereignty clearly shows that the Mongolian parliament has largely become an ineffective, corrupt institution while maintaining international and domestic legitimacy as the state's legal sovereign, the potential for future political instability is apparent.

Mongolia's Westphalian sovereignty, the foundation upon which the bureaucracy of the modern state functions, is also weak as foreign institutions and countries constructed it externally and applied it to the country's post-transition environment without taking identity concerns into account. The results of this transplantation are legislative, administrative, and judicial systems that were largely inappropriate for Mongolia's post-Cold War political environment and that continue to undermine the state's ability to function today. Growing corruption compounds Mongolia's institutional inefficiency.

Additionally, the Mongolian government's inability to secure its borders and to root out corruption from among its customs officials will have long-term negative effects on the state's sovereignty. Cross-border trade in illegal goods threatens the state's economic and environmental sectors while issues such as human trafficking undermine the state's ability to provide essential public goods, such as security. This, in turn, creates problems of interdependency in that the state cannot control the flow of foreign goods and ideas into the country. Nor can it frankly claim to have secured the country's physical borders from foreign influence.

Lastly is the issue of Mongolia's domestic sovereignty. Central to this is the chapter's position that systemic corruption has fundamentally affected the state's ability to act in the public's best interest. In many ways, this is an entirely post-Cold War phenomenon as a driving force behind this corruption is the growing link between the state and private sector. This, in turn, weakens the state's long-term ability to maintain sovereign control as foreign as well as domestic companies and governments can gain influence over the country's domestic affairs through political 'contributions' or bribes.

Taken together, Mongolia's international legal, Westphalian, interdependence, and domestic sovereignties all indicate that the modern state has limited control over the country's institutions of authority and is consequentially acting against the publics' best interest in a myriad of ways. This creates a gap in the country's socio-political cohesion that undermines what Buzan calls 'stateness' and leads to weakness (Buzan 2003:22). Consequently, Mongolia is left more open to external and internal threats that can further undermine the government's sovereignty in an almost cyclical manner. This allows foreign actors to gain influence across the country's sectors that could potentially contribute to dependency.

## **Chapter Four: Mongolia's Growing Economic Dependency on China**

The following chapter will employ dependency theory and regionalism in examining Mongolian-Sino economic relations since Mongolia's transition to a capitalist market economy. It will start by examining Mongolian-Sino trade and investment in mining as it is this chapter's position that this aspect of the two countries' economic relations is the catalyst for subsequent penetration by small and medium sized Chinese firms into Mongolia's domestic economy while also the driving factor behind foreign direct investment (FDI) and Chinese aid. The chapter will demonstrate how increased dependency on Chinese investment and technical expertise has undermined the Mongolian government's ability to direct the country's economic development. In doing so, the chapter will establish a framework for subsequent chapters' use of Mongolia's economic dependency to explain the lack of security in the country's other sectors.

The chapter's use of dependency theory will focus on the position that trade is not beneficial for all states and that states with greater economic and political power can use that power for enrichment at the weaker state's expense (Barbieri 2005:28). It will also assume that such asymmetrical economic relationships contribute to an unequal exchange between states. Such exchange allows powerful countries to exploit weaker countries' resources, thereby undermining the weaker state's ability to accumulate surplus capital so that it might industrialise and develop (Reid 2007:35).

It will also draw on basic concepts from dependency theory such as what Preston refers to as the developed ('core' or 'central') state and the underdeveloped ('peripheral') state, as this dualism is particularly relevant for any discussion of Mongolian-Sino economic relations (Preston 1996:198). So, too, will the chapter draw on Furtado's concept of a regional industrial nucleus in order to emphasise the important role regionalism plays in the two countries' economic relations and Mongolia's subsequent dependency (Furtado 1964:135-138).

From a liberalist perspective, Mongolia's proximity to China is full of economic opportunities. China's seemingly inexhaustible need for raw materials very much complements Mongolia's agricultural and mineral based economy while the Chinese government and Chinese businesses are providing needed investment to the country's growing mining and energy sectors. Indeed, Mongolia's impressive economic growth since 2000 has in many ways been driven by Chinese demand (figure 4.1). According to Bill Bikales, Chief Economist for the UNDP in China, the two countries' geographic proximity and mutually beneficial economic systems together constitute a framework for potential economic exchange that could turn Mongolia into a 'Canada' in relation to China's 'United States' (Interview 3).

On closer examination of the two countries' economic relations, however, there is little reason to view Mongolia's position on China's periphery with such optimism. While Mongolia's GDP has benefited from increased Chinese-based economic cooperation, the pattern of such cooperation has in many ways retarded the country's own domestic growth. In regards to trade, the majority of Mongolian exports to China are in the form of raw materials that China then processes and re-sells back to Mongolia as a higher priced import, creating what Farmer calls an 'unequal exchange' between the two states (Farmer 1999:12). This, in turn, has widespread negative impacts on aspects of Mongolia's domestic economy such as manufacturing as China's ability to provide cheap alternatives undermines the incentive for domestic development. Moreover, China's dominant position in relation to Mongolia, best viewed as a core to periphery asymmetrical relationship, has resulted in what Krugman notes is a 'relaxation of financial restrictions' on the outflow and inflow of funds, thereby increasing the country's financial dependence on Chinese investment and aid (Krugman 2000:1-2).

The result of the two countries' asymmetrical trade relationship is the increased dependency of Mongolia on China and China's subsequent growth in influence over Mongolian economic structures. While this chapter will not argue that China has sought out this dominant position intentionally, it nevertheless holds that the PRC has developed what Strange calls an 'unconscious power' or the ability to exercise power 'by "being

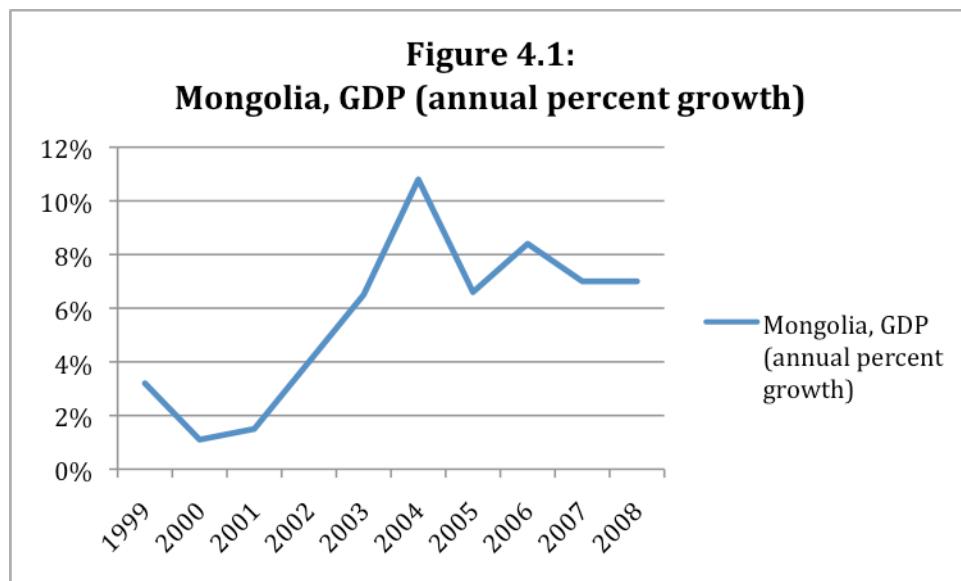
there" without intending the creation of exploitation of privilege or the transfer of costs or risks from oneself to others' (Strange 1996:26). China's 'unconscious power' is most evident in Mongolian policy makers' seeming inability to enact protective legislation that could insulate Mongolia's domestic economy from over-dependence on China or to enact a trade agreement that would benefit not only those domestic sectors, such as mining, in which China has a vested interest, but Mongolia's domestic economy in general.

This increased dependency is driven in large part by regionalism. Whereas world trade during the decade following Mongolia's transition to democracy and a liberal market economy (1991-2001) increased 177%, intra-regional trade in East Asia grew 304% during the same period, indicating most new trade in East Asia was between East Asian states (Ohashi 2006:72). In 2008, the World Trade Organization (WTO) noted that trade between Asian states for 2007 accounted for 50% of total trade, placing it, as a region, on par with North America and the EU as one of the three regions worldwide with the highest level of intra-regional trade (WTO 2008b:9). These instances of expanded regional integration and cooperation indicate that East Asia is now increasingly driving its own economic growth. This shift in trade patterns away from extra-regional multilateralism is best understood through the concept of regionalism in so much as the term refers to informal networks of economic overlapping and integration (Liu & Regnier 2003:7).

Indeed, key to East Asian regionalism is that such increases in regional trade did not occur due to formal trade agreements or institutionalism but rather through an autonomous process driven by market forces (Munakata 2006:133). In this sense, East Asian regionalism is not a simple reproduction of trading blocks represented by the North American Free Trade Agreement (NAFTA) in North America or the European Union but rather is based on non-institutionalisation and non-discrimination in international and trade economic policy, or what Columbus calls a 'soft-open' regionalism. East Asian regionalism exists because East Asian countries' economies are complementary 'in terms of production factor endowments and economic structures' while having geographic

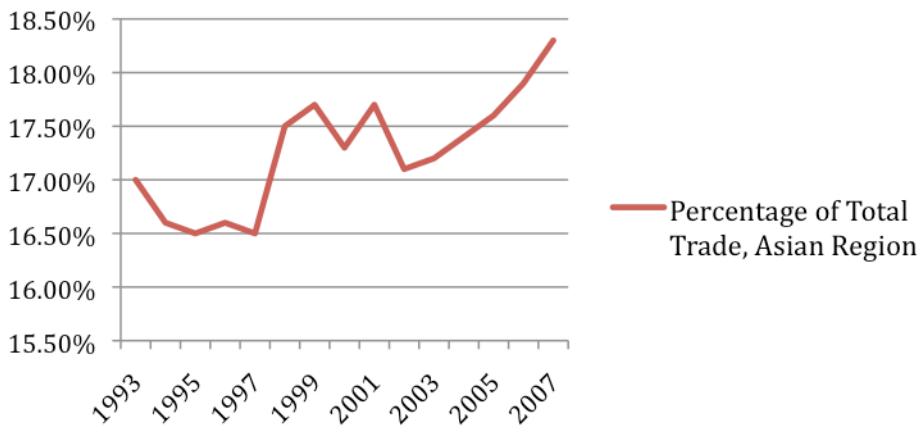
proximity to one another and often sharing a common cultural and ethnic history (Columbus 2006:107).

For China, inter-regional trade has become increasingly important as within the last fifteen years the percentage of China's overall foreign trade that is inter-regional has steadily grown (figure 4.2);(Moore 2003:101). Moreover, while it is still much smaller in economic terms than Japan, China is arguably East Asia's regional hub in terms of manufacturing, population, culture, and geographic location. This increasing regional economic dynamic in which China forms the core has massive implications for Mongolia's domestic economy, particularly as the overall percentage of Mongolia's trade with China has grown exponentially since 2000 (figure 4.3).



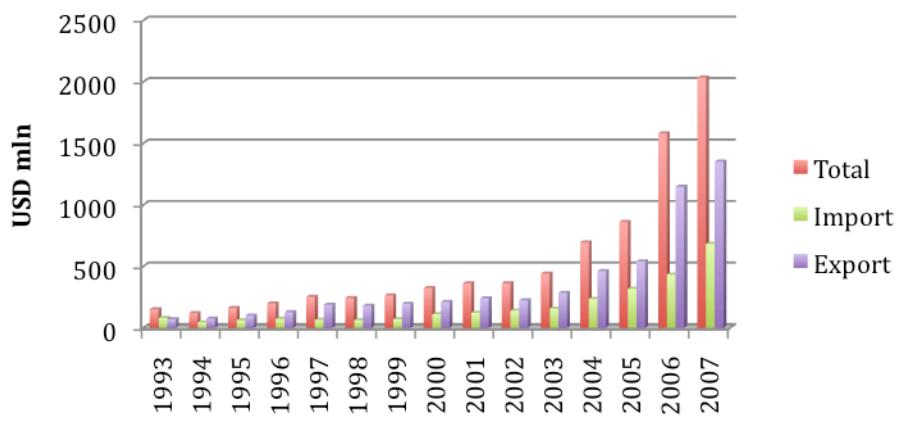
Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

**Figure 4.2:**  
**China, Percentage of Total Trade, Asian Region**



Source: Data derived from National Bureau of Statistics, *China Statistical Yearbook 1993-2008*, 2009.

**Figure 4.3:**  
**Mongolian Total Trade With China**



Source: Data derived from National Bureau of Statistics, *China Statistical Yearbook 1993-2008*, 2009.

#### 4.1 China's Economic Foreign Policy Toward Mongolia

According to Jeffrey Liang of the Asian Development Bank, China's foremost economic interest in regard to Mongolia is in securing a dominant position in the country's newly emerging mining sector so as to strengthen its regional supply chains of minerals such as

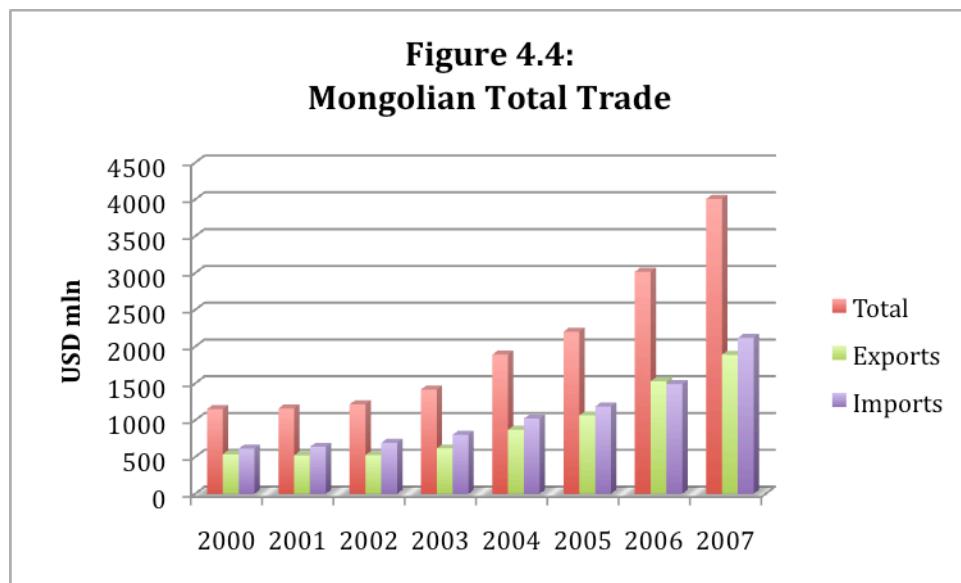
copper, gold, and coal (Interview 14). In order to pursue these policy ends, the Chinese government has employed what Alden, in his work on Sino-African relations, describes as a ‘traditional strategy of linking investment to tie-in projects and providing lower labour costs in the form of less costly managerial staff and introducing their own contract workers’ (Alden 2007:13). Such Chinese investment tends to focus on infrastructure building as related to trade and development of mining-related infrastructure.

This strategy, in turn, has helped small and medium sized Chinese firms, as well as Chinese products, penetrate the domestic Mongolian economy. Clear examples of this, examined in further detail below, are the growing presence of Chinese companies and workers involved in infrastructure development in relation to mining and transportation and the numerous shops in Ulaanbaatar and the Mongolian countryside that are stocked with low-cost Chinese imports. As, according to Huang, many of these ‘private’ firms may retain direct or close relations with China’s larger state owned enterprises (SOEs), this growth of Chinese-based companies in Mongolia translates into increasing ‘unconscious power’ for the PRC (Huang 2008:13).

In this sense, while professing a foreign policy of ‘no political strings’, China’s involvement in Mongolia’s domestic economy may be part of a larger strategy that has as its ultimate goal the occupation of a dominant position in the Mongolian market as well as the establishment of the PRC as the engine for the country’s domestic growth. Conversely, China’s increasing leverage in Mongolia’s economy may simply be the natural consequence of the size of its presence. Regardless of the initial motivation behind Chinese decisions to use infrastructure development to assure access to Mongolia’s minerals, that the situation has led to increased Mongolian dependency is clear. The remainder of the chapter will examine the ways in which this dominance has limited the Mongolian government’s ability to institute protective legislation to ensure Mongolia’s economic autonomy.

## **4.2 Mongolia’s External Trade**

Mongolia's mineral wealth, China's demand for such resources, and the Mongolian Customs Law of 1996 that severely limits the government's ability to regulate trade have all contributed to the PRC becoming Mongolia's largest export partner, absorbing 74% of all Mongolia's exports in 2007 (figure 4.13). At the same time, a lack of development in the country's manufacturing industry and the inflow of cheap Chinese goods have helped raise China to Mongolia's second most important import trade partner (Ministry of Industry and Trade 1996:1); (United Nations Economic and Social Commission for Asia and the Pacific 2006:9). While increased trade with China has contributed to substantial growth in overall trade (figures 4.2 and 4.4), so, too, has it led to economic dependency that has the potential to undermine the benefits associated with growing trade. This is most evident in that Mongolia exports all its resources unprocessed while importing goods for which it then does not develop a domestic production capacity.



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

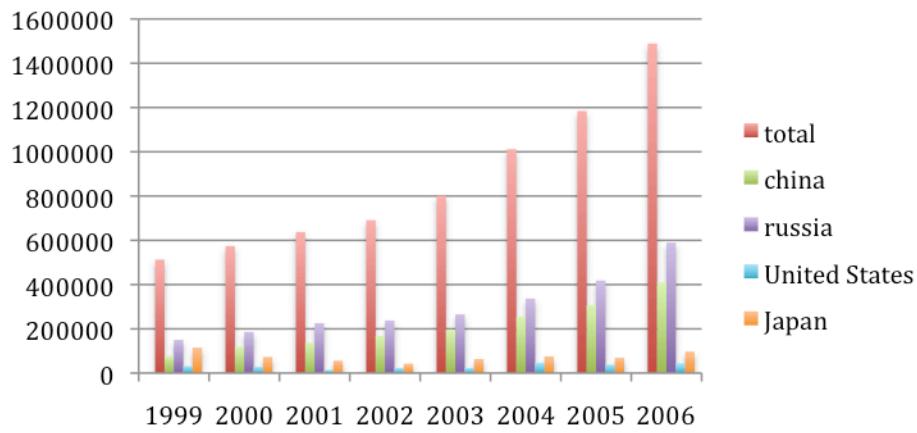
Indeed, not content with its current access to the Mongolian import/export markets, the Chinese government has actively sought to further its trade relations with Mongolia by investing in trade-related infrastructure and pushing forward trade agreements. In 2006, the Chinese and Mongolian government, under the auspices of the Asian Development Bank and CAREC, signed a USD5 million Trade Facilitation Project meant to foster

bilateral trade by improving custom's cooperation, infrastructure, and transportation (Asian Development Bank 2007). In November 2007, officials from Mongolia's Ministry of Industry and Trade met with their Chinese counterparts in Beijing for a joint task force meeting to discuss ways to further the project.

The Chinese government also uses the IMAR's geographic proximity to Mongolia to increase trade between the two countries. In 2005, the Mongolian government and IMAR's regional trade representatives signed bilateral road transit and transportation agreements to facilitate cross-border trade in addition to those pursued at the government-to-government level between China and Mongolia (Asian Development Bank 2006:3). These agreements include dry ports development (border crossings), building refrigerated capacity, and promoting intermodalism (use of a single container and a single source of transport) at border crossings. Moreover, in line with the ADB and PRC government's plans for Sino-Mongolian trade development, plans to develop a road from the IMAR's Xinganmeng to Mongolia's Sukhbaatar city are underway. In 2006, the two governments also met to discuss the possibility of attaching the Mongolian state owned Central Region Electric Transmission Company's power cable, which currently extends to the Mongolian border town of Zamin Uud, to the Chinese power grid in Inner Mongolia.

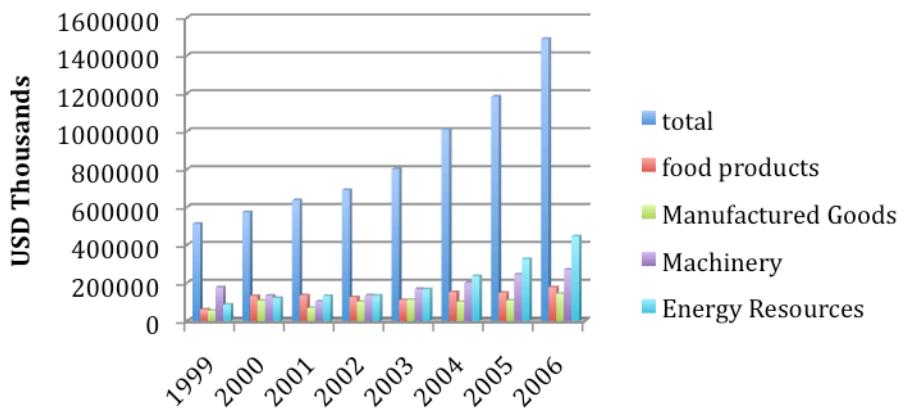
### ***Imports***

**Figure 4.5**  
**Mongolia, Imports by Country**



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

**Figure 4.6:**  
**Mongolian, Imports by Commodity**



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

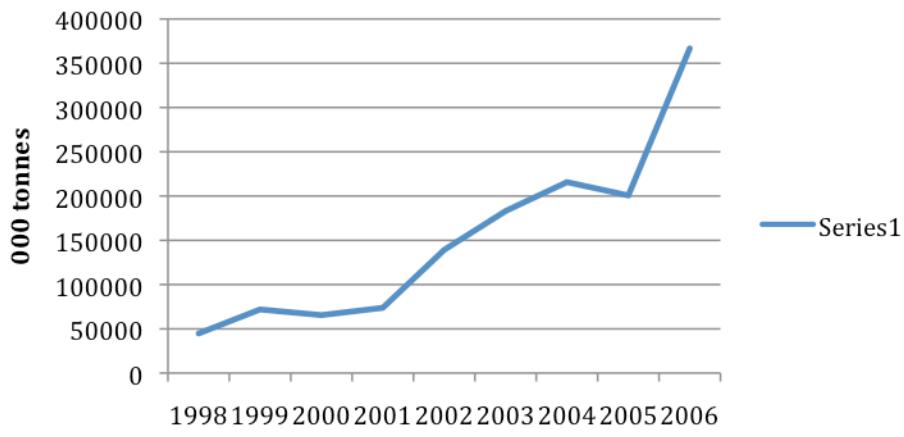
Mongolia's primary imports in 2008 consist of manufactured goods (23.8%), foods (6.5%), machinery equipments (13.5%), and energy resources (25.6%), all of which are either cheaper to import than produce or for which Mongolia lacks domestic production ability on a substantial scale (Foreign Investment and Foreign Trade Agency (FIFTA)

2007). As opposed to exports, for which the bulk goes to China, the sources of Mongolia's imports are more diverse with the Russian Federation remaining the most important import relationship in Mongolia's trade portfolio. This is, however, changing as the percentage of imports originating from China is growing substantially year by year and now threatens to overtake Russia's dominance (figure 4.5) (European Commission 2007:4). While Mongolia also receives imports from other countries, including Japan, Korea, and the European Union, such trade is inconsequential in that collectively all imports from those three countries amount to less than 25% of total imports while both Russia and China account for more than 30% each (World Trade Organisation 2007).

### *Oil*

Although overall trade relations with Russia are decreasing, Mongolia is almost entirely dependent on Russian oil. In 2007, Mongolia imported 769.6 thousand tons of oil products, 95% of its total oil consumption, from Russia's OAO Rosneft Oil Company, at a total cost of USD533.5 million (World Bank 2008:3). The remaining 5% of Mongolia's domestically consumed oil is supplied by Kazakhstan while a nominal amount comes from China in the form of Mongolian oil exported in crude form, processed in Inner Mongolia, and re-imported. This import dependency, the only one of Mongolia's major imports not originating from China, is likely to continue into the near future as supplies are, according to J. Doljinsuren of the UNDP, both established and cheap (Interview 12). Any reduction of oil imports from Russia, therefore, will only come when and if Mongolia is able to develop its own untapped oil reserves to meet domestic demand, which figure 4.7 shows is increasing, or in response to a shift in economic and political relations with Russia.

**Figure 4.7:**  
**Mongolia, Oil Production**



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

### *Manufactured Goods*

From 2003 to 2007, China's share of Mongolia's overall import market grew from 27% to 32% while Russia's simultaneously fell from 45% to 35% (Ministry of Industry and Trade 2007a). Most of China's increasing imports to Mongolia can be attributed to an increase in the demand of manufactured goods and consumer products (Foreign Investment and Foreign Trade Agency (FIFTA) 2007) (figure 4.6). Making up around 27% of total imports, manufactured goods from China include electric and mechanical equipments (13.6%), transport vehicles and their spare parts (8.5%), construction equipment (2.1%), textiles and textile related products (1.5%), electric appliances (0.8%), wood products (0.6%), and foot and headwear (0.1%) (Ministry of Industry and Trade 2008a). As Chinese articles are often cheaper and of higher quality than those produced in Mongolia, domestic production in Mongolia has slowed or disappeared altogether.

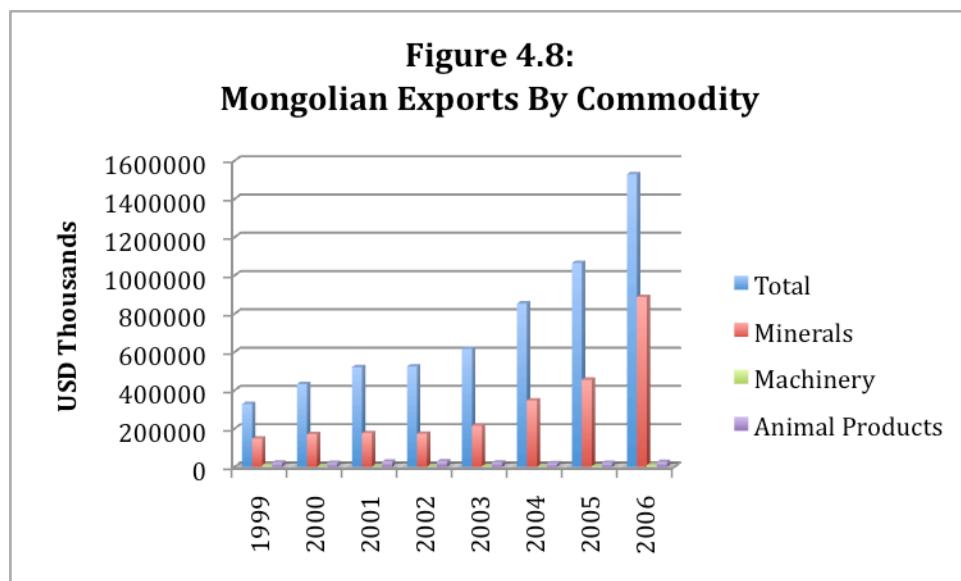
### *Foods*

More than any other import, Mongolia is linked to the Chinese market for its food imports. While a small amount of cereals and breads come from Russia, more than 90%

of all non-meat foods in Mongolia originate from China. These include poultry and fish, vegetables, fruits, tea, rice, wheat flour, sugar, soft drinks, and beer—all items difficult or impossible to produce in Mongolia itself (Ministry of Industry and Trade 2008). Indeed, one need look no further than the local markets for evidence that Chinese foods dominate Mongolia’s food imports as more labels are written in Chinese than in Mongolian.

While such dependency on imported foods, according to Patrick Evans of the Food and Agriculture Organization (FAO), is not uncommon for small countries such as Mongolia in which extreme climate and proximity to a agricultural production centre, such as China, make domestic production of fruits and vegetables untenably expensive, rising food costs in China have contributed to an estimated 5 percentage points to Mongolia’s 2007 15.1% inflation (Interview 25);(World Bank 2008:3).

### ***Exports***

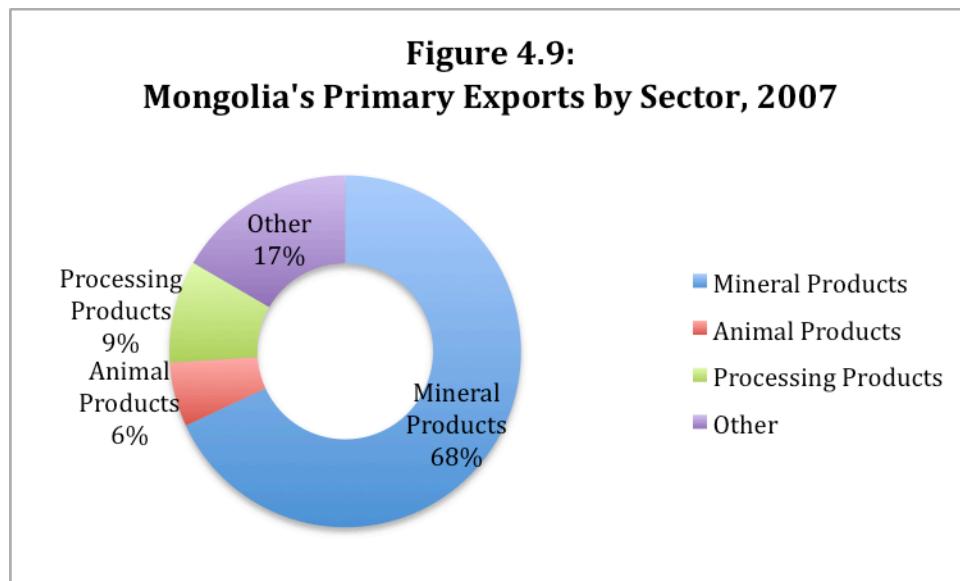


Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

Important in regard to Mongolia’s recent economic growth (over 6% annually for the four year period between 2002-2006) is the country’s sizable mining sector, particularly such minerals as copper and gold (figures 4.1 and 4.4); (Gooptu 2007:5). Indeed,

estimates for the percentage mining accounts of overall GDP are around 30% of total value while constituting almost 68% of total export earnings (Environmental and Social Development Department 2007:1). The state-owned Erdenet Copper Mine alone, the largest active mine in the country with a capacity of producing 24 million tonnes of high grade ore a year, generates almost 25% of Mongolia's foreign reserves, accounts for 45% of all exports, and provides the Mongolian government with about one-quarter of total government spending (Environmental and Social Development Department 2007:17).

Of lesser importance to Mongolia's exports, while its secondary industry, are Mongolia's animal products. Constituting just 5.9% of overall exports in 2007, down from 6.9% in 2006, animal products, primarily cashmere, while still considerable in that they constitute a large percentage of Mongolia's non-mineral related production, are receiving less and less domestic attention as the country turns its resources towards developing the country's mining sector (figure 4.9).



Source: Data derived from Ministry of Finance, Foreign Investment and Foreign Trade Agency (FIFTA), *FDI 1990-2007*, 2008.

*Minerals*

Nearly 70% of Mongolia's mineral exports go to China; a number likely to increase as China's industrialisation continues over the next several decades and China secures a even more dominant position in Mongolia's mining industry (Asian Development Bank 2007a:150). An indication of the growing importance of the Chinese market for Mongolian mineral products is the growth of exports between 2005 and 2006 from 56.6% to 67%, respectively (The Economist Intelligence Unit 2006:17).

### Copper

The most important Mongolian export to China is copper. In 2006, Mongolia exported nearly 600,000 tons to China, making it by far the most important mineral resource in the country's export portfolio (Ministry of Industry and Trade 2008a). Moreover, the closeness of Mongolia's copper extraction and Chinese demand is likely to increase as, at present, China's need for copper seems almost insatiable. The PRC is now the world's largest consumer of copper, consuming more than 20% of global copper supplies in 2003, and increasing its imports of the mineral 250% from 2000 to 2003 alone (Commodity Research Bureau 2005:291). As Mongolia's undeveloped Oyu Tolgoi copper and gold deposit, estimated to be one of the largest in the world with a capacity of producing more than 1 billion tonnes of copper and 330,000 ounces of gold annually for at least thirty-five years, is in the south Gobi desert near the Mongolian-Chinese border, all prerequisites for a long-term linked trade relationship seem to be in place (Asian Development Bank 2007a:151).

### Gold

In 2006, Mongolia exported 15,378 kilos of gold almost exclusively to China, down significantly from the previous year's 23,811 kilos (Ministry of Industry and Trade 2008a). Yet this is not an accurate indication of the overall level of gold trade between the two countries because it does not take into account the significant black market economy (*xar zax zeel* in Mongolian). According to Luke Distelhorst of Ivanhoe Mines, the level of legal gold traded between China and Mongolia has, in recent years,

plummeted as small and medium sized mining companies, particularly Chinese invested firms, have taken to smuggling gold out of Mongolia for sale in the Chinese market in order to avoid the Mongolian government's significant windfall tax. As much of Mongolia's gold is mined illegally to begin with, that a large percentage of it enters the Chinese market circumspectly is quite natural (World Bank 2008:2).

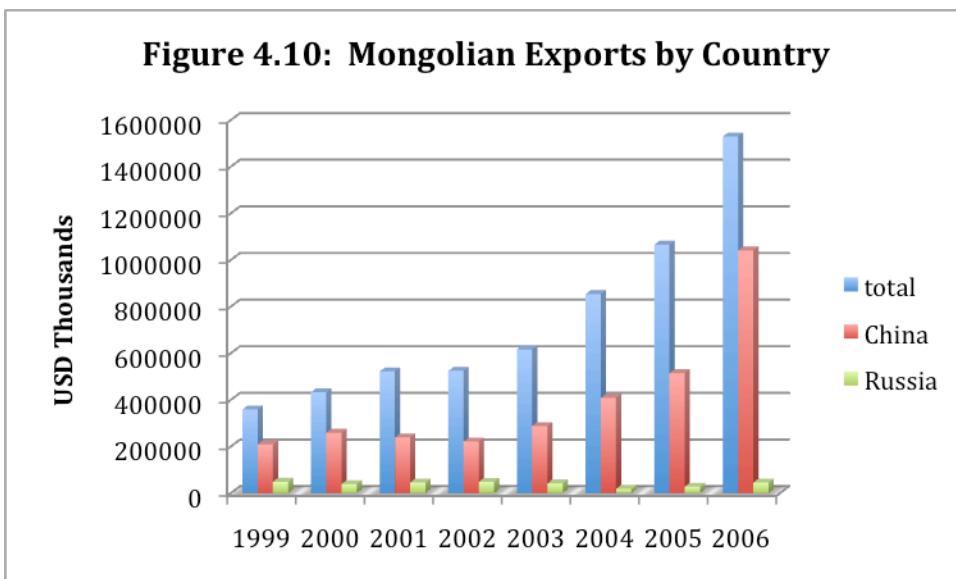
### *Animal Products*

While for most of the 1990s, animal related textile products, such as cashmere, drove Mongolia's export economy, in the past decade a major shift towards the mining industry, severe winters, and animal disease have all contributed to large-scale decreases in production and investment in animal husbandry. Indeed, from 2001 to 2005, Mongolia's total output of woollen products dropped from 43.1 thousand metric tons to 33.5 thousand metric tons while other animal related products, such as leather, experienced even more drastic declines (16.7 thousand to 3 thousand tons from 2001 to 2005) (International Monetary Fund 2007:55). In total, animal and agricultural products made up less than 5.9% of Mongolia's total exports in 2007, plummeting from 27% in 2003 (Foreign Investment and Foreign Trade Agency (FIFTA) 2007); (World Trade Organization 2007).

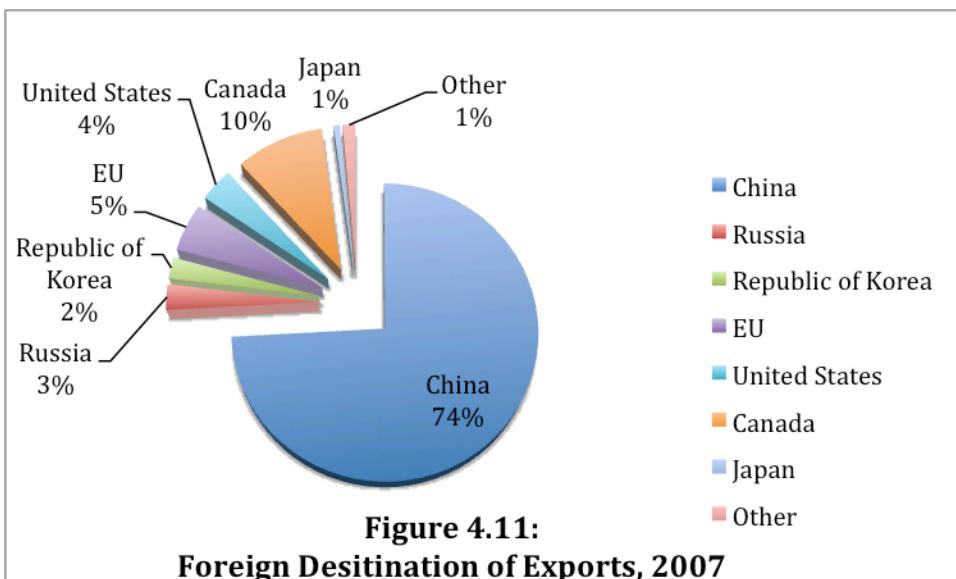
Of this percentage, exports to China are increasing while exports to the other countries are in decline (Asian Development Bank 2007a:150). In relation to meat products, Mongolia has been unable to raise its production and storage facilities to meet with more industrialised nation's food safety standards and, as such, has seen its share of the foreign market slip in recent years (World Bank 2008:20). As food safety issues do not, according to Patrick Evans of the FAO, hinder exports to China to the same degree as to Japan or Korea, Mongolian herders look more and more to the Chinese market for sale of their goods.

As for cashmere, a growing trade of legal and illegal skins between Mongolia and China's IMAR, where much of the production takes place, has not only intricately tied

the two industries together, but also weakened Mongolia's domestic ability to process cashmere at a competitive price. This, in turn, has lead to further dependency on the Chinese market.

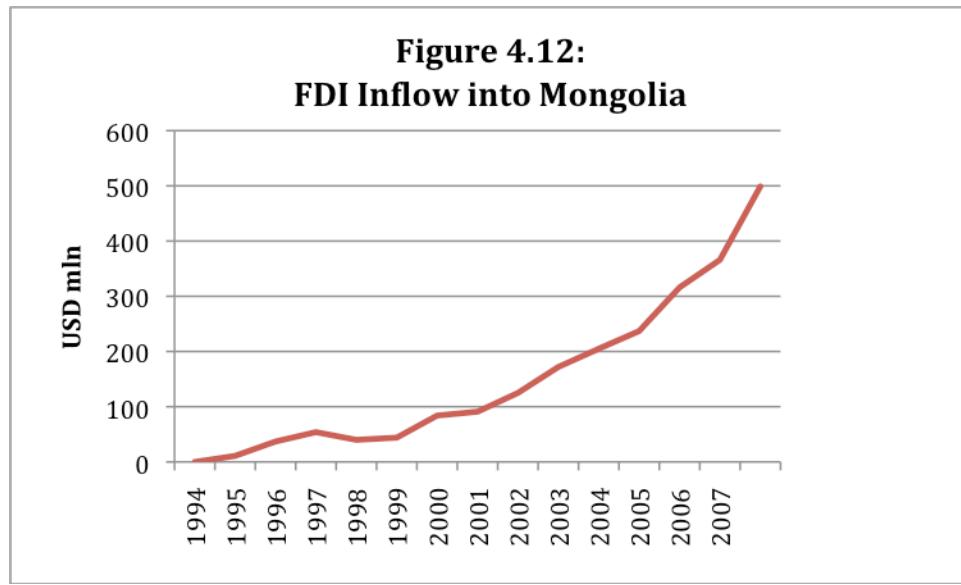


Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.



Source: Data derived from Ministry of Finance, Foreign Investment and Foreign Trade Agency (FIFTA), *FDI 1990-2007*, 2008.

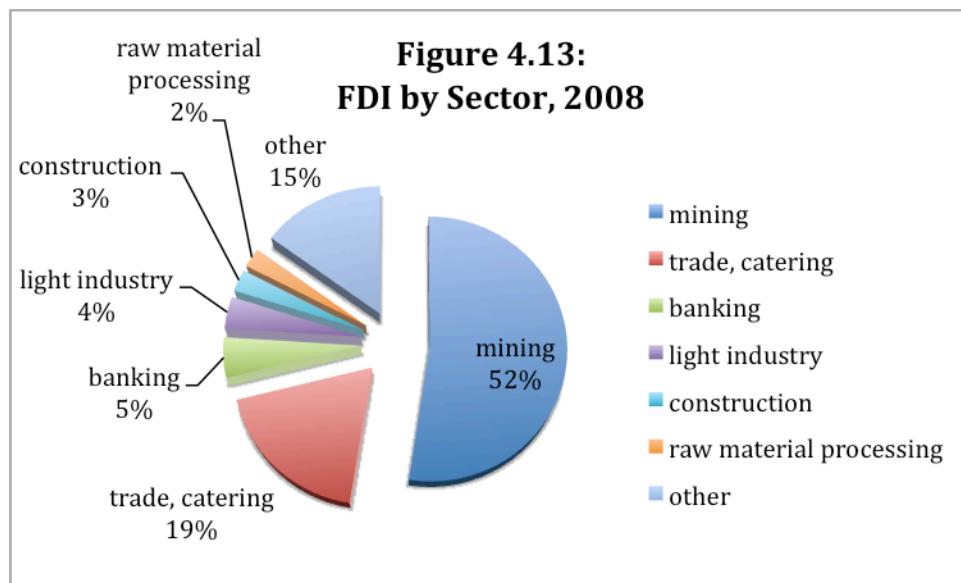
#### 4.3 Foreign Direct Investment



Source: Data derived from Ministry of Finance, Foreign Investment and Foreign Trade Agency (FIFTA), *FDI in Mongolia*, 2008.

Foreign Direct Investment (FDI) in Mongolia has averaged 5.2% of overall GDP for the ten year period between 1996 and 2006, while increasing, on average, around 80% each year between 2000 and 2007 (figure 4.12) (United Nations Staff 2005:59). This impressive inflow of foreign funds is well above the average for East Asia and three times the amount of the low-income country group to which it belongs (Gooptu 2007:11). While most FDI occurs between larger, wealthier countries, Mongolia's mineral deposits make it a particularly attractive investment destination for both regional and international funds. Indeed, since 1990, Mongolia's mining sector has been the largest recipient of FDI at 52.5% with trade and consumer food products ranking a distant second with 18.7% of total FDI received (figure 4.13) (Foreign Investment and Foreign Trade Agency 2008). As the country's main mineral resources have yet to be tapped, and as, according to L. Vanjildorj of the ADB, mining industry experts consider the country to be a 'next' generation energy provider, it is very likely Mongolia will continue to receive high-levels of FDI in its minerals sector in the near future (Interview 17).

The question then remains whether the Mongolian government will enact domestic legislation to encourage FDI or choose instead to protect the country's resources from foreign dependence and possible dominance. Moreover, of particular significance for any discussion of China's role in Mongolian FDI, whether such legislation has the potential to increase Mongolian's dependency on the PRC.



Source: Data derived from Ministry of Finance, Foreign Investment and Foreign Trade Agency (FIFTA), *FDI 1990-2007*, 2008.

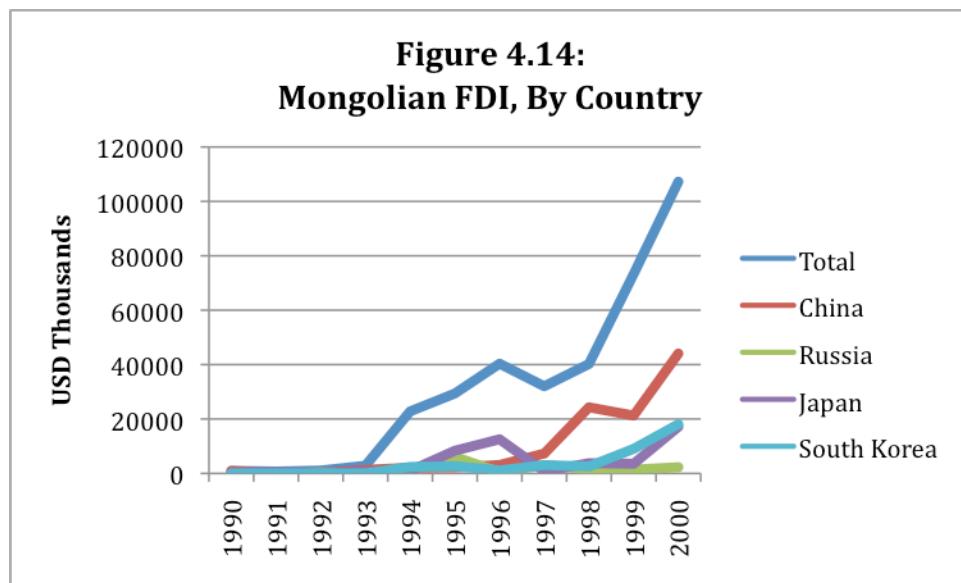
There is no question that the Mongolian government increasingly views FDI as the means to develop its private sector beyond the level of domestic investment at present. This is most evident in the Mongolian Foreign Investment Law that allows for a range of choices for foreign investors. At present, and excepting resources that are deemed 'nationally strategic', a foreign company or investor has the right to own one hundred percent of a Mongolian-based company. Foreign owned companies are not restricted as to what industries or geographic areas in which they might invest (with the exception of nationally protected areas) (Ministry of Industry and Trade 2008b). Types of foreign investment include wholly owned foreign firms, partially invested firms with a Mongolian partner, direct investment in stocks, shares and other securities in Mongolian business entities, and purchasing shares in any business (foreign or national) operating in Mongolia. Moreover, the Foreign Investment Law guarantees foreign investors the same

rights and opportunities as Mongolian investors (Ministry of Industry and Trade 2008b). This legislation has led to a trend in which the number of Mongolian-based companies that are fully foreign owned accounts for one-third of all Mongolia's companies (Permanent Mission of Mongolia to the United Nations 2007).

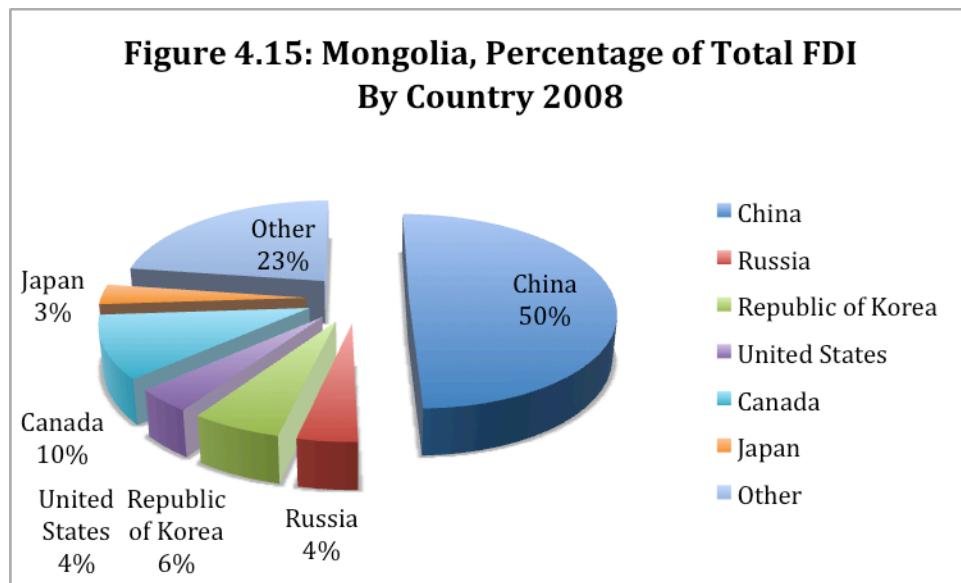
While the Mongolian government does impose limitations on land ownership, petroleum extraction, and strategic minerals deposits, these limitations are far from protectionist. Indeed, they have proven rather easy for smaller investors to circumvent, as detailed in the following case study on Chinese investment in Mongolia's mining sector. In relation to land ownership, foreign companies can own building structures while leasing the land for a term of up to ninety years or simply buy the land outright through a Mongolian intermediary. While determining what exactly constitutes a strategic mineral deposit is at the government's discretion, a greater challenge is site development and extraction without foreign investment or mining technology (International Trade Administration 2007:1). Indeed, while the Mongolian government has debated at length the need to keep mining projects such as Oyu Tolgoi under state control, the reality, according to Luke Distlehorst of Ivanhoe Mines, is that without foreign investment, expertise, and good mining practices, Mongolia's mining sector will not develop beyond exploration of mineral deposits, be they 'strategic' or not.

That this investment environment has been particularly beneficial for the Chinese government and Chinese businesses is evident in the increase in the overall percentage of Mongolia's FDI represented by Chinese-originating funds (figure 4.14). Throughout the 1990s, Chinese originating FDI to Mongolia accounted for around a 24% annual average. This number increased in the early 2000s to 47% with the clear majority going toward the mining industry (Gooptu 2007:48). In 2008, the PRC was responsible for 50% of total foreign direct investment (FDI) in Mongolia, 90% of which went to small and medium sized mining projects while the remaining 10% focused in consumer food products (Foreign Investment and Foreign Trade Agency 2008). Yet, according to L. Nyamtseren of the Mongolian Ministry of Finance, the actual amount of Chinese FDI may, in fact, be far greater than the actual registered statistics (Interview 15). Indeed, during an interview,

L. Vanjildorj of the ADB in Ulaanbaatar stated most Chinese prefer to use Mongolian intermediaries for investment so as not to risk Mongolian nationalist backlash to their investments.



Source: The Economic Research Institute for Northeast Asia, *Foreign Direct Investment in Mongolia 2003*, 2009.

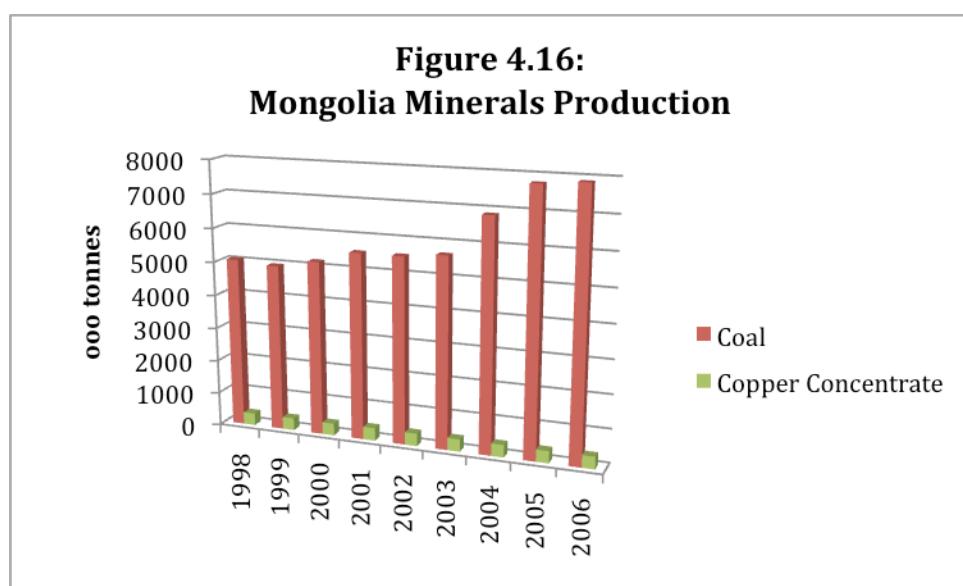


Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

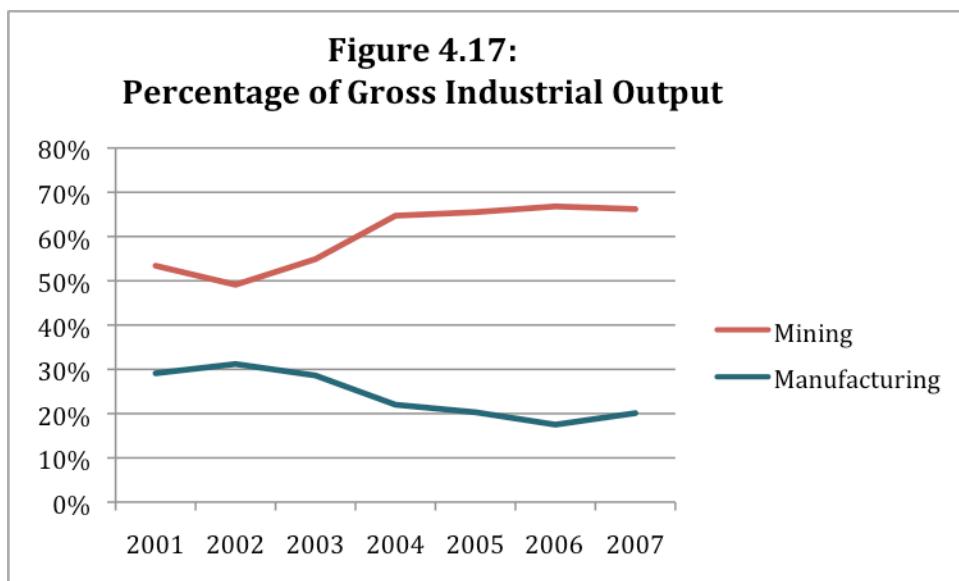
With 3769 registered companies in the country, Chinese invested businesses occupied 49% of Mongolia's total foreign invested companies, leading second ranked Republic of Korea, with 19%, by a substantial margin (Foreign Investment and Foreign Trade Agency 2008). Of this sizable number, a small amount are in the mining sector (while receiving by far the most investment) while the majority, according to J. Doljinsuren of the UNDP's Mongolian mission, are engaged in food and textile trade and construction (interview 12). Indeed, according to J. Doljinsurn, whereas throughout the 1990s small merchants involved in trade were common in Mongolia, since the early 2000s, Chinese invested firms have pushed out the Mongolian middleman by establishing Mongolian-based importing companies that bring foods and textiles from China into Mongolia. Many of these investors, according to Ts. Batbayar of the Ministry of Foreign Affairs (MOFA), are Inner Mongolians and speak both Chinese and Mongolian and, as such, have considerable advantage.

The following case study will examine more closely China's role in Mongolia's mining industry. It will do so to demonstrate the degree to which Chinese businesses have penetrated Mongolia's principal domestic sector.

#### 4.4 Mongolia's Mining Industry: Chinese Investment



Source: Taken from Economist Intelligence Unit, *Mongolia: Country Report 2008*.



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

Mongolia's mining sector, consisting of close to 80 minerals including coal, copper, gold, iron, silver, and fluorspar, is the country's economic foundation (Tse 2007:1). It is the largest industry in terms of gross industrial output (GIO) as well as the lead recipient of FDI despite the relative underdevelopment of its largest reserves (figure 4.16 and 4.13). On the surface, it is also an industry in which the Mongolian government has succeeded in securing a broad array of foreign actors so as to maintain plurality while implementing legislation so that the country can maintain a forceful, often dominant position in any mine considered of 'national importance'. Yet on closer examination it becomes evident that state-backed Chinese mining giants such as Shenhua Group Corp., Aluminium Corp. of China (Chinalco), and Qinghua are positioning themselves so as to dominate Mongolia's largest deposits while small and medium sized private and/or public Chinese firms have already penetrated the country's small scale and artisan mining industry to a significant degree. While the Mongolian government has in recent years attempted to realign the country's mineral laws so as to maintain either public or private 'Mongolian' control over the industry, in many ways the laws thus far enacted have allowed for greater dependence on Chinese-based firms. While it is unlikely that such was the

Mongolian government's intention, that no attempts have been taken to rectify what is becoming more and more a publicly acknowledged dependence on Chinese investment and firms is indicative of a failure to protect the country's economic security from over-dependence on China.

For the Chinese government, Mongolia's nascent mining industry is an opportunity for the PRC to ensure access to regional deposits of coal and copper that are secure in terms of supply lines without having to compete from the disadvantaged position of entering the market as a late comer (Downs 2004:23). To this end, Chinese state-managed mining companies have actively sought permission to develop Mongolia's key deposits, most of which remain un-mined, or partnerships with those companies that have already secured licenses to extract minerals from the country's most promising deposits. Indeed, Chinese firms have taken and are taking concrete steps to secure as dominant a position as possible in all of Mongolia's most important, undeveloped large-scale mines.

Mongolia's two most promising mines are the Oyu Tolgoi copper-gold deposit and the Tavang Tolgoi coalmine. Both are located in the Southern Gobi desert within 100 kilometres of the Chinese border and both are considered among the largest known deposits in the world. While Canadian mining giant Ivanhoe Mining Ltd. has explored and begun development at Oyu Tolgoi, the Mongolian government has not yet issued Tavang Tolgoi's mining license. The Chinese government has taken active steps to be involved in both projects.

In February 2008, the Chinese government-run Chinalco purchased a 9 % stake in the Anglo-Australian mining firm Rio Tinto and in February 2009 sought unsuccessfully to increase this percentage to 18 % in what would have been the largest Chinese investment in a foreign firm to date (Rio Tinto 2009). Among the advantages of such an acquisition for the Chinese state would have been access to Mongolia's Oyu Tolgoi mine through a profit sharing agreement already in place between Ivanhoe Mines Ltd. and Rio Tinto. According to the two companies' agreement, Rio Tinto has the right to acquire up to 46 % in the Oyu Tolgoi mine, giving Chinalco a substantial window into the project (Tse

2007:2). Despite its failure to secure a larger share in Rio Tinto, the Chinese government's 9% still allows it substantial involvement with the development of Oyu Tolgoi. Moreover, it gives the Chinese government direct access to the world's largest copper mine and the ability to import the majority share of the projected 1 billion pounds of copper the site is capable of producing annually for 30 years. Indeed, at the time of writing, the Mongolian government had committed to building a toll road directly from the mine to the Chinese border.

In a more direct fashion, in February 2009 China's Shenhua Group Corp made a bid for 49% development rights for the Tavang Tolgoi coalmine, located just 33 kilometres from the Chinese border (Hantulga 2009). Industry estimates believe the site to be the world's largest undeveloped coalmine, containing more than 6 billion tonnes of coking and thermal coal (SouthGobi Energy Resources 2009). In support of its bid, the Shenhua Group Corp, a Chinese SOE, has committed to building a USD687 million dollar railway capable of transporting 60 million tons of coal and copper annually from Tavang Tolgoi to Baotou City in Inner Mongolia (Chinamining.org 2009). It has also promised to build three coal-powered energy plants in Tavang Tolgoi's vicinity with direct lines to Inner Mongolia.

While not on the same scale as Oyu Tolgoi and Tavang Tolgoi, Inner Mongolia's Qinghua Group has partnered with Mongolia's largest state-owned mining company, Mongolyn Alt, to develop a number of smaller, albeit substantial, mines in the Southern Gobi. Most important in regard to the two companies' joint development is the Nariin Sukhait coalmine thought to have 125.5 million tons of coal located on the Mongolian-Chinese border (Adorno & Wyller 2009).

While Chinese SOEs are moving into prominent positions in Mongolia's mining industry, such as those described above, the real penetration of Chinese firms into the country's mineral sector is arguably taking place in small and medium sized mining operations throughout the country. Government officials such as Ts. Batbayar, Counsellor for Mongolia's Ministry of Foreign Affairs (MOFA), and L. Nyamtseren, counsellor to the

Mongolian Ministry of Finance (MOF), both agree that Chinese firms and foreign direct investment now dominate Mongolia's active small and medium sized mining industry. While no measurement of how heavily Chinese firms are invested in Mongolia's small scale mining is available (over 6000 licenses to mine are currently 'active'), Sh. Altantsetseg, in-resident economist for the World Bank based in Mongolia, stated during an interview that the number of 'Mongolian' small and medium size firms either partly or totally Chinese financed most likely make up the majority of active Mongolian mining companies.

The difficulty in determining the number of Chinese firms operating in Mongolia's small and medium size mines comes from lack of transparency in the smaller firms; a situation the Mongolian government has largely ignored. According to a 2006 report on transparency in Mongolia's small and medium sized firms conducted by the Dutch Technical Bureau for Mining Engineering and Minerals Economics (TBB), more than 76% of the firms surveyed were either completely closed or 'inadequately' transparent, while an additional 12% were only 'half' transparent (Enkhjavlan 2007). These firms, according to the report, routinely hide their management structure, funding activities, and often do not disclose their operational base. Those transparent enough to determine ownership were reportedly all either wholly Chinese owned, as in the case of the Xin Bai mining company, or Chinese partially-financed, such as the Monjap, Tomortei Huder, and Hustai Eroo companies (Enkhjavlan 2007).

### ***Protective Measures***

According to L. Nyamtseren, the Mongolian government has, since 2006, passed a number of 'good' laws aimed at curbing the state's overdependence on Chinese firms for development of the country's minerals' industry and instituting more government control over the industry and profits derived from minerals. For L. Nyamtseren the three most significant are the government's revision of the 1997 mineral licensing law, the Mineral Windfall Tax, and the implementation of the Citizen's Input Law. Each is worth examining in brief in order to determine whether the Mongolian government has

successfully redirected the economy so as to increase government control and decrease dependency on China.

In 2006, the Mongolian government revised the existing 1997 Law on Mineral Resources, which allowed firms regardless of nationality to mine and extract all minerals for which they obtained a license, so that only a Mongolian citizen could obtain a license for mineral extraction. Yet L. Nyamtseren noted during an interview that this policy, conceived to restrict Chinese involvement in Mongolian mining, has largely failed. According to L. Nyamtseren, Chinese businessmen have simply skirted the restriction by using Mongolian front men for licensing purposes while retaining full control over the mines (Environmental and Social Development Department 2007:35). In this sense, the legislation, far from regulating Chinese investment in the country's mineral sector, has succeeded only in creating skewed statistics that make it impossible for the Mongolian government to collect reliable information on Chinese investment in Mongolian-based mining companies. This, in turn, limits the state's ability to mitigate a growing over-dependency on Chinese companies for development of the mining sector and effectively undermines the legislation's original purpose.

Also in 2006, the government introduced a windfall tax of 68% on all copper and gold mined in Mongolia once the value exceeds USD6500 a ton for copper and USD500 an ounce for gold (Asian Development Bank 2007a:151). While the longer-term implementation and effects of the tax are still uncertain, Luke Distelhorst, Ivanhoe's Corporate Communications Assistant for Mongolia, claims that the short-term effect has been an increase in cross border smuggling in order to avoid the tax and an overall lessening of investment by non-Chinese foreign firms that believe the Mongolian government is moving to nationalise the nation's most important mines (Interview 16). As Luke Distelhorst believes small and medium sized Chinese firms carry out most of the smuggling as they are largely able to avoid oversight due to their size while also maintaining connections inside China for the product once it is successfully outside Mongolian borders, it seems as if the windfall tax has also empowered Chinese-based firms where its original intention was to mitigate such an effect.

Lastly, and specifically designed with small and medium sized companies in mind, is the ‘Citizen’s Input’ clause the Mongolian government inserted in the 2006 Law on Mineral Resources. The legislation was designed so that local Citizens Representative Committees (CRCs) would have the right to review, with the option to reject, any mining application made for use of their regional lands. According to the legislation, the local community has 30 days to organise, conduct a review of the application, and submit its majority decision back to the Minerals Resources and Petroleum Authority (MRPAM) before the license is automatically issued. The measure’s purpose was to give the Mongolian people more say over the development of their lands while empowering them with more oversight into what type of firms could operate in their regions (Finch 2008).

The ‘Citizen’s Input’ measure, too, has fallen short of its stated goals. Whereas rural communities are theoretically given say over how their local lands are developed and whether a mining company can operate in or around the collective lands, the reality of such practice has proven elusive as oftentimes the residents are either informed too close to the end of their thirty day period to successfully organise or are simply not informed at all. During a tense ‘Citizens Lecture on Mining’ seminar at the Mongolian National University in May 2008, informed Mongolian residents attacked ministers from the MRPAM and Mongolian mining company representatives, accusing them of withholding information about potential mine developments so that communities were effectively cut off from the process. Pressed to establish a website listing all proposed mining licensing so that Mongolia’s civil society could inform local communities, a government spokesman for the MRPAM responded that such measures were too complicated and unlikely to develop. The inability, or seemingly unwillingness, of the Mongolian government to provide local communities with real tools to regulate regional mining at a grassroots level, assuming Chinese firms have a large share in Mongolia’s small scale mining as described above, has further allowed increased Chinese penetration into the domestic industry despite potential social objections against their presence.

While such Chinese investment is contributing to Mongolia's overall growth, the Mongolian government could counterbalance its dominant presence throughout Mongolia's minerals industry by focusing on relations with 'third neighbours'. Indeed, Canada, British, United States, and Australia firms are all active to a lesser degree in Mongolia's mining sector and could potentially replace Chinese demand and investment with alternative funding. Nevertheless, the Mongolian government has been unable to cultivate these alternative actors so as to maintain any real diversity and, as such, risks developing an overdependence on Chinese investment that could translate into what Handel calls a 'patron-client relationship' (Handel 1990:132). Such an asymmetrical economic relationship has the potential to lead to a dependency relationship in which Mongolia's mineral sector, as well as other aspects of its economy, is, according to Santos, 'conditioned by the development and expansion of another economy to which [it] is subjected' rather than in such a way as to maintain economic security for Mongolian in general (Santos 1970:231).

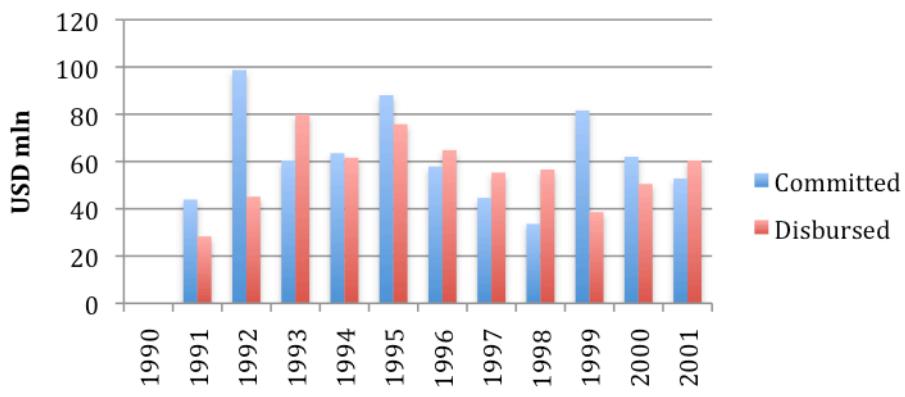
The failure of the above three pieces of legislation aimed at curbing over-dependence on any one nation is, in this sense, indicative that the Mongolian government has perhaps already lost its ability, or willingness, to act autonomously in regard to the country's mining sector.

#### **4.5 Overseas Development Aid (ODA)**

Since 1991, Mongolia has received around USD2.4 billion in overseas development aid (ODA) at an average of USD300 million annually (figure 4.18). Constituting more than 15% of Mongolia's total GDP, it is one of the highest recipients of foreign aid per capita in the world (United States Aid and Development Agency (USAID) 2007); (Asian Development Bank 2007b). Until the present, Mongolia's primary bilateral ODA sources were Japan, the United States, and Germany while ODA funding was primarily used in line with the donor agencies social development agendas (Swedish International Development Agency (SIDA) 2006). Yet in recent years, due in part to Mongolia's economic growth and its three-year consecutive budget surplus, ODA from traditional

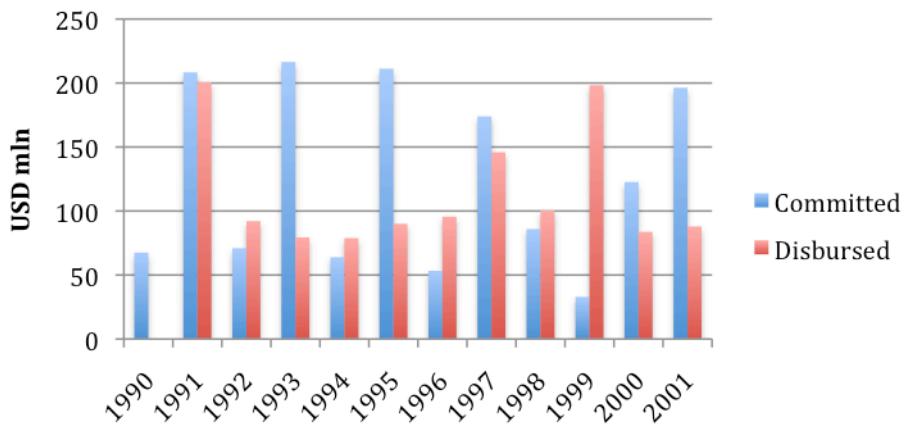
donors has been declining (World Bank 2008:4). Moreover, non-traditional sources of ODA have become increasingly active in Mongolia's development sector, either through direct ODA or concessional loans. This is particularly true in relation to China.

**Figure 4.18:  
Mongolia, ODA Commitments and  
Disbursements: Grants, 1990-2001**



Source: Data Derived from Economic Cooperation, Management and Coordination Department and Treasury Department, MOFE 2002, 2009.

**Figures 4.19: Mongolian, ODA Commitments  
and Disbursements: Loans, 1990-2001**



Source: Data Derived from Economic Cooperation, Management and Coordination Department and Treasury Department, MOFE 2002, 2009.

According to J. Doljinsuren, Economist for the United Nations Development Programme (UNDP) in Mongolia, the Mongolian government is now in the process of redefining the country's use of ODA by shifting the focus of funding from 'donations' to 'technical support'. While ODA in Mongolia has traditionally gone to address more immediate social and financial issues such as balance of payments, education, transport, and health development, in 2007, the Mongolian government announced its intention to redirect ODA towards developing the country's private sector rather than simply addressing what it claimed were short-term social problems (World Bank 2008:12). Indeed, during an interview, L. Nyamtseren of the Mongolian MOF stressed the need to readjust Mongolia's ODA implementation policy away from 'stop gap' programmes designed to 'put out fires', towards future development issues.

While the new government focus towards developing the private sector is, according to J. Doljinsuren, in line with some of the its major donors agenda (USAID, JICA, and GTZ all have economic development projects as part of their overall country plans), the lack of clear development priorities, the absence of a legal framework to regulate ODA to the private sector, and the decision to disregard other aspects of its donor organisation's agendas has led to a reduction in overall aid and a new found tension in Mongolia's NGO and INGO donor community. These newfound challenges to ODA implementation have also been noted within Mongolian civil society by Mongolian-based NGOs such as the Mongolian Development Research Centre (MDRC) and the Mongolian Development Institute (MDI) (Nyamtseren 2007:193). Whereas all donors agree with the Mongolian government's decision to focus on long-term, economic growth, the Mongolian government's insistence that the private sector should receive the majority of ODA, coupled with the government's well-known tendency towards corruption, is creating a division between the Mongolian government's and the international donor organisation's future development plans for Mongolia.

According to J. Liang of the ADB, the Chinese government has steadily increased the amount of monetary assistance in the form of aid and loans it provides to Mongolia while also further developing its technical assistance to the country in the form of the United

Nation sponsored Technical Cooperation Among Developing Countries (TCDC) programme. While direct aid from China, according to B. Gaadulam, Department of Policy and Coordination for Loans and Aid, Mongolian Ministry of Finance (MOF), is nominal compared to that Mongolian receives from Japan, it is increasing and much more in line with current Mongolian governmental development objectives and is considered important because of its regularity and reliability (Interview 5).

B. Gaandulam, the government official responsible for arranging for Chinese aid, noted that the Chinese and Mongolian governments have an ‘unwritten’ rule in relation to aid that includes one or two high-level political visits each year where the Chinese government will pledge somewhere between RMB50-100 million for projects usually related to mining infrastructure or construction. B. Gaadulam noted that the Chinese government is notorious for strictly dictating where and how such aid will be used and the Mongolian government particularly accommodating at accepting direction, particularly as the Chinese-side does not attach any other concessions to the aid. This trend is particularly noteworthy as it seems to go against China’s doctrine of non-conditionality and non-interference when providing foreign aid.

Up until the present time, China has provided aid almost exclusively for housing and transportation, assisting with the private development of Ulaanbaatar’s infrastructure. Notable examples of Chinese direct financing are the ‘Elderly and State Employees Apartment Districts, 2002-03’ project for which the Chinese government provided the Mongolian Ministry of Construction and Urban Development (MCUD) a USD5.1 million grant and the ‘Renovation of UB’s Roads and Increase of Road’s Capacity, 2005-2007’ programme for which it provided the MCUD USD2.5 million. While the ‘Renovation of UB’s Roads’ project has not been renewed, the “Elderly and State Employees Apartment Districts’ project has been extended to 2007-2010 with a new Chinese financial commitment of US7.5 million (Ministry of Construction and Urban Development 2008).

Recent trends in direct aid from China are both increasing and focusing more on industrial infrastructure development, particularly related to the mining sector.

According to J. Doljinsuren of the UNDP, as of 2008, the Chinese and Mongolian governments were in discussion about a USD20 million grant for infrastructure related to developing transportation in and around Oyu Tolgoi and Tavang Tolgoi mines in Mongolia's southern Gobi Desert. While J. Doljinsuren pointedly mentioned that such investment is hardly direct aid as it is so politically laden and not addressing any direct need of Mongolia's greater social and economic development (most especially as such development is far more needed in other parts of the country), that the Mongolian government is increasingly finding this sort of aid attractive is evident (Interview 12). Indeed, the state's desire to develop areas of private sector importance ahead of social priorities is an indication that Chinese 'type' aid will become more desirable as the Mongolian government seeks to develop in line with its own priorities. Indeed, B. Gaadulam of the MOF noted that while all Chinese aid is usually highly political in that it goes towards industries and sectors in which the Chinese have a heavy influence such as mining or energy, the Mongolian government does not consider the Chinese-side's political or economic agenda. This is due to the increasing tendency among government officials to view Chinese interests as compatible with their own drive to develop the country's private industry and refreshingly free of social conditions usually present in other state or INGO development agendas.

This is particularly true in the case of the USD300 million loan (USD240 million at 2.76% annual interest; USD60 million at 1.75%) the Mongolian government took in 2006 from the Chinese government for development of mining and mining related projects, infrastructure, and trade capacity between the two nations. While the MOF publicly insisted to the media the loan was concessional in nature, for the Mongolian Law on Coordination for Loans and Aid does not allow the government to take commercial loans, B. Gaadulam of the MOF admits that the loan is, in fact, commercial and is likely the first of many from China. While the Mongolian government now has the funds, according to World Bank Economist, A. Shiilegmaa, it has not yet determined how to spend them (Interview 2). As such, the state is now sitting on a large amount of money that other donor agencies believe largely makes their smaller amounts less effective and less welcome. Indeed, A. Shiilegmaa stated that in taking the loan, the Mongolian

government alienated many of its traditional donor partners and saw aid in general lessen in 2007 and 2008.

It is possible to view 2007, then, as a turning point from the types of aid Mongolia has traditionally received to those it is likely to receive from China in the future. For at the same time the Mongolian government took the loan from China—a ‘no strings attached’ loan for which the Mongolian government could develop the private sector—it was also engaged with the United States government, through its Millennium Challenge Corporation (MCC), to receive a USD285 million grant for poverty relief and railway development (Millennium Challenge Corporation (MCC) 2007). According to Bill Bikales of China’s UNDP, the negotiations were extremely prolonged and frustrating for the Mongolian government as so many conditions were attached to the funding (Interview 3). Moreover, as of early 2009, the American government still had not dispersed the funds to the Mongolian government as it had not fulfilled parts of its requirements, such as establishing an anti-corruption mechanism for internal dispersal of MCC funds, and threatened to wholly withhold the grant if the Mongolian government did not immediately comply with the agreed upon terms. As the Mongolian government has reached a new stage of economic confidence with 9% growth in 2007, a rising mining sector and rising international energy costs, and a closer relationship with China, the same pressures to accept foreign intervention in its domestic development strategy are not as great as they once were. While the government is certain to eventually alter its behaviour to fulfil the requirements to receive the MCC grant, that it has waited as long as it has to do so is a keen indication that the country’s attitudes towards ODA is changing.

## **Conclusion**

Mongolia’s periphery position in relation to China, its mineral wealth, its immature economy, and China’s energy strategy of developing regional supplies of minerals to increase the security of its own economic development all contribute to the country’s economic dependency on the PRC. So, too, has the Mongolian government’s decision to

focus on immediate high-levels of GDP and private sector growth rather than on what Strange calls ‘enlightened, long-term national interests’ such as protecting the country’s weak domestic industries from Chinese competition, allowed for the Chinese state and Chinese businesses to entrenched themselves in the country’s key industries (Strange 1996:17). While such an economic policy has, as earlier shown, led to rapid growth, so, too, has it led to a furthering of a Mongolian-Sino asymmetrical relationship that has extended to almost every sector of Mongolia’s domestic economy.

Through larger scale investment into Mongolia’s Oyu Tolgoi and Tavang Tolgoi, as well as penetration into the small and medium sized mining sector by Chinese companies, many of which may be state funded, the Chinese government has succeeded in securing either full or partial control over the industry’s financing, production, knowledge, and security. This, in turn, translates into the Chinese government having increased structural power over Mongolia’s most important non-renewable domestic economic sector. As, according to Strange, those countries with structural power are in a position to ‘change the range of choices open to others, without apparently putting pressure directly on them to take one decision or to make one choice rather than others’, the PRC, as the core state, has gained, and continues to gain, an increased position of dominance in its already asymmetrical relationship with Mongolia (Strange 1998:39). This asymmetrical relationship will in turn lead to strengthened dependency for Mongolia as the increased costs and risks of acting against the Chinese government’s directive will make it ‘less easy to make some choices’ than if the Mongolian state or businesses controlled the industry’s structural power (Strange 1998:39). As, according to L. Nyamtseren, mining is the county’s economic ‘life blood’, loss over the ability to determine how the industry develops is truly a loss of economic autonomy.

China’s increased investment in Mongolia’s minerals sector has also translated into greater trade between the two countries as shown in the correlation between the growth in mineral production in Mongolia and trade volume between the two countries (figures 4.2 and 4.4). This trade relationship is asymmetrical in so much as China is by far Mongolia’s most important trade partner while the amount of imports China receives

from Mongolia, and the value of exports it sends to the country, are nominal in terms of China's larger trade portfolio (figure 4.2). Furthermore, as the majority of Mongolia's exports to China are raw, unprocessed minerals, the two countries' trade relationship is clearly, according to Farmer, an unequal exchange more beneficial for China as it has the means to process Mongolia's resources, thereby making value-added items which Mongolia often re-imports (Farmer 1999:12). This unequal exchange inhibits the development of Mongolia's domestic economy as the country's manufacturing sector suffers tangentially with the mining industry's further growth (figure 4.5). In this sense, the Mongolian state is losing control over its productive resources while becoming increasingly dependent on the Chinese government and businesses for basic stable imports such as food, manufactured goods, and machinery (Santos 1970:231). This dependency, in turn, translates into increased Chinese structural power and what Strange calls an increased ability to 'shape and determine the structures' within which Mongolia must operate (Strange 1998:24-25).

So, too, does the growth of Chinese FDI in Mongolia have the potential to stymie development in the country's domestic economy as it shifts the Mongolian government's development priority towards the mining sector, thereby undermining support for other industries, such as manufacturing, while also repatriating profits earned to China that are often greater than the Chinese companies' initial investments (Haber 1997:10). Chinese-based FDI is also allowing for small and medium sized Chinese companies to enter and potentially dominate non-mining related sectors as, given Mongolia's increased dependency on Chinese trade, Chinese merchants have both financial and logistical advantages that make it easier for them to import Chinese goods to Mongolia.

The change in ODA trends in Mongolia also fits clearly with this chapter's argument that the country is becoming more and more dependent on China in so much as, according to Moon, 'foreign aid becomes [one more] transaction which serve to create an asymmetrical integration of economic, social, political, and cultural systems, and, consequently, produces a distortion in the foreign policy behaviour of the weaker dependent state' (Moon 1983:321). A clear example of this occurred in January 2009

when the Mongolian government announced its plans to request a USD3 billion dollar loan from the Chinese government in order to provide liquidity to the state's struggling banking sector as well as develop future trade ties to the PRC (Sonin 2009). The government's decision was unexpected in that it exemplified a remarkable departure from the state's professed 'third neighbour' policy, by which it uses its relations with countries such as the United States, Japan, and those in the European Union, to balance dependency on Russia and China. It was also perplexing in what appears to be a total disregard for Mongolian identity concerns. Indeed, shortly after the announcement was publicised, the Mongolian media responded ferociously to the idea, accusing both the MPRP and Democratic Party of driving the country into poverty with their policies and then selling the Mongolian people to the Chinese out of greed (Sonin 2009).

## **Chapter Five: China's Effect On Mongolia's Environmental Security**

The following chapter will draw on concepts from both weak state and dependency theories in order to analyse Mongolia's post-Cold War environmental security in relation to China. It will do so by focusing on the domestic factors that have contributed to environmental insecurity while also examining the state's foreign policy response where applicable. From a domestic perspective, the chapter will rely on weak state theory to examine the state's institutional development and environmental management since its transition away from a socialist government. From a systems-level perspective, it will pay close attention to its ability to maximise on its weakness through cooperation within the international system while closely examining the role economic dependence plays in the government's foreign policy. The chapter will approach Mongolia's environmental security in line with Buzan's classification of its different components into disruption of ecosystems, energy problems, population problems, food problems, and economic problems (Buzan, de Wilde, & Wæver 1998:74).

Domestically, Mongolia's weak interdependence sovereignty (discussed in chapter 3) and its decision to give priority to development over environmental protection have both contributed to domestic environmental degradation. Such institutional weakness and lack of state control are in line with the two main variables Harbeson and Rothchild identify in their study on weak states in Africa and resulting environmental deterioration (Harbeson & Rothchild 2000:12). This, in turn, contributes to a decrease in the state's environmental security as it is neither able to control such issues as cross border illegal wildlife and natural resource trade nor willing to slow down pollutant-causing economic activity.

At a state-level, the Mongolian government has adopted a foreign policy aimed at mitigating its rapidly deteriorating environment much in line with that Schreurs and Economy outline as a weak state strategy of using domestic environmental concerns to extract concessions from international organisations and states (Schreurs & Economy

1997:17). Indeed, the Mongolian government has sought to benefit from the country's increased economic insecurity by courting development assistance in the form of grants, loans, and technology transfers. Through the adoption of this foreign policy approach, the Mongolian state has been able to maximise on its domestic environmental degradation through regional and international treaties. In this regard, the Mongolian government has at times successfully translated the country's institutional weakness into a foreign policy advantage. While the cost-benefit of such a post-transition trend is debatable, understanding this aspect of Mongolian foreign policy from a weak state perspective is vital.

Dependency theory also provides insight into Mongolian foreign policy as it highlights the country's economic relationship with China as a major factor in its ability to protect the environment. Through a dependency theory approach, it is possible to draw a correlation between economic dependence and resources exploitation visible throughout Mongolia's domestic environmental sector. It also allows for consideration of the country's asymmetrical trade relationship with the Chinese government and Chinese business which is very similar to that which Alden describes as taking place in Africa as the Chinese government attempts to 'lock in through formal and informal means a steady supply of key resources' (Alden 2007:12).

The following chapter will, therefore, examine the degree to which Mongolia's weakness has contributed to the country's current environmental problems while also considering how the Mongolian government has maximised on this weakness in the international community. It will simultaneously consider how the state's economic dependency with China has influenced its ability to regulate the country's environmental security, used here in line with Buzan's definition that such security includes resource availability and ecosystem health, while facing growing demand from the region's economic core (Buzan, de Wilde, & Wæver 1998:74).

## **5.1 Chinese Domestic Environmental Policy**

In 2009, China was the world's leading consumer of natural resources ranging from coal to timber (Energy Information Administration 2009). While a necessary condition for its impressive economic growth, so, too, has the country's use of resources contributed to widespread environmental degradation with increasingly severe social and economic costs. The CCP thus faces the challenge of mitigating its resource consumption with policy aimed at environmentally sustainable growth (Economy 2007:211).

Moreover, as China's position in Asia and the rest of the international community has become increasingly prominent in accordance with its impressive economic growth, so has external pressure to regulate its environment increased. While the CCP has been adamant in its insistence that developed countries such as the US and those in the EU are responsible for the current global environmental crisis and that it has a right to pollute while developing economically, it nevertheless understands the importance of international environmental cooperation (MacFarquhar 2009).

To meet these new domestic and international pressures and environmental challenges, the CCP has begun to include protection of the environment in its political development agenda. In both China's tenth and eleventh Five-year Plans (2001-2005 and 2006-2010, respectively) the Chinese government raised protection of the environment to the level of a 'national priority', while casting it as an essential component for China's 'harmonious society' (*hexie shehui*) (Hua Wang & Changhua Wu 2005:273). While decentralisation of environmental regulation has allowed some provincial or township-level officials to continue ignoring the environment and resource protection for the sake of economic growth, the CCP has also taken measures to provide a centralised means of enforcing environmental protection laws. One prominent example of such development was the CCP's 2008 decision to replace the former State Environmental Protection Agency's (SEPA) with the Ministry of Environmental Protection of the People's Republic of China (MEP). The CCP has also issued New Environmental Protection Laws (EPLs) that set national standards while developing national monitoring criteria managed centrally by the MEP (Zimmerman 2005:758).

In this regard, China's future trend of economic development will steadily include more and more regulations as to resource use in order to keep pollution related issues from exacerbating domestic social tensions. Yet the Chinese government is unlikely to voluntarily slow its overall rate of economic growth for the sake of resource management. What is more likely, and, indeed, already increasingly evident, is that rather than decimate its own natural resources, China will look to increase its resource imports from its poorer, neighbouring countries with whom it has large trade surpluses (Yusuf & Nabeshima 2006:31).

As many of China's poorer neighbours such as Myanmar, Cambodia, Nepal, and Mongolia are likely to match an increased Chinese demand with increased production of natural resources, this medium-term development strategy is likely to work. Indeed, as many weak states prefer to use international firms to develop their natural resources rather than let the resources remain fallow, that Chinese businesses will also likely benefit from foreign investment in China's neighbouring resource markets is also highly likely (Hartman 2008:55).

## **5.2 Disruption of Ecosystems**

### ***Illegal Wildlife Trade***

Within the last twenty years, Mongolia has seen a large number of its species become extinct or driven to the verge of extinction because of illegal hunting and animal trade. In 2005, the Wildlife Conservation Society and World Bank estimated that illegal trade in rare and very rare animal products, primarily furs and animal parts used to make Chinese traditional medicines such as musk glands and horns, had reached USD100 million annually (The World Bank 2006b:2). According to the report, while Korea serves as a distant second destination for such goods, the overwhelming majority end up in Chinese markets.

The resulting effect on Mongolia's biodiversity has been catastrophic. For example, the Siberian marmot population, a species targeted for its fur, has decreased 75% in the last 12 years. In 2006, within Mongolian markets alone, the Mongolian Ministry of Environment reported uncovering more than 585,000 pelts while only 60,000 permits had been issued in last three years (World Wildlife Fund 2008b). According to B. Munkjargal of the Mongolian based Coping with Desertification Project (CODEP), the marmot fur trade is dominated by the Chinese who process the fur in Inner Mongolia only to resell it in the Russian market as mink. As there is little domestic demand for marmot fur in Mongolia, it is possible to directly attribute this dramatic decrease in marmot population to Chinese demand.

Some of the other Mongolian animals species adversely affected by illegal trade are Red Deer (population decline of 92% in 18 years), the Saiga antelope (declined 85% from 5,000 to 800), the argali (75% in 18 years), and the Saker falcon (30% in five years) (The World Bank 2006b:1). All of these animal species, except for the falcon, which has declined largely due to exports to Kuwait, are hunted and traded for Chinese medicinal purposes. Moreover, the grey wolf, brown bear, Siberian ibex, Mongolian gazelle, wild boar, and Yakut moose are all in danger of becoming extinct due to the increase in prices offered in the Chinese market for game meat.

According to Giovanna Dore, East Asian Environmental Specialist for the World Bank, illegal traffic of wildlife and wildlife trade are among the greatest threats to Mongolian biodiversity, as well as one of the most profitable enterprises for some Mongolian hunters (Interview 11). During an interview, G. Dore stressed that while Mongolian hunters and local governmental officials ultimately bear total responsibility, China's smugglers and wildlife traders were the principle cause of demand. Indeed, G. Dore pointedly mentioned that the World Bank had found that volume of illegal trade moving out of Mongolia was directly affected by Sino-Mongolian political relations at the time. When relations are good, illegal trade activities were high. When relations were strained, the WB found that illegal trade lessened.

Giovanna Dore also specified that such illegal trade is not Sino-Mongolian specific, but rather a larger, China-centred phenomenon that stretches across East and Southeast Asia, especially among those countries along the Mekong River. Indeed, in its comprehensive look at illegal wildlife trade in Mongolia, the World Bank notes that such trade is particularly acute in Asia as China's growing economy and the traditional custom of Chinese medicine to rely on animal products for ailments ranging from infertility to insomnia makes supplying the growing demand increasingly profitable (The World Bank 2006b:x). As many of China's periphery countries, Mongolia included, still have large percentages of their populations living in poverty, that illegal hunting and trade is increasing is line with Chinese demand in logical.

Yet despite the growing evidence that Mongolia's illegal trade is flourishing because of Chinese demand, the Mongolian government has done little to staunch the flow of illegal goods across the borders. Indeed, while Mongolian law clearly spells out the need to protect natural plants, the same comprehensive legal protection does not exist for animals (B.Tserendavva 2008). While the Mongolian government does impose restrictions on the number of animals that can be legally hunted, enforcing these restrictions is next to impossible as single hunters do most poaching and all killing of animals is justified under Mongolian law so long as the hunter claims the animal was endangering his herd (The World Bank 2006b:3). And while there are legal safeguards against cross border trade on animal goods, Mongolia's excessive shared border with China, as well as the inability of the Mongolian government to control its border points, all mean that the illegal wildlife trade will continue well into the future.

### ***Desertification***

Desertification in Mongolia is, according to B. Munkjargal of CODEP, essentially a question of 'to exist, or not to exist' (Interview 4). While in part hyperbole, B. Munkjargal's and the CODEP's position on desertification nonetheless places it as the key environmental challenge that the country faces in the twenty-first century.

While desertification in Mongolia is a component of almost every INGO, NGO, and several Mongolian ministries' agenda, there is no general consensus as to what constitutes ecological desertification. This lack of a common concept as to the extent of the problem and confusion as to how to best address it has caused rifts to form in inter-agency cooperation. For example, according to M. Munkjaragal, the CODEP, using the UN Convention to Combat Desertification's (UN-CCD) definition to include 'arid, semi-arid, and dry-sub humid areas', estimates that about 44% of Mongolia is affected by desertification. Conversely, the Mongolian Geology Institute of Academy of Sciences, using a more liberal measurement to determine how far desertification has spread into Mongolia's 'khungai', or lush regions, estimates that desertification now affects more than 90% of the country's territory (Arnalds & Archer 2000:10). While both institutions are committed to working to mitigate the affects of desertification, this fundamental gap between the two organisations' working definitions makes it difficult to coordinate a national effort against the phenomena.

What is held in general agreement among the different agencies, both governmental and nongovernmental, is that desertification is primarily a man made problem that is exacerbated by economic activity within the country. While both mining and illegal logging contribute to desertification, the primary cause in Mongolia is pastureland degradation due to the overgrazing of goats. Goats, in contrast to less damaging sheep, have both sharp hooves and snouts and that break up Mongolia's thin layer of top soil (also contributing to sandstorms). They also tear plants and grasses out by the roots rather than, like sheep, merely eating the above ground vegetation.

The massive increase of goats as a percentage of overall herds, accounting for over half of all Mongolian livestock in 2008, is the combined result of Mongolian government's policy failure to regulate the animal husbandry sector and the Chinese government's decision to impose limits on the size of its goatherds in Inner Mongolia while providing herders with low interest, preferential loans to supplement production (Poverty Reduction and Economic Management Unit 2003:10); (Ch. Sumiyabazar 2006). Indeed, the Chinese government's attempt to address land degradation in Inner Mongolia, including

decentralisation of lands, fencing, and mandatory reduction of sheep and goats as percentage of overall herds, has led to a decrease in locally produced cashmere than has contributed to the rise of cashmere imports (Zimmerer 2006:300); (Humphrey & Sneath 1999:46).

While Chinese demand has undoubtedly contributed to the Mongolian herder's decision to raise more goats despite the effect such unhealthy practices have on the country's ecosystem, the inability of the Mongolian government to implement land use regulations or to impose quotas on specific animals rather than measuring herds simply by their size in total animals has also contributed to ecosystem degradation. Indeed, much as laws regulating animal trade, a legal framework for pastureland use or herd composition is conspicuously absent from Mongolia's laws related to environmental protection and natural resources (B.Tserendavva 2008). Moreover, the Mongolian government's National Plan of Action to Combat Desertification in Mongolia (NPACD), established by government mandate in 1996 to coordinate the government's response to desertification, is, according to B. Munkjargal, a 'complete failure'. B. Munkjargal explains the plan's shortcomings as stemming from a lack of direct government funding, the absence of single department oversight, and internal ministerial competition.

The Mongolian government has sought to address its domestic challenges of mitigating desertification through regional and international partnerships and requests for development aid. It is an active participant in a variety of established programmes including the United Nations Convention to Combat Desertification, the ADB's 'Prevention and Control of Dust and Sandstorms in Northeast Asia', and the Swiss Agency for Development and Cooperation's 'Coping with Desertification Project in Mongolia' (Asian Development Bank 2005). Representatives from the Mongolian government are also regular attendees to regional conferences such as the Northeast Asian Conference on Environmental Cooperation (NEAC). The Mongolian government also receives generous aid from the ADB, Japan, China, and Korea aimed at addressing Northeast Asian sandstorms (Asian Development Bank 2005).

Notably, however, Mongolia has not been asked to participate in the region's most concerted effort to address desertification and sand storms, mainly the Tripartite Environmental Ministers Meeting (TEMM). While the group, consisting of China, Japan, and South Korea, has consulted with the Mongolian government regarding the drafting of its 'Regional Master Plan for the Prevention and Control of dust and Sandstorms in Northeast Asia', it is otherwise quite exclusionary in terms of cooperating with the Mongolian government (Tripartite Environmental Ministers Meeting 2009). This is likely due to the Mongolian government's inability to contribute resources or expertise to TEMM's efforts.

### **5.3 Energy Problems**

#### ***Illegal Logging***

The World Bank estimates as much as 80% of rural Mongolians live in or near forested or semi-forested areas upon which they depend for fuel to cook and heat their homes, offices, and schools. In many cases, wood fuels are used in winter to supplement a lack of electricity from ill-supplied coal while used almost exclusively in the summer for all energy needs. Statistics vary between organisations as to how much wood rural residents consume for fuel (UNDP estimates 1.3-1.5 million m<sup>3</sup> used annually; the World Bank 0.6-2.3 million m<sup>3</sup>). Still, all agree that such domestic use of timber sources constitutes the largest percentage of Mongolia's legally consumed wood annually (The World Bank 2006c:20).

More harmful than the degree of fuel wood collection to forest ecosystem health is the usual practice of single-consumer harvesting in which the youngest trees and brush are selected and removed, roots and all. This method of collection is incredibly destructive as it removes the possibility that the trees or underbrush might eventually rejuvenate. Such practices have also contributed to land degradation and Mongolia's overall desertification phenomena.

Yet, despite the obvious adverse effects the use of fuel woods has on the environment, the legal collection and use of fuel woods is largely the product of necessity. Moreover, while consumption of wood as fuel has increased dramatically since privatisation, mostly due to local industries using it for production, the traditional practice of using wood as fuel in the Mongolian countryside was sustainable well into the twentieth century. Indeed, under the Soviet inspired system, the distribution of energy resources was more even throughout the country, with schools and offices supplied with coal centrally rather than having to compete for it on an open market with Ulaanbaatar. This allowed consumption of wood as fuel to remain around 400,000 m<sup>3</sup> annually during the period of Soviet patronage—far below what is now considered the maximum annual sustainable consumption level (The World Bank 2006c:1).

Of greater threat to nation's forests is the larger scale illegal timber production that remains unchecked and thriving in most of Mongolia's forested areas. While it is impossible to measure the degree of illegal logging, the estimates are staggering. The government's National Statistics Office (NSO) estimates the average consumption, including legal and illegal timber production, to be around 5.51 million m<sup>3</sup>, or about five times the estimated sustainable annual harvest volume (The World Bank 2006c:26). To put this amount into perspective to average national predicted consumption, the Mongolia government has restricted annual legal harvest limits at 617,200 m<sup>3</sup>; one-tenth the actual estimated amount used.

According to Giovanna Dore of the World Bank, a large percentage of the illegal timber is sold into the Chinese markets (Interview 11). As China is now the largest importer of wood in the world, with an annual deficit of 75 million m<sup>3</sup> of wood need for economic growth, that such demand leads to increased illegal logging in Mongolia is logical (WWF 2009a).

Indeed, this trend is fitting with Chinese international lumber imports as domestic restrictions regarding logging in the PRC have forced Chinese businesses to look to less

than developed countries in Asia and Africa for both legally and illegally harvested wood (Plafker 2006); (Alden 2007:87).

While in 2005 the Mongolian government passed legislation eliminating tariffs on imported lumber while doubling the cost of domestically produced wood products in the hope to discourage wood related product exports, the massive demand for wood in the PRC has made the illegal wood trade hugely profitable and, consequently, attractive to those who might have trouble selling their illegal wood in a domestic market. This is evident in that in 2005 the Mongolian government placed a two year moratorium on the legal harvesting of the Mongolian birch because illegal overproduction, due to Chinese demand for the wood to make chopsticks, had greatly reduced domestic numbers (Ministry of Environment 2008a).

Such domestic policies have, however, had limited success as the Mongolian government lacks the internal capacity to enforce the regulation it has put into place. Indeed illegal logging, despite the Mongolian government's expansive laws against it, takes place not only in those areas designated for production, but also in Mongolia's most sacred and protected areas, such as around the nation's beloved Khosgol lake in the northern Mongolian boreal taiga forest (Ts.Tsevenkherlen 2007b). While the government has taken very specific, and often quite draconian, legislative measures to protect the forests from illegal logging, constant change in the forestry sector has led to a breakdown in the institutional base from which no single ministry has emerged as key regulator. Moreover, cross ministerial competition for resources has left it so that no single institution has the ability to enforce the government's widespread protective laws (N.Batsukh 2008:3).

The Mongolian government has made attempts to deal with illegal logging through its foreign policy by participating in multilateral programmes such as the German-led Europe and North Asia Forest Law Enforcement and Governance (ENA FLEG) and through bilateral cooperation with the Chinese State Forestry Administration (Illegal-logging 2009). While such cooperation provides the Mongolian government with additional resources and technology to direct against illegal logging, this has not yet been

sufficient to mitigate the state's underlying weakness coupled with demand from the Chinese market.

### ***Hydroelectricity***

Although Mongolia derives less than three percent of its overall energy from five mini-hydroelectric plants, the Ministry of Fuel and Energy has announced an ambitious project to dam as many as 20 of Mongolia's smaller rivers in the near future. Part of 'national renewable energy program', the damming is aimed at providing remote areas with a steady supply of energy not dependent on coal (Ministry of Fuel and Energy 2008a); (Kurikawa 2007:54). While 17 of the projected sites for damming are still in the initial funding phases, three sites-- Durgun, Taishir, and Orkhon--are under construction in western and central Mongolia.

While looking to hydroelectricity to solve its regional energy shortages began in the 1950s with Soviet assistance in constructing five mini-dams using water diversion channels, the Mongolian government's current and professed future plans are a large break with the past in their scope and ambition. While current hydroelectric energy from the five stations collectively produce 3.1 (MW) of energy, the Durgon dam is projected to produce 12 (MW) and Taishir 11 (MW). The Orkhon, in contrast, seeks to solely generate enough energy to supply the Oyun Tolgoi and Tavang Tolgoi copper and gold mines in Mongolia's western Gobi (World Wildlife Fund 2008a).

Despite the government's commitment to hydroelectric development as one approach to solve the state's chronic electricity shortages and to lessen energy dependency on Russia and China, the cost-benefit of constructing such large-scale dams is, at best, questionable. Up to the present, Mongolia's hydroelectric energy sector has remained underdeveloped because past attempts to use hydroelectricity have proven extremely unproductive. This is in large part because Mongolia's rivers remain frozen for the majority of the year. Indeed, the only viable months Mongolia has been able to use hydroelectricity are from May to October. Moreover, Mongolia's numerous rivers and streams are not substantial

in size or flow capacity and, even more problematic for the government's grand scheme, are drying up in large number due to water demands from Ulaanbaatar, global warming, desertification, and deforestation (World Wildlife Fund 2007:2).

Moreover, while Mongolia has extensive laws in place regarding the fees for water and mineral water use, including provisions for taxing income derived from hydroelectric production, no current legislation exists regulating who can construct a dam and under what circumstances a dam can be constructed (B.Tserendavva 2008:129-130). This stark omission of government regulation and oversight has allowed projects to go forward without an environmental impact assessment (EIA).

The cost of damming Mongolia's rivers has been great, especially among the poor and rural communities. A prime example of the environmental and social cost these projects have is in the widely publicised case of Ogii Lake *soum*. This small village of around 3,000 residents, situated on the UNESCO and Ramsar registered Olgii lake, is now threatened with the prospect of having to move because of water pollution and shortages caused by an upstream dam. The dam, one from the Soviet era sold by the government during the transition, is now privately owned. The owners of the dam, however, claim they lack the funds to maintain the dam and operate in an environmentally conscious way. Indeed, when threatened by the local government to regulate the flow of the river so as to provide Ogii Lake with enough water to maintain its ecosystem, the private company threatened to start charging Ogii *soum* for water. The response by many of the residents of Ogii was to move as they saw little sense in fighting for a dying lake when they had no control over the source (Ts.Tsevenkherlen 2007a).

Nevertheless, the Mongolian government has largely ignored the high social and environmental cost of damming its rivers as, according to U. Tungalag, Environment Practice Manager of Mongolia's UNDP, it sees such development as an opportunity to modernise its energy sector. Moreover, as Chinese FDI is financing two of the three major damming projects mentioned earlier, the Mongolian government has little to gain in the short-term by stalling their development.

The Durgon dam, financed by the Chinese firm the China Water-Conservancy Investment Company (a subsidiary of China Shanghai (Group) Corporation For Foreign Economic & Technological Cooperation (SFECO)), is a case in point of the haphazard way in which the Mongolian government is allowing the dam building industry to move forward (China Shanghai Corporation For Foreign Economic & Technological Cooperation 2008). The government-approved project, implemented without an EIA, has generated huge opposition from local residents and civil society. Indeed, a World Wildlife Fund conducted EIA on the dam's construction found that the position of the dam will directly affect Khar-Us Nur Lake—the largest freshwater lake in western Mongolia—by causing severe fluctuations in the lake's water level. WWF noted that these fluctuations will in turn affect the freshwater habitat of aquatic flora and fauna such as birds, fish, and surrounding herds that rely on the lake's plants and water to survive (World Wildlife Fund 2003:1). The same EIA also reported that the entire western region could be supplied more efficiently and cheaply with supplies from Russia if the local power grid were improved to include the *suoms* and *bogs*. Considering the adverse affects of the dam coupled with the nominal output, which nevertheless will require extensions in the existing power grid, the overall project is questionable in motive and effectiveness.

The Orkhon dam, also partially Chinese financed, is another questionable hydroelectric project. Indeed, according to U. Tungalag, NGOs and international organisations in Mongolian widely regard the dam as a Chinese pet project with no real benefits for Mongolia other than supplying power to the copper mines in Mongolia's south. This perception comes from the fact Rio Tinto, of which the Aluminium Corporation of China (Chinalco) owns 9%, is involved in the mining and also in the process of negotiating a direct rail line from the mines to Inner Mongolia so as to expedite exporting extracted minerals directly to China. In this sense, Chinese demand for Mongolia's minerals would be the key consideration behind the Orkhon dam rather than the overall benefit to Mongolia's domestic development. This perception would increase even further were the dam to lead to environmental pollution (Dyer 2008).

Notable is how Chinese businesses, often government run, have undertaken similar dam building projects throughout Africa for economic purposes with little or no regard for social or environmental consequences (Alden 2007:88); (Manji & Marks 2007:66-68). Examples of this are evident in Chinese dam construction in Mozambique, Sudan, and Zambia (Manji & Marks 2007:66-68). All three projects reportedly involve environmental degradation, forced migration, or human rights abuse. In this sense, it might be supposed that various Chinese businesses have opted to use their dominant economic position in relation to weaker states to push forward such projects despite the social cost to the country within which they are constructed.

#### **5.4 Population Problems**

Dependency theory explains population problems in developing countries by examining the role such variables as industrialisation of the periphery's core, overreliance on foreign capital, and economic stagnation in more remote areas play in mass in-migration and urbanisation (Smith 1996:14). It assumes an urban bias in foreign investment that results in an increased accumulation of capital in large cities and a resulting rural 'brain drain' as labour forces leave the countryside. The consequences of this type of population movement are decreased economic activity in the country's more impoverished, isolated areas and an overburdening of city facilities and resources.

Further, dependency theory notes that as more and more of a country's population moves towards urban areas in search of economic opportunity, populations within the cities experience high levels of unemployment, decreased quality of services, material inequality, and increase instances of 'marginalisation' (McLean & Kromkowski 1991:118). Rather than contributing to the development of cities, in-migration resulting from economic dependency causes the deterioration of infrastructure conditions and social services such as healthcare, education, and sanitation. Dependency theory explains this by noting much of the country's wealth is exported to core states, further undermining the weak state's government's ability to provide social goods.

In this regard, dependency theory is particularly relevant to understanding Mongolia's post transition population problems, particularly in-migration and urbanisation, as the socio-economic consequences have largely been negative. Indeed, as the World Bank notes that in-migration and urbanisation in Mongolia since 1991 has been the direct result of the country's transition to capitalism and increased economic opportunity in the capital, assuming an economic motivation behind the phenomenon is entirely appropriate. Such a perception would further imply that foreign direct investment and foreign trade have been the primary drivers behind the country's demographic shift (World Bank 2009).

While it is not possible to attribute Mongolia's in-migration directly to its economic dependency on China, the two countries' relations do play an important enough role in Mongolia's domestic economic system that it is without a doubt a variable necessary to consider. Of course, the ultimate responsibility for the worsening environmental conditions in Ulaanbaatar caused by population strain rests with the Mongolian government. But as a weak state, it is limited as to what it can do to mitigate such deteriorating conditions.

### ***Uncontrollable Migration***

An estimated one-half of Mongolia's entire population lives in or around Ulaanbaatar, with more residents leaving the countryside each year for the state's capital. Proportionally, the resulting population concentration, according to G. Dore of the World Bank, is only matched in Asia by Thailand's Bangkok where one-quarter of the nation's population live. Moreover, according to N. Sureen, Assistant Representative of Mongolia's United Nations Population Fund (UNFPA), an average of around 25,000 new residents arrive in Ulaanbaatar annually with the numbers increasing each year. In a speech presented to the 2005 National Summit of Migration, the Chairman of the Parliament Standing Committee on Social Policy, Professor S. Lamdaa, likened the current situation to a direct threat to national security (Parliament Standing Committee on Social Policy Ministry of Social Welfare and Labour 2006:20).

Key challenges of this in-migration for Ulaanbaatar are increased pressures on already existing urban infrastructure and the transfer of rural to urban poverty. Indeed, as many migrants to Mongolia's capital are former herders who have lost their livestock due to harsh winters or economic concerns, they often lack the skills to make the transition from animal husbandry to Ulaanbaatar's service sector (Asian Development Bank 2007). In this regard, uncontrolled migration from Mongolia's countryside to Ulaanbaatar is a two fold social and development challenge for the Mongolia government in that both the city and rural areas suffer economically, environmentally, and socially as a result.

Mongolian legislation is *laissez-faire* in addressing the issue of in-migration. According to the 1992 Constitution, Mongolian citizens have the freedom to move and live where they wish, without constraint or regulation. The Mongolian government is, therefore, limited to what it can do and what it seems willing to do. Thus far, the government has attempted to record, not control, migration with a series of laws related to registration. The key piece of legislation in this regard is the 2004 'Rules of Registration of People Moving in Mongolia' which requires any new resident to register with the local municipal authorities after 180 days in a new location (National Statistical Office of Mongolia 2007:27).

Another indirect method the Mongolian government has of attempting to address the migration issue is by encouraging regional development through its 2003 rural development strategy (RDS). More specifically, through its 2003 'Law on Regionalized Management and Coordination', the Mongolia government has specified eight 'Pillar Cities' throughout the country which could serve as economic alternatives for migrants who seek a better life than that they are able to find in the countryside. While allocating 500 million tugriks (USD500,000) for the project in 2003, none of the eight pillar cities has shown a net increase in migration while many continue to show increasing loss of population. Moreover, according to the World Bank and ADB, the 'Pillar Cities' programme was conceptualised without economic analysis or an environmental impact assessment as to each city's carrying capacity or current environmental state (Asian Development Bank 2007); (Nagpal & Dore 2006:14). G. Dore of the World Bank went

further to declare the ‘Pillar Cities’ programme a good theoretical idea, but one with no economic basic and, therefore, no real chance of addressing the key migration related issues.

### ***Urbanisation***

Mongolia’s uncontrolled migration has resulted in unplanned, unsustainable urbanisation. The rapid influx of rural Mongolians to Ulaanbaatar, a city initially conceptualised to accommodate 500,000 residents but now home to close to 1.5 million, is straining every aspect of the city’s infrastructure. From waste management and water to accommodation and health services, Mongolia’s capital’s resources cannot meet the increase in demand.

In response, in 2001, the Mongolia national government, as well as Ulaanbaatar’s top officials, agreed on a long-term development plan for the capital appropriately called ‘The Ulaanbaatar City Development Strategy’ (CDS). While theoretically a step forward, the CDS has proven nothing more than a collection of 26 visions statements without any clear budget allotments, implementation plans, or clear ministerial or departmental ownership. Moreover, the plan did not address key issues such as education, health, water and sanitation, or land tilling with any concrete plans nor did it conduct an EIA to consider the affects it might have on already existing or potential environmental issues. Since 2001, according to G. Dore, the CDS has effectively died.

The lack of a comprehensive, much needed approach to urban planning has left the city essentially fending for itself as new residents arrive each year with little or no realisation of the effects their actions have on Ulaanbaatar or the surrounding environment. The result, in addition to increased traffic, air, water, and noise pollution, is a huge growth in the city’s *ger* districts, or shantytowns. These *ger* districts, home to more than 80% of new arrivals to Ulaanbaatar, are by far the greatest challenge growing from urbanisation as they lack infrastructure for solid waste collection, water access, sewage, and sanitation (T.Tsevegmis 2007).

Of key importance when considering the effects the *ger* districts have on Ulaanbaatar's environmental health is the issue of air pollution (B.Aruna 2007b). While industry and construction in the city limits, as well as the continued use of leaded petrol for cars, contribute to the poor air quality, the burning of high pollutant fuels in the *ger* districts is the real source of high particle matter in the city's air (Ministry of Environment 2008b). While investigating the source of air pollution in the *ger* districts, the Ministry of Environment found that rather than using more coal for heating and cooking, a large number of impoverished families had taken to burning rubbish and rubber tires (E.Enkhma 2008b). The noxious chemicals released from such fuels has contributed to levels of air pollution in the *ger* districts five times those found in areas where coal is the primary fuel.

The *ger* districts' growth has also contributed to a lack of access to clean water throughout Ulaanbaatar. As Ulaanbaatar is flanked on its north and south sides by mountains while open to the east and west, the logical progression of urbanisation would be to spread outward. Yet the opposite has proven true, as the *ger* districts have spread up and into the mountains. The environmental effect of this urban spread is that water pollutants from the *ger* districts are focused downward into the city's central ground water supplies.

These polluted conditions have also led to increased health related issues that are specific to *ger* district residents, according to Paul Wilson, senior medical advisor for the American Embassy, Mongolia. Indeed, the Mongolian World Health Organisation (WHO) reports that non-communicable diseases such cancers, cardiovascular disease, injuries, and poisoning, are now higher in the *ger* districts than before and likely to increase (World Health Organisation 2008).

### ***Housing***

The concentration of new arrivals to Ulaanbaatar in the *ger* district is the result of a lack of affordable housing in Ulaanbaatar. Indeed as between 2007 and 2008 the average cost

per square meter for a flat in Ulaanbaatar almost doubled from USD350 to USD650, housing prices in the city's limited housing market are becoming even more out of reach for the average Mongolian (E.Enkhma 2008c).

According to B. Batsukh, Director General of the Urban Development's National Centre for Construction, Urban Development, and Public Utilities, Mongolian Ministry of Construction, Ulaanbaatar's housing problems are the result of the rising cost of building materials such as steel and wood in Mongolia due to Chinese regional demand and Mongolian companies' inability to produce materials such as bricks and cement, both of which are imported from China, at competitive cost (Interview 7);(E.Enkhma 2008c). Indeed, increased costs of materials from China contributed to the difficulty the Mongolian government had in launching its '40,000 New Flats' programme aimed at centrally housing more than 100,000 residents now living in the *ger* districts (E.Enkhma 2008a).

While perhaps never a viable development strategy, the Mongolian Ministry of Construction's '40,000 New Flats' it is worth examining in that it is generally accepted by the press as a prototypical example of the ways in which Mongolia's own urban development is entirely dependent on conditions outside its own control. According to media reports at the time, the moment ex-PM M. Enkhbold and other government officials announced the programme aimed at providing low-cost housing to 100,000 residents in the *ger* district, prices for supplies from China such as bricks leapt from 75 to 200 tugriks each while bags of cement doubled. This immediate increase in building material costs forced the government to indefinitely suspend the programme.

While such evidence is not, of course, enough to prove Chinese regional demand caused the project to fail, it is an example of how the country's economic dependency can undermine domestic development initiatives. Moreover, that the Mongolian government's initiatives fail in the face of rising market costs the result of China's own development and demand is worth focusing on in so much as lack of housing is

contributing greatly to the overall poor quality of Ulaanbaatar's environment (E.Enkhma 2008a).

## **5.5 Food Problems**

Desertification, urbanisation, and Mongolia's economic dependence on China have also contributed to food problems in the country including food scarcity, lack of domestic production, and food safety issues. So, too, has the Mongolian government's inability to regulate such practices as herding and farming led to a worsening of domestic conditions and environmental deterioration (FAO/UNICEF/UNDP 2007).

### ***The Dzud***

Central to discussions regarding food scarcity is the complex socio-economic issue of the Mongolian *dzud*. Between 1999 and 2002, severe weather winter conditions and subsequent lack of vegetation, known in Mongolian as *dzuds*, caused the country to lose more than 6 million of its 22 million head of livestock while directly affecting the food security and safety for more than 40% of the country's overall population (Centre for Disease Control 2002). While a reoccurring environmental phenomenon, it is possible to attribute the increased severity in *dzuds* to the same economic variables that have contributed to Mongolia's deforestation and desertification.

During an interview, U. Tungalag of the UNDP noted that the main economic factor related to increased *dzuds* is Mongolia's disproportionate amount of goats. Raised almost entirely to meet Chinese demand for cashmere, these goats destroy grasses by pulling them out by their roots while loosing topsoil with their sharp hooves. As the increase in goats is, like the country's intensifying *dzuds*, an entirely post-transition phenomenon, their correlation with recent environmental change is evident.

U. Tungalag also stressed the government's inability to undertake policy to address the *dzuds*' causes as a main variable in their continuation. In this regard, she cited the

government's unwillingness to implement even modest pastureland management as a fundamental government failure. To emphasise the role smart policy could play in alleviating Mongolia's *dzuds*, U. Tungalag offered the example of the IMAR's Chinese government.

Despite operating in a region with an almost identical geographic makeup to Mongolia, the IMAR's government has successfully avoided *dzuds* by implementing simple pastureland management such as fencing, providing winter shelter and fodder for animals, and regulating the number of goats per herd. Not only has the IMAR's government avoided widespread animal die-off, its simple policies have actually led to a tenfold increase in the number of livestock in the region within the last fifty years (Runnström 2000:470). U. Tungalag stressed the need for the Mongolian government to learn from Chinese practices and to set aside cultural concerns for the sake of the country's economic growth and rural development. Yet she also noted that the likelihood of Mongolian herders adopting a Chinese-style initiative towards pastureland management is extremely unlikely as it would not only mean admitting Mongolian practices obsolete, but also admitting their inferiority to Chinese models.

Rather, the Mongolian government has looked to the international community for *dzud* relief. Yet evidence suggests that once generous aid is slowing as government agencies and NGOs have begun to question the lack of fundamental reform aimed at curbing *dzuds*. While following the 2000 *dzud*, the international community, particularly Japan, pledged close to USD27 million in monetary relief, the American Embassy in Ulaanbaatar suspended all *dzud* relief in 2002 after then American Ambassador John Dinger conducted a fact finding mission to the Mongolian countryside (Mongolian Red Cross 2004). When questioned why the American embassy suspended aid, Ambassador Dinger noted the he would not continue to provide funding to supplement the country's failed agricultural policies.

### ***Food Safety***

Also of central concern for food safety in Mongolia is the lack of control measures in place for food related imports, most of which come from China. As most bulk food imports are brought to Mongolia from China in un-refrigerated freight containers not designed for transport of perishable items, more than 50% end up arriving in Ulaanbaatar either failing to meet frozen conditions, expired, or improperly packaged (Food and Agriculture Organisation & World Health Organisation 2002). Moreover, as an increasing amount of food imported to Mongolia comes not in bulk shipments, but by individual traders, it is impossible for Mongolian border officials to inspect all incoming food supplies. According to J. Enkhbayar, vice-director of Mongolia's Food and Drug Administration, only 10% of all food imports from China are checked (X.Bolormaa 2008b).

These issues are of particular concern for rural food safety as many goods that end up in the Mongolian countryside must first pass through Ulaanbaatar. As a result, urban merchants usually unload their sub-quality goods on countryside merchants who are able to sell them to less aware consumers either by freezing them (the case with expired meats) or polishing them with vegetable oil to hide the telltale dullness of rotting fruits and vegetables (X.Bolormaa 2008a). Moreover, the Mongolian government lacks any standardised shipping requirements for internal movements of food. This creates additional opportunities for food to become contaminated as urban-rural transport primarily consists of personal cars.

In relation to domestically produced foods, the Mongolian Food and Drug Administration found that more than 60% of countryside production facilities lacked any means of ensuring food safety. As these facilities are generally owned by more affluent Mongolians with connections with local and national government officials (many who own the factories themselves), they are able to avoid improving their production methods through bribes or by foreknowledge of and preparation for inspection (X.Bolormaa 2008a).

In 2006, the Mongolian Delegation to a World Trade Organisation (WTO) ‘Sanitary and Phytosanitary Measures’ conference circulated a memorandum highlighting the measures the government and parliament have taken since inception into the organisation to improve food safety. Key legislation mentioned included the 1999 ‘Food Safety’ law that clearly defined the rights and responsibilities of domestic food producers and product standards and the establishment of the State Specialized Inspection Agency in 2000 (Committee on Sanitary and Phytosanitary Measures 2006).

Yet, according to a joint FAO-WHO report on Mongolia’s food safety published in 2002, three years after the ‘Food Safety’ law and two years after the establishment of the Inspection committee, enforcement of such laws were incomplete. The study noted that Inspection committees had failed to take into account the various stages of food production, instead focusing only on the end product (Food and Agriculture Organisation & World Health Organisation 2002).

### ***Domestic Production and Foreign Food Dependency***

Mongolia’s harsh weather and the country’s increased dependency on China for food imports (detailed in the previous chapter on Mongolian-Sino economic relations) has led to a dramatic decrease in domestic crop production. As of 2008, Mongolia’s crop sector covered less than 200,000 hectares and was in decline both in production and total area covered. Indeed, the Food and Agricultural Organisation’s (FAO) 2006 ‘Agricultural Sector Strategy Study’ described the future of Mongolia’s crop sector as bleak and noted that unless addressed at a national level its very existence was uncertain (Food and Agriculture Organisation 2006:105). Most telling of the FAO’s lack of faith in Mongolia’s crop sector is the organisation’s decision to ignore the development of Mongolia’s crops entirely, while working with the Ministry of Food and Agriculture to increase Mongolia’s livestock.

In Mongolia’s countryside, the lack of fresh produce is evident throughout the year and particularly so in the winter. In the western province of Khovd, for example, residents

rely on jarred, pickled vegetables imported from Russia for any addition to their otherwise entirely meat and flour diet. While it is possible to buy onions, garlic, and the occasional head of cabbage in winter, by the time they arrive in the distant provinces from Ulaanbaatar, they have been frozen, thawed, and refrozen so many times that they generally turn to a watery mush once defrosted. During the summertime more vegetables are available, yet the prices rise exorbitantly and few can afford them. Moreover, as fresh vegetables and the occasional fruit are such oddities in a countryside market, few people think to buy them even when they are available.

The lack of secure food supplies to the countryside has led to persistent malnutrition, particularly among children and women. While, according to the United Nation's Child's Fund's (UNICEF) 2007 report on the 'Situational Analysis of Women and Children in Mongolia', malnutrition in the form of micronutrient deficiency is a continuing in rural communities as residents lack access to foods containing iron, vitamins A and D, and iodine (United Nations Children's Fund 2007:25).

Much the opposite is true for the wealthier residents in Ulaanbaatar. Even during the most extreme winter months at least three markets—the Mercury, *Bars*, and State Department Store—have an array of fruits such as mangos, pineapples, and grapes as well as vegetables ranging from aubergine to red peppers. While remaining a luxury item only few can afford, the urban Mongolian appetite for vegetables, according to Patrick Evans, chief technical advisor for the FAO in Mongolia, is growing and China's produce is meeting the demand.

In this sense, the result of Mongolia's dependency on China for its produce has led to an unequal distribution of food products between Ulaanbaatar and the rest of the country. This, in turns, has contributed to a growing number of rural residents who are increasingly suffering from malnutrition due to the failure of national crop production to provide them with domestic produce. According to Victoria Sekitoleko, FAO Representative for Mongolia based in Beijing, this in turn affects Mongolia's food security, especially in the countryside.

According to Patrick Evans of the Mongolian FAO office, the Mongolian government has not taken policy action aimed at increasing domestic crop production. In fact, Patrick Evans noted all trends in food production and imports indicate that Mongolia will become increasingly dependent on Chinese imports to meet even basic food needs at a national level. The support for Mongolian-based crop production is equally weak among Mongolia's civil society, save for one notable project sponsored by the Swiss Agency for Development and Cooperation (SDC). Yet the SDC's 'Revitalisation of Mongolian Potato Sector Programme' seems an unlikely contributor to ending Mongolia's dependency on China for food (Swiss Agency for Development and Cooperation 2008).

## **5.6 Economic Problems**

As chapter 4 examines Mongolian-Sino economic relations in detail, the following section will avoid repetition by assuming a level of interdependence between the two countries. In this regard, the section will focus on such interdependence from an environmental perspective by examining two of Mongolia's most important industries—tourism and mining—so as to determine whether it contributes to land and resource degradation. It will also examine the role Mongolian domestic policy has played in order to determine whether the government has been able to successfully protect the environment from economic activity related pollution.

### ***Tourism***

Tourism in Mongolian ranks as one of the country's most important and fast growing industries. According to the Ministry of Road, Transport, and Tourism, tourism increases 15-20% per annum and accounts for about 10% of total GDP. Yet, strangely, no part of the Ministry's 2000 Tourist Law of Mongolia addresses the need to implement regulation aimed at curbing polluting activities or to conduct environmental assessments before the development of new tourist related industries (Ministry of Road 2008b). Instead, the 2000 Tourist Law focuses on the need to develop tourism related infrastructure, to train

local residents to act as guides, and to increase the amount of FDI for further tourist site development. While economically rational, that no attention is paid to protecting the very resources upon which tourism depends is representative of government and industry shortsightedness and the unwillingness of those involved to decrease immediate profits in order to spare the environment.

The Mongolian government has, however, passed legislation aimed at preserving protected areas with the ‘Law of Mongolia on Special Protected Areas’ (LoSPA). Indeed, the LoSPA is an extensive piece of legislation aimed at protecting natural park, natural reserve, and natural monument while stipulating land usage rights within and around the specially protected areas (B.Tserendavva 2008:293). As much of Mongolia’s tourism takes place in and around protected areas, the government may have intended the LoSPA to regulate tourist related development.

Yet the 1994 LoSPA also contains provisions that allow for limited intrusion into protected areas and unlimited economic development related to tourism in border areas. These provisions, under Article 4 of the LoSPA’s ‘General Provisions’, state that the government can develop protected area’s buffer zones, or areas immediately around protected parks, at its discretion. Moreover, under Article 33 of the ‘Land Utilization, Research and Studies in Protected Areas’ the government specifically gives business entities, organisations, and citizens the right to operate *within* protected areas on a limited scale. These two clauses effectively undermine the LoSPA in its entirety as anyone with any relation to local or state officials is given free range to exploit the protected areas for profit. That such practices regularly occur was made clear in the case of the Bogdkhan Mountain Special Protected Area.

According to an audit conducted by Mongolia’s most widely read newspaper, ‘Today’ (Өнөөдөр) in 2006, 157 entities ranging from individuals to small, privately owned foreign and domestic companies, had permits to operate in or around Bogdkhan while an additional 32 were found to be operating without permission or license. Moreover, according to the report, those engaged in registered use of the land had completely

avoided paying taxes, collectively estimated at 300 million tugriks (USD300,000), while engaged in government sanctioned use of the land (Ts.Tsevenkherlen 2008).

More important in regard to environmental effects was the fact that the unplanned, small-scale collectivisation of these 157 entities had spread into the protected area rendering the nearby environment ‘unrecognisable’. The government, in response to the initial report’s findings, issued a statement saying it would nullify all 157 licenses and investigate those responsible for their issuance. The reporter, however, concluded his article by stating the government routinely makes such promises only to not follow through with action (Ts.Tsevenkherlen 2008).

Other protected areas such as Khovsgol Lake, Olgii Lake, the Orkhon River, the Altai Sayan Ecoregion which includes Dorgon, Uvs, Khar Us and Khar Lakes also report pollution problems due to tourism despite the fact that they are all UNESCO registered World Heritage Sites as well as Ramsar protected (Today 2007). Reports such as illegal construction of tourist camps, illegal disposal of human waste and rubbish, and polluted water are becoming increasingly common from local residents (Ministry of Environment 2008c). Indeed, despite the Ministry of Roads, Transportation, and Tourism’s claims that tourism is an inclusive industry that benefits rural residents as much as the urban based travel and tourism companies, many countryside residents claim they no longer want tourism because of the damage it causes to the local environment (Ts.Tsevenkherlen 2007a).

While the Mongolian media focuses primarily on the effect tourist operators have on Mongolia’s environment, tourist operators, according to T. Tsogt, director of New *Juulchin* World Tours, the third largest in Mongolia, believe the real fault lies with tourists. Indeed, T. Tsogt stressed that while the Japanese and western tourists that come to Mongolia are largely responsible tourists in that they work to leave as small an impact on Mongolia’s natural landscape as possible, the increase in Chinese and Korean tourists, both of which have horrible reputations in Mongolia as eco-tourists in that they create large amounts of rubbish for which they take no responsibility, are the main factor in

increase tourist related pollution. As the Ministry of Road, Transportation, and Tourism reports that Chinese made up 46.7% of all foreign visitors to the country in 2007, this effect is likely to continue (Ministry of Road, Transportation, and Tourism 2008a).

### ***Mining***

While the potential for tourist related pollution is growing, Mongolia's mining sector remains the main source of environmentally harmful economic activity in the country. More worrying even than the effect almost every aspect of the industry has had on the Mongolian ecosystem is over how short a period of time it has all occurred. According to Giovanna Dore of the World Bank, large-scale mining in Mongolia has only taken place since the beginning of the twenty-first century, yet the environmental consequences have been so acute that whole rural areas have become essentially uninhabitable. Water pollution, air pollution, mining in protected areas (some of which were declassified as protected when sizable mineral deposits were discovered), mercury poisoning, land degradation, loss of biodiversity, soil erosion, and landscape destruction are just some of the environmental problems associated with the industry (The World Bank 2006a:1). And far from successfully regulating the industry, the Mongolian government has unwittingly encouraged illegal, harmful mining activities through the introduction of high windfall taxes and the insistence that all gold mined in Mongolia must be sold to the Mongol Bank at a predetermined, fixed price. In this sense, many companies, and certainly the illegal artisan miners, find it much cheaper and far more practical to operate completely outside the regulated mining industry.

This is not to imply that the Mongolian government does not have a substantial legal framework in place for mining licensing and exploration. Indeed, the laws regulating mineral exploration and extraction are extensive and seemingly quite focused on ecosystem protection. Yet, as with tourism, there are several provisions included in legislation aimed at the mining industry that have allowed for a level of exploitation. These 'loopholes' have benefited both domestic and foreign (almost exclusively Chinese) firms equally.

In relation to exploration, while an individual is required to apply for a permit, anything related to ‘state’ exploration is permissible without a licence (B.Tserendavva 2008:234). As the responsibility to determine what constitutes a ‘state’ interest, as well as the ultimate responsibility to enforce all mining related laws, is decentralised and ultimately rests with regional officials who often have financial stakes in regional mining operations, corruption leading to environmental degradation commonly occurs (The World Bank 2006a:11).

Indeed, despite widespread concerns among the Mongolian citizens with an interest in the country’s domestic mining industry, the greatest threat to the country’s environment does not come from large-scale mining but rather small and medium sized mines. While Mongolian media pays a great deal of attention to the larger mines like Oyu Tolgoi, the companies responsible for their development, such as Ivanhoe Mining and Rio Tinto, tend to follow international best practices, according to U. Jamba of the SDC (Interview 30). Such companies also bring with them the most sophisticated technologies, often developed to minimise the environmental effect, while the exact opposite is true for Mongolia’s smaller-scale mines.

As discussed in the earlier chapter on the economics of Mongolia’s mining sector, some government officials believe that Chinese investors, acting through Mongolian citizens, control the majority of small and medium sized mines in the country. While it is impossible to know that full extent of Chinese partial or full ownership of Mongolia’s small and medium sized mines, the more transparent Chinese firms surveyed have poor records of environmental protection. Two prime examples of the poor mining practices of Chinese invested firms in Mongolia are the *Da Chin* firm in Dornod and the *Ten Khun* in Jargalant (B.Aruna 2007a). Both companies have been accused of widespread environmental damage caused by illegal drainage of polluted water, illegal digging, and careless explosions which, in one case, left two Mongolian miners dead (B.Aruna 2008). When confronted, the Chinese staff denied any knowledge of Mongolian law, claiming they could neither read nor write Mongolian (B.Aruna 2007a).

Of even greater concern environmentally are Mongolia's 'ninja' miners, or illegal placer gold miners, who destroy large swaths of Mongolia's countryside by digging countless holes, poisoning water with mercury and sodium-cyanide (both chemicals used to winnow gold from small stones), and leaving behind unprocessed waste and makeshift shanty villages. While their activities are completely illegal, those actively involved in illegal mining number close to 100,000. That they operate outside Mongolian society and Mongolian law, as well as outside the Mongolian economy (almost all collected gold and fluorspar, another mineral mined by the 'ninjas', goes directly to China), has left the Mongolian government unable to mitigate their actions or, consequentially, the detrimental effect their activities have on Mongolia's ecosystem (The World Bank 2006a:22).

## **Conclusion**

As demonstrated throughout the chapter, lack of government regulation as well as the Mongolian government's inability to enforce environmental protection laws already in place are the primarily enabling forces behind the country's diminishing environmental health. While the country's weak institutions contribute to the overall problem in so much as they hobble the state's ability to respond to pressing problems, so, too, does the country's economic dependency on China play a role in the state's failure to implement domestic reform to address pollutant-causing activities. While ranging from the primary cause of environmental degradation through its mining activities to a contributing factor through its imports of foods and influence on Mongolian domestic construction, the Chinese government and Chinese businesses are clearly benefiting from Mongolia's systemic weakness in regulating environmentally harmful activities. Such benefits include higher profit margins, deeper penetration into the country's domestic industries, and greater exploitation of Mongolia's natural resources. As with the two countries' asymmetrical economic relations, Mongolia's dependency on China as a market, supplier, and investor has translated into China's enjoying what Strange calls 'unconscious power' in Mongolia's environmental security in so much as it has both direct and indirect

influences on the direction of the country's internal environmental development (Strange 1996:26)

This asymmetrical relationship and growth of Chinese 'unconscious power' is of key concern in Mongolia's environmental security. While many of Mongolia's environmental challenges exist as a consequence of export driven, environmentally unsustainable practices meant to feed China's resource needs, Mongolia's total production of such resources meets only a fraction of China's overall demand. This imbalance creates a situation in which Mongolia has little leverage in demanding greater Chinese assistance in environmentally sustainable resource utilisation, but instead is faced with what Buzan identifies as a weak state's dilemma of whether economic growth is more important than resource protection (Buzan, de Wilde, & Wæver 1998:72). As up to the present the Mongolian government has not enforced the extensive legislation in place to protect the environment, legislation which in many ways makes finding a tangible solution more problematic as the government may claim it already possesses the necessary legal framework, it has clearly chosen to follow other underdeveloped Asian states in choosing to sacrifice environmental health for potential financial gain (Economy 2004:239).

Yet to attribute Mongolia's poor environmental record to the country's own lack of enforcement and priority placed on economic growth is to underestimate the influence China has not only through creating demand for natural resources, which in turn provides economic motivation for Mongolia to deplete its resources, but also in setting a regional example for overall environmental practices. For, as with other regional cores, China has the potential to strengthen its neighbouring countries while encouraging trade just as it has the potential to encourage unsustainable resource exploitation. A case in point of a regional centre of power encouraging better environmental practices as conditional to increased trade and social interaction with its neighbour countries is the European Union and the strict environmental standards it requires from member and would be member states.

This is particularly true in the case of Eastern European countries such as Poland, Hungary, Bulgaria, Romania, Slovakia, and the Czech Republic that, following the collapse of international communism in the early 1990s, were all left with extremely damaged environments. Yet, rather than seek to exploit their transitional economics, the more affluent existing members of the EU demanded they adopt better environmental protection policies and improve the overall quality of their environments in order for the EU to consider their membership bids. As a result, each respective country raised their environmental standards to match the EU requirement and were rewarded with membership into the larger economic community (Jordan 2005:281); (Lauber 2004:51). In this sense, it is possible to say that the EU has served as a regional core promoting sustainable European environmental policy through economic inducement.

The exact opposite is true for China as has been shown throughout this chapter. Rather than encouraging Mongolia, or for that matter other Asian states, to adopt environmentally sustainable practices, China has taken advantage of the country's weakness. It has done so to protect its natural resources and limit industry caused pollution as well as to supplement its own resource needs. Chinese businesses have invested in Mongolia and operated outside Mongolian law when it has proven more profitable while Chinese border officials have not contributed to stop the cross-border flow of illegal goods ranging from animal parts to timber. Far from using its central position in Asia to act as a model for eco-conscious development, China has instead exported bad environmental practices while consuming endless supplies of its neighbouring countries' resources, whether acquired legally or illegally.

For Mongolia, overcoming such a regional environment is critical. The country's natural health and beauty are not only part of the symbolism that helps maintain Mongolia's modern identity, but also the crux upon which the economy is centred. The sustainability of the country's beloved nomadic lifestyle will most certainly prove impossible without greater care placed on land management and domestic animal production. Moreover, the ability of Mongolia to regulate its economic dependency on China will be greatly limited by the country's inability to provide at least the minimal requirement of food security for

itself. Without protecting the nation from illegal wood collection and animal poaching, the pristine beauty of the Mongolian countryside will simply disappear.

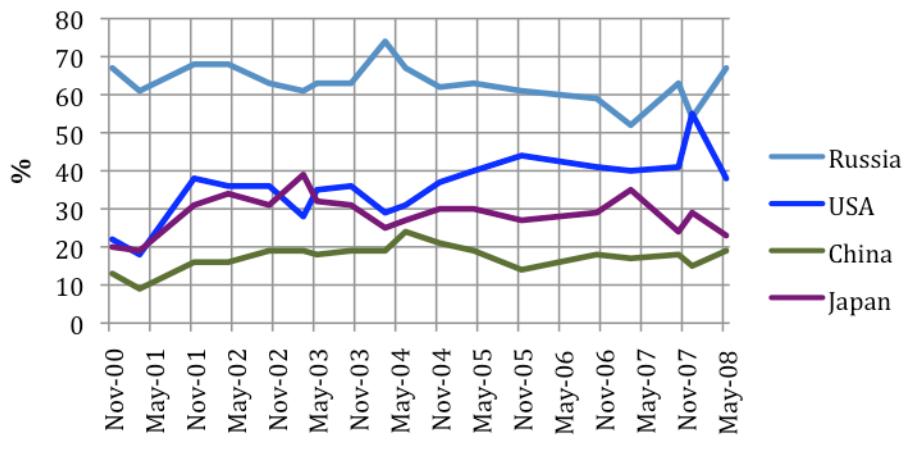
Yet all environmental and economic development trends indicate that not enough is being done at a governmental level and that Mongolia's civil society lacks the status to push forward real policy changing programmes. The Mongolian government's obsession with using the mining industry to push the country's economy forward, while undoubtedly the country's greatest and most valuable asset, does not include an equally powerful drive to protect the country's ecosystem. The result appears to be a growing dependency on China for products Mongolia could produce for itself and irreversible environmental damage that will undermine any financial gain made by the small minority of Mongolians responsible for the country's ultimate ecological damage.

## **Chapter Six: Post-Cold War Mongolian-Sino Societal Relations**

Three main variables are useful when considering Mongolian-Sino societal relations since the end of the Cold War. First is the effect the state's weakness has on the Mongolian government's ability to garner societal support for its foreign policy focused on cultural and societal exchange. Second is the role identity plays between the Mongols and the Han Chinese and, separately, between the ethnic Mongols in Mongolia and the IMAR. Third is Mongolian economic dependency on China and the influence it has on the two countries' societal relations. Together, these three factors provide a framework for understanding Mongolian-Sino post-transition societal relations.

To begin, state weakness is evident throughout Mongolia's foreign policy involving cultural and social exchange towards China as the government and public often have divergent views on the desirability of closer relations with the PRC. While the state has attempted to forge closer cultural and social relations with the PRC, Mongolian public opinion remains cool to closer partnership with China (table 6.1). This divergence between policy goals highlights how state weakness can undermine the government's ability to institute foreign policy while also drawing attention to a major source of potential intrastate conflict. That such tension between the state and public regarding societal relations with China is growing is evident in the increased radicalisation of Mongolian nationalist sentiment.

**Table 6.1:**  
**Public Opinion Survey of 'Best Foreign Partner'**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

Closely related to the state's weakness is the issue of identity. Mongolian identity plays a two-part role in relation to the state's societal relations with China. The first is that of an obstacle for closer Mongolian-Sino relations. The second, ironically, is that of a catalyst for closer exchange. In order to understand these seemingly contradictory positions, it is necessary to consider relations with the PRC and the IMAR separately.

Public hesitancy for greater social exchange stems in part, according to Tsedendamba Batbayar, out of fear that accepting any aspect of Chinese culture may consequently lead to a loss of Mongolian identity (Batbayar 2002:325). Indeed, more concerned with issues of ethnic purity and identity self-preservation, the Mongolian public has been hesitant to enter into social relations directly with China for fear that doing so could lead to a sort of cultural 'corruption' (Kaplonski 2004:41). As a result, Mongolia's identity politics in relation to China tend to focus on what Hopf calls the 'exclusionary practices, the discourse of danger, the representations of fear, and the enumeration of threats' while 'downplay[ing] the role of affirmative discourses such as claims to shared ethnicity, nationality...or other commonalities' (Hopf 2002:8); (Campbell 1998:70). This, in large part, explains the Mongolian publics' tendency to react coolly to state sponsored initiatives for societal exchange with China in general.

Conversely, a notable exception to Mongolian identity politics in relation to China is Mongolian public opinion regarding the ethnic Mongols in the IMAR. While problematic in that the IMAR's Mongols are part of the Chinese state and thereby contain an element of the Other that sometimes obscures ethnic affinity, Mongolian public support for cultural and social cooperation with the IMAR is relatively enthusiastic (Bayasakh 2000). This indicates Mongolian society does not necessarily include the IMAR's ethnic Mongols in the same conceptual idea of the Other in which it casts Han Chinese in general. For this reason, Mongolia's foreign relations with the IMAR tend to have more identity-based support and are, therefore, the focus from both the Chinese and Mongolian sides of a large portion of overall Mongolian-Sino social cooperation.

Lastly, Mongolia's economic dependency on China is playing an increasingly significant role in the two countries' societal relations. In this regard, the Mongolian public is divided as to whether closer ties based on economic linkages will have a positive or negative outcome on society.

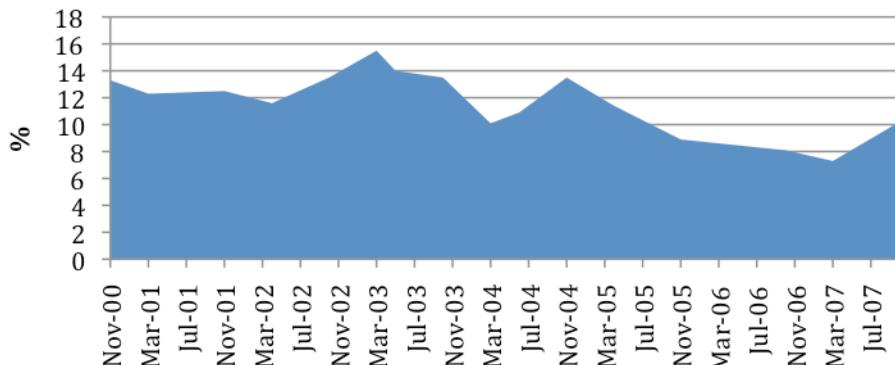
From a pessimistic perspective, elements within Mongolian society seem to believe the country's economic dependency on China will negatively affect its societal integrity and identity security, particularly as the two countries' relative cultures and ethnic identities are imbalanced in terms of demographic and geographic scope (Batbayar 2002:325). China's increasing cultural appeal and projection, the range of its soft power, and its seeming ability to incorporate smaller social identities into its own, further aggravate this sense of threat (D. Bechee 2008); (Kurlantzick 2007).

Dependency theory explains this process through what Harrell calls an 'asymmetrical dialogue' (Harrell 1995:7). Just as economic dependency can extend into the country's environmental sector, so too can it contribute to a subjugation of the periphery's identity. That Chinese culture is more than capable of subsuming smaller identities into its own is evident in the PRC's ongoing 'civilizing projects' aimed at assimilating the country's minorities into a Han-centric Chinese nation (Borchigud 1995:278). Indeed, Chinese

policy towards the IMAR's Mongols is particularly worrying in regard to Mongolian identity.

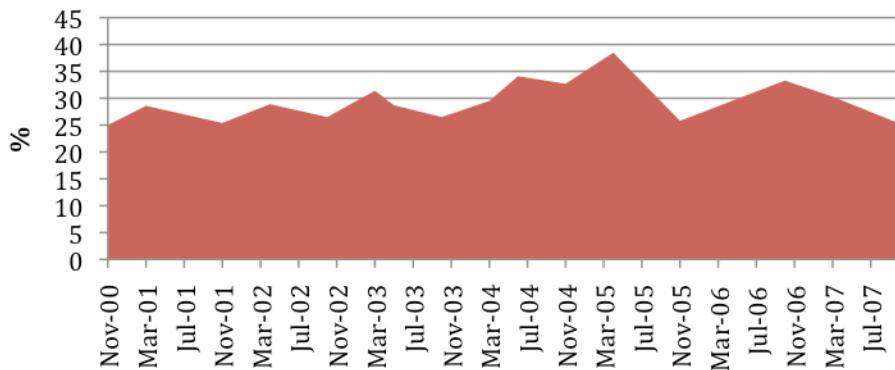
From an optimistic perspective, parts of Mongolian society seem to believe closer economic relations with China have the potential to translate into greater educational and career opportunities. Indeed, evidence suggests that a number of young Mongolians, particularly students, see closer societal ties with the PRC as an increasingly desirable possibility. This 'warming' to societal relations with may be the result of concerns among the younger generation that there are insufficient opportunities for good education and employment in Mongolia (tables 6.2 and 6.3). While worry over the effect greater economic dependency will have on identity arguably still exist among those with a more optimistic view of the two countries' relations, evidence suggests that opportunity based on economic ties may soon override such societal concerns.

**Table 6.2**  
**Percentage of Population that See Mongolia's Education System as the Country's Most Pressing Socio-Economic Issue**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

**Table 6.3**  
**Percentage of Population that See Mongolia's**  
**Unemployment as the Country's Most Pressing Socio-**  
**Economic Issue**



Source: Sant Maral Foundation, *Politibarometer*, 2000-2008.

Together state weakness, identity, and economic dependency largely shape Mongolia's societal policy towards the PRC. The following chapter will, therefore, draw on all three for analysis of the two countries' societal relations. It will do so by analysing discourse on identity obtained in Mongolian language media, public opinion polls, first hand interviews, and the limited number of scholarly accounts on Mongolian identity.

## 6.1 Mongolian-Sino Social Relations

### *Sources of Threat Perception*

Buzan's paradigm for understanding societal security provides a useful framework for demonstrating how China's geographic proximity and cultural 'strength', or soft power, can translate into a societal threat. Indeed, Buzan's division of threats into three parts including vertical competition, horizontal competition, and migration, is particularly relevant to the case of Mongolia and China (Buzan, de Wilde, & Wæver 1998:121).

For many Mongolians with a fear of China's growing cultural influence in the country, the most immediate threat that society faces is from vertical competition. Used here to

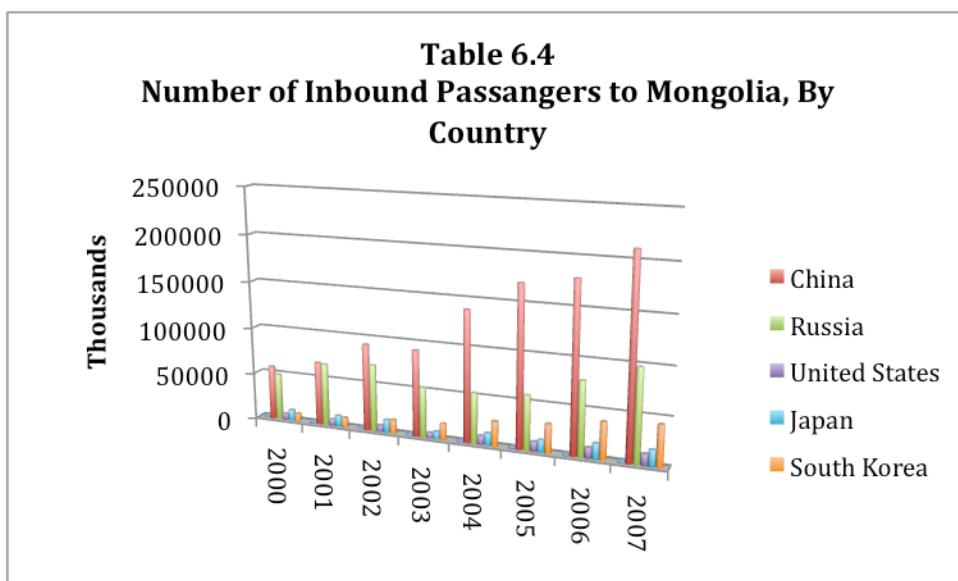
describe the threat towards identity from an integrating or ‘civilizing’ project, China’s actions in the IMAR provide all too applicable a precedent for the way in which Chinese political will and cultural prevalence has the potential to alter Mongolian identity. As Harrell notes, the PRC has successfully incorporated the IMAR’s Mongolian ‘periphery’ into the Chinese state through a series of economic, education, and development reforms (Harrell 1995:22-27). In order to facilitate this assimilation, the Chinese government encouraged the IMAR’s Mongols to preserve elements of their culture such as dance, costumes, and other innocuous forms of cultural expression that ‘fosters ethnic pride, but does not impede progress’ (Harrell 1995:22-27). Yet the PRC did so while maintaining Chinese culture as a heterogeneous umbrella under which such preservations were kept. In this sense, the Chinese state has already proven it is capable of absorbing Mongolian culture almost surreptitiously by allowing for the maintenance of a ‘minority’ ethnic consciousness while at the same time drawing the periphery in closer.

In this sense vertical competition is closely related to horizontal competition in which a dominant state uses its linguistic and cultural advantage to force fundamental changes in a state or people’s culture (Collins 2007:170). Evidence that China has used its language and culture to subjugate a region and people is also evident in the IMAR. Indeed, Bulag writes extensively on how the PRC government forced Mongolian children to attend Chinese language schools, while essentially ostracising those who refused to learn Mandarin. Bulag notes that these cultural ‘victims’, those who adopted the Chinese language and culture, in turn received higher position in a Han Chinese dominated society and often become more successful in wider society (Bulag 2003:754). Such cultural ‘advantage’ is often the result of dependency in that the core state occupies a dominant position in the weaker state’s society.

In regard to migration, the perceived threat comes from the growing amount of Chinese workers and travellers in Mongolia and fear that their sheer numbers have the potential to fundamentally change the country’s demographic make-up as well as Mongolian society and identity (table 6.4). This is particularly true as Mongolia is a large country with a small population making it more vulnerable to the negative effects of migration in

contrast to European or other western states (Guild & van Selm 2005:111). While most legal Chinese migrants to Mongolia live in Ulaanbaatar, illegal workers are divided between the capital and various mining sites throughout the country (Batbayar 2006:221). This had led to a sense among the Mongolian public that Chinese have deeply penetrated Mongolian society at multiple levels (Batbayar 2001:150).

Together, these three variables help explain the Mongolian public's sense of a threatening Chinese Other. They also provide a useful basis for discussion of the Mongolian public's hesitations to engage fully with the Chinese government and society in cultural exchange.



Source: Statistical data derived from National Statistical Office of Mongolia, *Monthly Bulletin of Statistics 2001-2007*.

### ***Mongolian-Chinese Education Exchange***

In the early 1990s, the MPRP-led government sought to increase social and cultural cooperation with China, focusing in part on joint education. The first state-level move towards closer social relations came with the signing of the 1994 Treaty of Friendship and Cooperation (Osmanczyk 2002:1468-1469). In addition to guaranteeing 'mutual respect for one another's independence, sovereignty and territorial integrity, non-mutual interference in each other's internal affairs, equality, mutual benefit and peaceful co-

existence', the Treaty also proposed closer cooperation in education exchange and a commitment to developing cultural relations (Xinhua News Agency 1996).

The 1994 Treaty was extremely vague as to specific educational projects and programmes, merely stating that such relations were desirable as part of a general bettering of relations (Severinghaus 1995:73-75). Indeed, the Treaty's main purpose seems to be entirely focused around China's desire for Mongolia to remain militarily unaligned (Roy 1998:54-55). Yet the symbolism behind the agreement indicated that both states believed tempering historical animosity through education exchange would lead to an improved environment in which to pursue more sustained economic and political relations. For the Mongolian government, the agreement was a chance to lessen its dependency on Russia while also enabling a new generation of Mongolians to have more positive views towards China.

Yet, despite the agreement in 1994 to further education exchange, neither country hurried to implement any specific programmes. While Sino-Mongolian agreements for education exchange had existed nominally since the early 1950s, Mongolia's constant siding with the former Soviet Union against China for the better part of the twentieth century had led to an effective moratorium on such exchange. Indeed, it was not until 2000 that the Mongolian and Chinese governments agreed on the programme 'Mutual Recognition of Academic Degrees and Credentials' that would allow students to study in either of the respective countries knowing that their degrees would be transferable.

Moreover, despite rhetoric encouraging bilateral educational exchanges, it also took the Mongolian and Chinese governments six years from first signing the 1994 Treaty to establish a fund for Mongolian students to study in China with the 'Executive Programme on the Project for Helping the Mongolian Students Studying in China with Chinese Free Loan' (Ministry of Foreign Affairs of the People's Republic of China 2007).

These formal agreements between the two states did not, however, succeed in fostering further exchanges in education. Since 2004, the Chinese government has provided

funding for only ten full scholarships for Mongolians to study in China (Brook 2004). Indeed, as of 2007 only 320 Mongolian students were registered as studying full-time in China, of which one hundred were studying in the IMAR (Embassy of Mongolia 2007).

Yet, according to Munkhjin Bayanjargal, Officer in Charge of Education Exchange with the Mongolian Ministry of Education, Culture and Science in Mongolia, both the Mongolian government and Chinese embassy in Mongolia are working to increase the desirability and opportunity for Mongolian students to study in China (Interview 20). In 2004, the two countries' Ministries of Education agreed to a five-year (2005-2010) student exchange programme that would increase the number of full scholarships from ten to twenty. While, as of early 2009, the number of students had not yet been increased, that both countries have acknowledged the need to allocated additional student funding indicates that both sides are committed to further exchange.

Despite the two government's drive to increase education exchange between the two countries, M. Bayanjargal acknowledges that many students remain hesitant to the prospect of living and studying in China. Indeed, M. Bayanjargal noted during an interview that China remains a secondary destination that appeals only to those who can neither afford nor qualify for study in Europe, the United States, Korea or Japan.

One key to better understanding the continued hesitation Mongolian students have in studying in China is evident from an interview with a Mongolian student currently studying in Beijing. Interviewee 22, a 25-year-old student at Beijing's Foreign Studies University, has studied in China for three years (Interview 22). She first focused entirely on Chinese language in Urumqi City, Xinjiang province, and later moved to Beijing to study international relations. She believes a degree from a Chinese university will be more valuable in the long-term than one she could obtain in Mongolia and hopes it will enable her to find work after graduation as a customs official. Her Chinese is fluent, she has a Chinese boyfriend, and she dresses, gestures, and acts in many ways 'Chinese'.

While she clearly sees an advantage in studying in China, Interviewee 22 explained that Mongolian students who study in China are often stigmatised upon returning home to Mongolia. She noted that while most Mongolians understand the utility in learning Chinese and are jealous of her time abroad, many Mongolians view her as having somehow been corrupted by her time in the PRC. As a result, she has lost childhood friends who see her new clothes, her Chinese fluency, and her exposure to travel inside China as a sort of arrogance or an acceptance that Chinese culture is in some way superior to Mongolian. In response, Interviewee 22 has stopped returning home for holidays, aside from *Tsagan Sar* (Mongolian New Year). Indeed, during the interview she expressed a wish to find work in China so that she does not have to return home. Interviewee 22 noted that any Mongolian interested in studying in China would be fully aware of the backlash associated with embracing the culture and language.

Yet, according to Professor Rossabi of Columbia University, such discrimination against Mongolian students studying in China may be lessening (Interview 21). Professor Rossabi attributes this change in attitude to the growing number of elite Mongolians who send their children to study in the China. Whereas before, poorer students mainly studied in the PRC, thereby contributing to the stigma of Mongolians studying in China, this trend is undergoing a fundamental transformation. Indeed, Professor Rossabi believes that as the two countries' economic ties grow closer, more and more affluent Mongolians will choose to study in China so as to cultivate potential business relations. As a result, study in China will become ever more socially acceptable (Interview 21).

The spate of private Chinese language centres opening in Ulaanbaatar may also indicate a growing acceptance among the Mongolian public towards education exchange with China. This is particularly true among the country's elite as private centre tuition is expensive and foreign language study a luxury. As of September 2009, Ulaanbaatar was home to more than 60 Chinese language centres, many run by Chinese nationals (People's Daily 2009). Most prominent of these schools is the Mongolian National University's Confucius Centre. Established in 2008, it is fully financed by the Chinese government and Shandong University with the stated aim of teaching Mongolians

Mandarin while providing information about Chinese culture (Mongolia-Web 2008). That China understands the role that language and culture plays in a country's soft power is evident in the government's plans to increase the number of Confucius Centre's internationally from 314 in 2009 to 500 by 2010 (Sim 2009).

This shift in societal perspectives based on the country's elite's activities is very much in line with dependency theory. As two countries' become tied economically, the stronger of the two can gain influence among the weaker country's elite through education exchange (Moon 1985:298). This in turn can contribute to what Crossley and Watson called education dependency, which can directly influence a country's political, economic, and societal structures (Crossley & Watson 2003:28-29).

While the number of Mongolian students interested in studying in China remains relatively small, ties between the two countries are indeed increasing. Whether this will lead to greater future education exchange as Professor Rossabi suggests or whether such exchange will constitute a threat that fans Mongolian nationalism and anti-foreign sentiment remains to be seen.

### ***Mongolian-Chinese cultural exchange***

One important reason why cultural exchanges between Mongolia and the PRC are a sensitive issue is that both countries attach nationalistic importance to, and make cultural claims upon, the history of the Mongolian domination of China during the Yüan Dynasty. While there is a drive in China to 'domesticate' parts of Mongolian culture in the IMAR, the exact opposite is occurring in Mongolia as China often serves as the Other against which Mongolians define their identity and cultural history (Lam 2000:161-163). Indeed, as China finds Mongolian culture appealing in its more primitive, idyllic aspects, there are those among the Mongolian public who fear Chinese culture as something threatening in the scope of its achievements and its ability to assimilate neighbouring histories into its own. In this sense, attempts at cultural exchanges between Mongolia and China have

moved slowly and at times have even gone so far as to create distrust and resentment on the Mongolian side in regard to the country's identity security.

To show a commitment towards cultural cooperation, the Mongolian and Chinese government signed a series of agreements aimed at fostering better understanding of the two countries' closely connected histories and customs (Embassy of the People's Republic of China in Mongolia 2004). These include the 1994 'Cultural Cooperation Agreement', the 1998-2000 'Executive Plan for Sino-Mongolian Cultural Exchanges', the 2001-2003 'Executive Plan for Cultural Exchanges and Cooperation' and, most recently, the 2008-2010 'Executive Plan for Cultural Exchange'. Moreover, most meetings between Mongolian and Chinese state officials include a vague reiteration for cultural exchange when discussing closer trade cooperation (Xinhua News Agency 2005).

It is important to note here that while both the Mongolian and Chinese governments profess a desire towards increasing mutual exchange, almost all proposed exchanges to date have been by the Chinese side for Chinese cultural activities in Mongolia. Ts. Jargalsaikhan, Officer for Cultural Exchange with the Mongolian Ministry of Education, Culture, and Science, explains this one-sided development in light of the Chinese tendency to use the IMAR as the source for Mongolian culture rather than looking to Mongolia for external cultural exchange (Interview 28). This is best exemplified in the PRC's decision to use Inner Mongolian musicians for the 2008 Olympic opening ceremony's display of China's Mongolian minorities without consulting the Mongolian Ministry of Education, Culture, and Science. This asymmetrical dialogue, in which the Chinese government is seemingly eager to introduce aspects of Chinese culture while treating Mongolian culture as if it were already an element of Chinese culture fully understood and absorbed, has led to suspicion on the Mongolian side as to China's real intent in relation to Mongolia's societal security. It has also led to backlashes against Chinese cultural events in Mongolia.

This was clearly the case, according to Jargalsaikhan, during a 2004 exhibition of Chinese musical instruments in Mongolia that, while considered by the Ministry of

Education, Culture, and Science a success, led to a great deal of controversy. On display at the exhibition were the *huqin* family of bowed stringed instruments that include the *zhonghu*; a two stringed bow closely resembling the Mongolian national instrument, the *Morin khuur* or ‘horse-head fiddle’. Jargalsaikhan, while qualifying the interest Mongolian visitors had in regard to the Chinese instruments in general, reported that while the exhibition claimed the *zhonghu* as a traditional ‘Chinese’ instrument, Mongolian visitors, and later the media, took offence as many believe the instrument was a clear imitation of the Mongolian *Morin khuur*. Ts. Jargalsaikhan noted that this offense turned to anger over what many saw as a Chinese attempt to undermine Mongolian cultural achievement.

Other attempts at importing Chinese culture to Mongolia have also been received coldly. Chinese cultural day, for example, which since 2004 has been an annual event in Ulaanbaatar, is widely shunned and openly criticised as an affront on Mongolian cultural preservation. Moreover, in some cases further documented in this chapter, Mongolians have reacted to the Chinese cultural presence in Mongolia with violence. Yet despite this aversion shared by many Mongolians towards Chinese culture, Beijing, in cooperation with the Mongolian Ministry of Education, Culture, and Science, opened a Chinese cultural centre in Ulaanbaatar in 2007 and plans to hold annual cultural events during the Chinese lunar New Year (Mongolia Web 2007). While as of 2009 such events had not yet taken place, the decision to advertise the growing Chinese presence in Mongolia through an open display of unwanted cultural bravado is likely to create further tension in the future. This is particularly true as Chinese New Year closely corresponds with Mongolia’s *Tsagaan Sar*; the country’s most important holiday.

In a sense, the Mongolian people’s tepid response towards participation with China in cultural exchanges comes from animosity towards Chinese culture, but it is also rooted in modern fear of a rising China. Many Mongolians believe that in order to maintain their own carefully guarded traditions, they must take care to preserve the ‘purity’ of Mongolian customs against Chinese influence. The two countries have far too long a

history for Mongolians to doubt the power China has in drawing weaker nations into its cultural sphere.

## 6.2 Mongolian-Sino Social Exchanges Through the IMAR

**Figure 6.1: Map Highlighting Mongolia and the Inner Mongolian Autonomous Region (IMAR)**



Source: Maps-of-China.com ([http://www.maps-of-china.net/p\\_inner\\_mongolia\\_map.html](http://www.maps-of-china.net/p_inner_mongolia_map.html)), accessed 25 April 2008.

### *Mongolian Perceptions of the IMAR*

China's IMAR presents a special set of challenges for analysis of Mongolian foreign policy and identity as it is simultaneously a part of the threatening Other and a part of ethnic Mongolian history (Bayasakh 2000). It is a region inundated with Han Chinese where the minority Mongols use, and are used for, aspects of their ethnic Mongolian cultural history to maintain a distinct identity that simultaneously includes concepts of the Chinese nation. In terms of Mongolian-Chinese relations, the IMAR is a window between the two states that serves both while remaining self-serving, making it a place where trust and suspicion mix for the Mongolian public.

The crux of Mongolian public ‘confusion’ towards the IMAR is that while there is a natural tendency to view the IMAR’s Mongolians as part of a larger ‘Mongolian’ ethnic community, so too is there an almost necessary need to keep Chinese cultural influence at a distance. Indeed, while a number of Inner Mongolians can speak Mongolian, it is the penetration of the Chinese culture into their lives, manifest in such things as their ability to speak Mandarin, the clothes they wear, and the food they eat, that gives the Mongolian public pause when dealing with the people and the region (Bulag 1998:171-172). Indeed, as the IMAR’s ethnic Mongols have been part of the Chinese state for 60 years, and subject to Chinese political, economic, and social control throughout the entire time, even their most fundamental ethnic Mongolian traditions have been affected. This, in turn, has made maintaining a strictly ethnic Mongolian lifestyle impossible for the IMAR’s Mongols, particularly as Chinese immigration policy encourages Han Chinese to move to the region (Weiner & Russell 2001:273); (Hua li 2008).

This has led to difficulty in the Mongolian public’s ability to conceptualise and define the country’s social relationship with the IMAR’s ethnic Mongolians, believing them as ethnically related while also seeing them as part of a feared Chinese Other (Bulag 1998:171-172). This contradiction is so fundamental as to be evident linguistically. The Mongolian term for ‘Inner Mongolia’ is *Oor Mongol*, or *Oor Mongol Chuud*, for ‘Inner Mongolians’, which, simply translated, means the ‘different’ or ‘other’ Mongolia(n). It is a useful analytical starting point when conceptualising the two people’s relations as the phrase encompasses all the seeming contrasts and paradoxes present in Mongolian public opinion in that it simultaneously acknowledges a shared ethnic and cultural background while emphasising the division and distance between the two groups (Hornby 2008).

There are three different approaches Mongolian foreign policy and Mongolian identity politics take when dealing with the IMAR: acceptance, rejection, and uncertainty. As all three are evident in this section’s examination of education and cultural exchange between the IMAR and Mongolia, it is worth developing the motivation behind each.

Acceptance of the IMAR's ethnic Mongols as part of a pan-Mongolian, non-state based entity is most evident in the Mongolian government's socially based foreign policy. As shown in the detailed discussions of education and cultural exchanges below, the Mongolian government has pushed forward for closer relations with the IMAR much as it has with exchanges to greater China. Yet a fundamental difference in its approach is that the state uses perceived ethnic ties as a means to facilitate closer Mongolian-Chinese relations. In this sense, the Mongolian government attempts to draw on sub-state cultural relations in order to advance its larger China-focused foreign policy.

Rejection of closer cultural and educational relations with the IMAR takes place mostly at a societal level in various groups with strong anti-Chinese, and anti-foreign, sentiments. It is based on ideas that the IMAR's Mongols have become 'polluted' through intensive Chinese migration campaigns, mandatory minority education, and the sense that the IMAR's Mongolian 'culture' is nothing more than a propaganda tool the CCP employs to demonstrate to the nation and the world that China is a multiethnic state (Baranovitch 2001); (Hua Li 2008). As, at the time of writing, Han Chinese made up over 80 % of the IMAR's population, demographic support for rejection is strong. Indeed, according to Bulag, an ethnic Mongolian Cambridge-based scholar who grew up in the IMAR, 'as more [Han] Chinese are represented in the [IMAR's] Party Committee, the government, the People's Congress, and the PCC, the Inner Mongolian Autonomous Region becomes increasingly a misnomer' (Bulag 2005:95). It is this penetration of Chinese into the IMAR that has led a portion of the Mongolian public to reject the IMAR's ethnic Mongols as being in anyway 'Mongolian' by reconstituting them as part of the Other (Bulag 1998:171-172).

Uncertainty towards how to understand the IMAR's ethnic Mongols is the driving force behind Mongolian identity politics. It is a more moderate position than either total acceptance or rejection, but includes aspects of both. For the majority of the Mongolian public, the IMAR's ethnic Mongols, while indeed different and even, perhaps, 'polluted', are not inherently corrupt but rather victims of Chinese cultural colonization (Hua Li 2008). Indeed, according to Professor Wang Jisi, Professor of International Affairs at

Beijing University, the essence of the IMAR is that it serves as a confluence of Chinese and Mongolian cultures that while having the potential to create animosity also has the ability to foster a sort of cultural melding (Interview 32). From a Chinese perspective, Jiang Rong's popular novel *Wolf Totem* shows such a union between cultures, even going so far as to elevate aspects of Mongolian culture (while claiming that the Mongols are 'Chinese' in the process) above Han Chinese culture (Jiang Rong 2008). While the book has gone widely unnoticed in Mongolia, perhaps as a Mongolian translation has not yet been produced, its sense of the IMAR as a cultural linkage between the two states is central to what Olson calls the 'uncertainty' approach's moderate position (Olson 1998:243).

### ***Mongolia-IMAR Education Exchange***

Mongolian foreign policy regarding education exchange with the IMAR is, therefore, best understood as a mixture of ethnic affinity, identity security concerns, and government initiatives to develop closer relations with the PRC. Whereas the Mongolian public has been cool to the overall idea of education exchange with greater China, studying in the IMAR has become accepted and is growing in popularity. Indeed, whereas only 100 Mongolians studied part-time or over short periods in the IMAR in 2000, by 2007 the number had grown to 1000, including 100 of the total 320 full-time registered students in China (Xinhua 2007).

In many instances, the IMAR government and IMAR universities have been the driving forces behind closer exchange from the Chinese side. In 2005, the IMAR government signed an education exchange agreement with the Mongolian Ministry of Education called the '2005 Mongolian Students to Study Chinese in China and Chinese Teachers to Go to Mongolian to Teach Agreement'. The agreement's stated purpose was to facilitate bilateral exchange and to develop university-to-university relations (Overseas Chinese Affairs Office of Inner Mongolia 2008). In 2006, the IMAR government also agreed to provide tuition and living expenses for 100 Mongolian students to study in the IMAR each year.

In further support of the agreement, the Ministry of Education of the People's Republic of China agreed to provide funding for fifteen IMAR teachers to go to Mongolia and teach Chinese in 2008. While many were slated to teach at the Mongolian National University's Confucius Centre, others were sent to the Mongolian countryside to teach at more rural universities (Ministry of Education of the People's Republic of China 2008). This dissemination of Chinese instructors throughout the country has allowed Mongolian universities to offer Chinese instruction at a before unheard of scope.

IMAR universities and research institutions have also sought to develop relations with Mongolian universities. For example, Inner Mongolian University provides funding for one volunteer teacher to go to Mongolia to teach Chinese each year in a concerted effort to further develop relations with Mongolia. In addition, the IMAR's Science and Technology Bureau co-hosted the '2005 China-Mongolian Dissemination and Cooperation for Science and Technology Forum' in Ulaanbaatar (Inner Mongolia University 2008); (China-Erlan Website 2008).

Yet even more than these state and state-institution sponsored agreements, it is the Chinese private schools in Erlan, some of which offer tuition in Mongolian, that have pushed forward education exchange between the Chinese region and the Mongolian state. Indeed, of the 1000 students studying in the IMAR, more than 400 study in Erlan. Central to the city's appeal is the fact it is the first Chinese city after leaving Mongolia and less than a thirty-minute train ride from the border. As a result, Erlan has become the de facto centre for Mongolian-IMAR education exchanges. Indeed, according to the Mongolian Consulate in Erlan, more than 70,000 Mongols pass through the city each year (China-WTO website). In this sense, the city has both the appeal of a window into China and strong ties to Mongolia.

Yet, if Erlan is a good example of how the IMAR's ethnic Mongols facilitate greater overall Mongolian-Sino relations, so too does the Chinese city offer instances when the sense of the Chinese Other and the degree to which the IMAR's ethnic Mongols have

become part of that Other call into question the fundamentals of Mongolian-IMAR relations. In December 2008, Chinese media widely published a story about an ethnic Mongolian-run boarding high school in Erlian that accepted Mongolian students only to effectively abandon them when their parents paid their school fees. Reports recorded how more than 40 students at the Mongolian National High School were left without running water and electricity and given only gruel and bread to eat while also describing, with Dickensian detail, boils the children developed and lice they contracted due to improper hygiene (T. Tseleng 2008)

At the centre of all the media reports about the Erlian Mongolian National High School scandal was a sense of anger among commentators and the Mongolian public at the parents who had enrolled their children at a Chinese school. Rather than allow that the parents might have hoped to give their children the advantage of education in a foreign language and experience in China, newspapers chastised them for having been naïve enough to trust the ethnic Mongols in the IMAR. In reacting to the horrible neglect, the Mongolian public once again turned on the ethnic Mongols inside the PRC, seeing them as a component of the Other rather than as ethnic relations (T. Tseleng 2008).

### ***Mongolia-IMAR Cultural Exchange***

The Mongolian public has been far more open to cultural cooperation between Mongolia and Inner Mongolia than it has been with China at large. Indeed, cultural cooperation between the two regions has become the focal point of social exchange between the Mongolian and Chinese governments. According to Ts. Jargalsaikhan, the common cultural history between Mongolia proper and the IMAR makes facilitating cultural exchanges and cooperation particularly easy.

In this regard, Mongolian language plays a central role in facilitating such exchange. Ts. Jargalsaikhan explains Mongolian language's importance as it effectively excludes Chinese influence and reinforces the cultural and historical links between the IMAR's ethnic Mongols and Mongolians in Mongolia. This allows both the Mongolians and the

IMAR's ethnic Mongols to build on a common cultural, historical, and linguistic past in which both sides are more or less equal. This in turn can lead to further exchange as identity concerns give way to cultural affinity.

Of particular importance for Mongolian-IMAR cultural and language exchange is the *Urtyn duu*, or 'long song'. While entirely culturally specific, it is similar in substance to the English folk song or the Spanish Cante. The *Urtyn duu* is usually sung by one person (either man or woman) and is largely focused around historical and mythical events while often accompanied by the *Morin khuur*. The *Urtyn duu* is also largely symbolic in that it has been used for centuries for traditional celebrations and festivals and has an almost spiritual aspect to it that is specific to Mongolian shamanism and nature worship (UNESCO 2008). The songs are, therefore, laden with obscure Mongolian cultural references and poetic language that make understanding of their content particularly difficult for a non-native Mongolian speaker.

During an interview, Ts. Jargalsaikhan emphasised that the cooperation Mongolia has with the IMAR on the preservation and development of the *Urtyn duu* is the most important bilateral cultural activity between Mongolia and China. According to Ts. Jargalsaikhan, the Mongolian and Chinese governments reached an agreement at a 2006 meeting in the IMAR's capital Hohhot that twenty representatives from both countries, for a total of forty people, will meet every two years to conduct research on the *Urtyn duu* as well as hold periodic competitions. The programme is sponsored in part by UNESCO, which as of 2005 registered the *Urtyn duu* as a Masterpiece of the Oral and Intangible Heritage of Humanity, and directly financed by both the Mongolian and Chinese governments (UNESCO 2008).

In many ways, cultural exchange focused around the *Urtyn duu* is emblematic of the paradox surrounding Mongolian-Chinese relations in the IMAR. While constituting a definitive instance of cultural cooperation between the two countries, the *Urtyn duu* relies entirely on Mongolian language, culture reference, and rituals formed entirely outside the Chinese cultural mainstream. In this sense, while partially funded and encouraged by the

Chinese government, Mongolian-IMAR cooperation in large part depends on the absence of Chinese cultural influence for success. Moreover, overt Chinese support for the exchange might undermine the very foundation of Mongolian-IMAR cultural cooperation as it could reinforce Mongolian public opinion regarding the IMAR's ethnic Mongols as part of the Chinese Other.

While a shared common past is an important catalyst for exchange, M. Chimedtseye of the National University of Mongolia's Mongolia-China Friendship Association notes that the Chinese and Mongolian governments have also drawn on perceived differences between Mongolians and the IMAR's ethnic Mongolians to further cooperation (Interview 19). While agreeing that Chinese involvement in the IMAR has created a division between the IMAR and Mongolian identity, M. Chimedtseye also believes that the very distance between the two ethnic groups provides an important ground for future cooperation.

By way of example, M. Chimedtseye suggests that while the IMAR's Mongols can serve as middlemen into greater China, Mongolians can reciprocate by introducing the more western aspects of culture they inherited from the former Soviet Union. This includes such performance arts as opera and ballet that would otherwise be slow coming to the isolated, landlocked Chinese province (Arts Council of Mongolia 2008). Moreover, while developing in relative isolation from one another for the last six decades, both the IMAR and Mongolia have managed to maintain different aspects of 'traditional' Mongolian culture that, together, compliment each other. In appealing to the common sense of ethnic kinship, while building upon the inherent differences that have before caused concern among the Mongolian public, both governments hope to improve overall cultural ties. M. Chimedtseye believes that such cooperation has the potential to defuse concepts of ethnic IMAR Mongolians as 'corrupted' by Chinese influence and instead redefining them as part of a common ethnic group that has developed in parallel while separated geographically. In doing so, the Mongolian and Chinese governments may hope to defuse Mongolian public opinion that closer relations are a threat to the country's identity security. At the same time, the Chinese government may hope stressing the

differences between the two ethnic groups will staunch any pan-Mongolian separatist movement in the IMAR by reaffirming their distinct identities and the IMAR Mongol's inclusion in the Chinese state (Mackerras 203:22).

M. Chimedtseye suggests that if government exchange programmes can focus on cooperation in areas where Mongolia and the IMAR are different while allowing for the ethnic and cultural similarities to become self-evident, younger generations of Mongolians will be more open to government sponsored social exchange. He notes that this type of interaction with the IMAR not as a 'lost' territory of Mongolia, or with the IMAR's ethnic Mongolians as Chinese 'polluted' Mongols, could clear the way for younger Mongolian generations to view the IMAR's Mongols as different in a non-threatening way while similar enough to be foster exchange.

Professor Chen Shan of the Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences (CASS), agrees with this point and stresses that the Chinese government is very intent on encouraging cultural and education interaction between China's young minority Mongolians and Mongolian youths (Interview 8). Chen Shan notes that the Chinese government hopes the closer relations, based on newly found cultural affinity arrived at through the conscious perception that the IMAR's ethnic Mongolians are Chinese first and Mongolian second, will allow for closer governmental cooperation in other fields.

### **6.3 Mongolian Anti-Chinese Sentiment**

Relevant to any discussion of Mongolia identity security is the country's growing degree of anti-Chinese sentiment. Indeed, according to M. Chimedtseye of the Mongolian-Chinese Friendship Association, such sentiments threaten to challenge the Mongolian government in so much as limiting its ability to maintain non-nationalist policies with the PRC. Not only are anti-Chinese movements gaining political traction through both established parties like the MPRP and MDP, both of which attempt at times to use such sentiment to shore up their own support, but have provided an organising principle for a number of quasi-political, quasi-military fringe groups. While ubiquitous throughout the

twentieth century, current anti-Chinese sentiment draws the majority of its support from fear and resentment at the increased Chinese labour presence in the country, which is a direct result of Mongolia's growing economic dependency on the PRC (Moxley 2009). Yet while anti-Chinese sentiments are widespread among the Mongolian public, there are distinctions between the degree and type. The following analysis will, therefore, treat anti-Chinese sentiments in Mongolia as consisting of two distinct types. First is the more moderate form of anti-Chinese sentiment, which stems from a historical sense of China as the Other. Second is the more radical sentiment that has spawned violent movements that seek to maintain Mongolian 'purity' through intimidation and force.

Moderate anti-Chinese sentiments are ubiquitous throughout the Mongolian public, spanning different age, education, or social demographics. They usually consist of a general prejudice against China as a whole, resentment at Mongolia's weakness in relation to the PRC, and concern over Mongolia's ability to mitigate its growing influence (Moxley 2009). Indeed, one constant theme in interviews with Mongolian scholars, officials, or specialists in government and non-government agencies was the tendency of educated, cosmopolitan men and women to site China as a source of Mongolia's problems even when such issues were apparently entirely domestic in nature.

A prominent example of this type of scapegoating occurred in larger Mongolian society during early 2008 in response to a nationwide case of tainted vodka poisonings. While eventually attributed to a domestic vodka distillery, initially rumours that the Chinese had been involved in the sale and production of illegal vodka were widespread among the media and residents in Ulaanbaatar (Ts.Davadorj 2008). These same media articles demanded a wide range of state response ranging from a national boycott of Chinese goods to a government sponsored expulsion of Chinese migrant workers from the country (Ts.Davadorj 2008). Even after the Mongolian police arrested domestic manufacturers and charged them with gross negligence, many in the Mongolian public and media steadfastly stuck to the claim that the Chinese had arranged it all in an effort to undermine Mongolia's lunar New Year.

Even within the Mongolian business community, where relations between the Mongolians and Chinese are more practical and based on mutually beneficial financial gain, the overarching conceit is that Chinese are not to be trusted, particularly in regards to their intentions towards Mongolia. Indeed, according to G. Togooch, an entrepreneur who owns men's clothing stores, restaurants, and bars in Ulaanbaatar entirely stocked with goods from China, the general sense among those in the Mongolian business community is that all Chinese cannot be trusted. G. Togooch goes further to say that even the IMAR Mongols are untrustworthy as they have too much Chinese 'blood'. While this sense of Chinese as wicked and dishonest is rooted in historical Mongolian concepts of the Other, it has gained strength since the end of the Cold War as an increasing number of the Mongolian public look to China and Inner Mongolia for economic opportunities unavailable in their own country only to find they are taken advantage by the often more sophisticated Chinese businessmen (Inner Mongolian University 2006).

Such modern anti-Chinese sentiments permeate Mongolian society, from lack of support for politicians with Chinese ancestry to school yard fights in which each child accuses the other of being a 'Chinese spy' (Asian Economic News 2005). They are stoked by fear that the Chinese government still believes Mongolia is part of greater China and acting surreptitiously to bring the country under its control (Batbayar 2001:150). This sense is reinforced by the worrying realization among the public that Mongolia is becoming more and more economically dependent on Chinese goods and labour.

While widely held, these moderate anti-Chinese sentiments are, for the most part, innocuous. They tend to deal primarily with conceptions of national identity at the collective level and would not necessarily prevent a Mongolian from having a Chinese friend. For example, those with anti-Chinese sentiments would not necessarily consider Chinese businesses in Mongolia as a force to rally against. In this regard, there remains a sense of division between general prejudice and focusing hatred on an individual within the moderate anti-Chinese opinion (Moxely 2009).

Yet a far more violent and potentially destabilising form of anti-Chinese sentiment is taking shape in Mongolia that may have the potential to radicalise the more ‘moderate’ Chinese prejudice. Such anti-Chinese movements rely on a xenophobic appeal to Mongolian ethnic and cultural purity and perceived external threats from the Chinese Other to the purity of the Mongol nation for their legitimacy (Global Times 2009).

In particular, two anti-Chinese, anti-foreign youth movements have gained prominence within the last several years. Both are based in Ulaanbaatar but claim to have branches in every provincial centre where Chinese are present. Starting as little more than street gangs of late adolescent boys with a strong armed tendency to bully Chinese businesses, Dayar Mongol and Xox Mongol have morphed into armed, quasi-political movements that hold press conferences and receive public donations in support of their work (Tsetsig 2007).<sup>8</sup> Moreover, aside from occasional criticism of the two nationalist movements’ sometime radical measures, both Dayar Mongol and Xox Mongol enjoy popular support. This support comes mainly from the perception that they are engaged in preserving Mongolian ‘purity’ and ensuring a Mongolian state for Mongolians. As more than 95% of the population claimed to be very proud of their ethnic Mongolian heritage, the two group’s underlying appeal to nationalist sentiment provides them both with a solid base (Tuya 2007); (San Maral 2008b:17)

Founded in 2005, Dayar Mongol and Xox Mongol have been actively persecuting Chinese businesses and Chinese workers in what they profess is a reaction to generally held public beliefs that Chinese are infesting Mongolia and taking advantage of the Mongolian economy and society. Their actions range from simple intimidation, such as storming Chinese owned and operated restaurants and demanding the owners change their signs from Chinese characters into Cyrillic, to shaving the heads of Mongolian women caught with Chinese men (Tsolmon 2005). More violently, they publicly talk of branding women caught more than once with Chinese men while beating to death and burning those Chinese who ‘take advantage’ of Mongolian women. Even more radical

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Dayar Mongol (Даяар Монгол) meaning ‘Pan Mongol’ and Xox Mongol (Хөх Монгол) meaning ‘Blue Mongol’.

are the two groups' narrowing definition of 'guilt by association' as reports of their beating Mongolian taxi drivers who have accepted Chinese passengers are increasing. Moreover, both representative of Dayar Mongol and Xox Mongol have claimed they are actively involved in training armed urban combat units and are not against using deadly force against both Chinese and Mongolians thought to be engaged in activities detrimental to Mongolian cultural and ethnic 'purity' (Wong 2008). Indeed, both Dayar Mongol and Xox Mongol have twenty-four hour hotlines where anyone can call and report Chinese or Mongolian 'violations' to which they respond with dozens of armed men (Erdentsetsig 2007).

Mongolian government response to these growing nationalist groups has been mixed. While politicians distance themselves from the violence, Mongolian media has reported instances of police support and/or compliance (Wong 2008). Indeed, tacit support for ethnic nationalist movements might even be institutional. Through one of the state's domestic defence strategy's aims (see chapter seven for the specific legislation) of ensuring the security of 'the national language, history, culture, customs and traditions that constitute the basis for the existence and development of the Mongolian nation and its statehood' as well as the country's gene pool, the government has afforded ethnic protection national security priority that both Dayar Mongol and Xox Mongol can draw upon for legislative support of their violent actions (Embassy of Mongolia 2007d); (Ministry of Defence of Mongolia 1998:25-29). Moreover, according to Lieutenant Colonel Matthew Schwab, Defence Attaché and Chief, Office of Defence Cooperation US Embassy, Ulaanbaatar, Mongolia, protection of the Mongolian gene pool in particular is considered a major national security priority for the Mongolian Ministry of Defence and given what he considers a 'disproportionate' amount of high-level military attention (Interview 18). Even more so, M. Schwab notes that there is ubiquitous concern among high-level Mongolian military officers of a covert attempt by the Chinese government to send Chinese men into Mongolia to steal Mongolian women. Such institutional xenophobia surely adds to both Dayar Mongol and Xox Mongol's sense of nationalist legitimacy.

Some Mongolian government policy has already started to move to placate society's more radical anti-Chinese elements. Indeed, nationalist activities such as those perpetrated by Dayar Mongol and Xox Mongol are creating domestic pressure for Mongolian politicians to react more harshly to what many view as unbalanced foreign policy that is leading to dependency. For instance, in 2007, the Mongolian Office of Immigration, Naturalization and Foreign Citizens inspected dozens of Mongolian-based Chinese enterprises and expelled previously tolerated illegal workers in a grandly orchestrated attempt to show the government's willingness to act decisively against Chinese influence (The Mongol Messenger 2007). In a similar response to growing nationalist criticism, the Mongolian government recently rescinded a license it had sold to a Chinese company for the Turmeti Iron-Ore deposit in Darkhan, claiming the license was obtained illegally despite it having gone through all the proper, legal channels (The Economist 2006). While moderate in themselves, these policies are examples of a larger trend of the Mongolian government to seek legitimacy by appealing to more nationalist elements of society that short-sightedly believe the state would be better off without foreign, particularly Chinese, influence.

Overall, however, state foreign policy remains largely focused on maintaining good relations with its foreign partners, particularly China. Moreover, as Mongolia's economic dependency grows, the state's ability or desire to implement anti-foreign policies to appease radical nationalist sentiments will diminish. Indeed, dependency has the potential to lead to a situation in which the periphery adopts the core state's political and economic policy priorities as its own (Moon 1985:298). Previous chapters on Mongolia's economic and environmental sectors offer evidence that the state has already adopted more 'China friendly' policies than before its transition.

Such foreign policy is very much in opposition to Mongolian anti-Chinese sentiment, which views economic dependency on China and increased foreign (particularly Chinese) migration into Mongolia as fundamental threats to the country's societal security (Batbayar 2001:1-3). In this regard, anti-Chinese sentiments in Mongolia contribute to state weakness as they directly challenge the state's foreign policy towards China, which

opts for cooperation rather than confrontation. Indeed, anti-foreign, anti-Chinese sentiments could easily turn against the Mongolian government if groups such as Dayar Mongol and Xox Mongol challenge the state's relations with China as a form of capitulation.

## **Conclusion**

Mongolian public perceptions of China as the Other, its uncertain relationship with the IMAR's ethnic Mongols, and Ulaanbaatar's growing dependency on the PRC are the key variables in understanding the limitations and opportunities within Mongolian-Sino societal relations. Also an important component in regard to public opinion is the division between those Mongolians who see closer social relations as desirable in that they allow for increased economic and cultural opportunity and those who harbour radical anti-Chinese sentiments based in economic and cultural xenophobia. Taken together, these factors indicate that while social relations between Mongolia and the PRC are expanding, it is not clear that they are easing the significant obstacles for closer exchange that remain.

The long historical view of China as the Other has contributed to a lack of support for closer cooperation and concern among the Mongolian public over Chinese migration and the resulting influence this gives the PRC on the state's social identity (Figures 6.1 and 6.4). These concerns are reinforced by China's tendency to approach Mongolian culture through an asymmetrical dialogue in which it appeared interested in projecting a version of Chinese culture abroad but seemingly indifferent to Mongolian culture other than that already included in the PRC's identity. While evidence suggests that such identity concerns are abating for part of Mongolian society, fear over Chinese penetration into the state has also stoked xenophobia and racism towards Han Chinese in Mongolia.

Social relations between Mongolia and China are, however, much improved when the two states focus on the IMAR as the majority of the Mongolian public tends to view the region's Mongols as sharing ethnic markers and a common descent that help

counterbalance the sense of China as the Other (Harrell 1995:33). The cultural ties between the regions' peoples further allows for sub-state cooperation that is largely absent from the more general Mongolian-Sino relations described above. Nevertheless, as Mongolian identity perceptions towards the IMAR's Mongols includes an aspect that they have been 'polluted' by Chinese cultural penetration, public opinion can quickly turn against them by reconstituting them as part of the Chinese Other in instances when they perceive the IMAR's Mongols as acting against these cultural bonds (T. Tseleng 2008).

Domestically, the state's foreign policy towards China is coming under pressure from anti-Chinese sentiments resulting from the increased number of Chinese workers and businessmen living in Mongolia as the result of the two countries' economic relations. This sentiment may gain in prominence as groups such as Dayar Mongol and Xox Mongol move from their foundations as hooligan groups towards a greater political legitimacy in which their views become increasingly more mainstream. Such anti-Chinese sentiments have the potential to cause further state weakness as they directly challenge the state's more China friendly social foreign relations.

Yet to say the Mongolian public is closed to closer social and cultural relations with China is an over simplification. With cultural and educational interactions on the rise, younger generations of Mongolians who are able to draw some personal benefit from relations with China are starting to see the PRC in a different light, as exemplified in the chapter's description of Interviewee 22. Moreover, as Mongolians are already interacting more freely with China's IMAR, subsequent generations may choose to disregard what many now perceive as threats to societal security and build on this foundation for further penetration into China as a whole. This closer development of cultural ties has the potential to lead to a greater willingness on the Mongolian people's side for societal and cultural exchange. Whether this will result in an increasingly confident and autonomous Mongolian identity or one subjected to Chinese cultural dominance remains uncertain.

## Chapter Seven: Mongolia's Military and Security Relationship with China

For weak states, limited physical resources such as weapons systems, highly trained personnel, and an effective command and control system can greatly limit their ability to affect a military outcome. In order to mitigate this vulnerability, weak states often seek to leverage their relative strengths through either balancing or bandwagoning (Walt 1987:31-33). Notable is the differentiation between internal balancing, which requires a state to use available resources to build up its domestic ability to offset perceived threats, and external balancing, which suggests alliances with a variety of states and organisations. As weak states often lack the necessary resources to internally balance, most focus on external balancing (Miller 2006:14-15). Such policy actions are very much in line with Mongolia's security strategy in relation to the PRC.

Mongolian economic dependency on China, coupled with its institutional weakness, would suggest that the country adopt a policy of bandwagoning in relation to the PRC. Indeed, such a military strategy is often the logical extension of economic dependency (Elgstrom 2000:27). Mahler best describes this natural progression from economic to military dependence (as well as other sectors) through his concept of the dependency 'syndrome', in which he notes that weaker states often gravitate more closely towards their 'principal partners' once economic linkage has taken place (Mahler 1980:119). In this sense, considering China's core position in East Asia, as well as its growing military 'might' and ambition to further project military power regionally by 2020, Mongolia's decision to simply 'cast its lot' militarily with that of the PRC would be logical and farsighted (Lampton 2008:37).

However, the Mongolian military, Mongolian state, and Mongolian society continue to view China as the country's biggest security threat (Scalapino 1999). Indeed, as earlier chapters have shown, Mongolia's security strategy for most of the twentieth century was precisely a bandwagoning with the former Soviet Union *against* the greater Chinese

‘threat’. For this reason, the government has opted not to align its military interests with the Chinese state through bandwagoning, despite the already existing collinearities of dependency. Instead the Mongolian state has attempted to employ an extensive policy of ‘third neighbour’ balance of power alliances aimed at counterbalancing the PRC’s military prowess.

Such external balancing, or ‘countering alliances’, is typically a less popular strategy for weak states because it involves more actors and thereby has more inherent risk (Walt 1985:4). Indeed, Walt notes that most weak states choose bandwagoning as they simply cannot afford to align with the ‘losing’ side if they wish to survive (Walt 1990:173). For Mongolia, however, the attractiveness of external balancing seems to be in the safety such countering alliances afford. This is particularly true as the state would likely face significant opposition from the Mongolian public if it were to adopt an overt policy of military bandwagoning with the PRC.

Two characteristics of the Mongolian state contribute to its ability to engage in balance of power activities. These are Mongolia’s geographic location between Russia and China and the state’s non-alignment stance. While individually both are inherent weaknesses and would further suggest that the Mongolian state should bandwagon with China so as to ensure its regional security, together they provide an attractive strategic opportunity for potential allies to establish military relations with a democratic country in the rather volatile Northeast Asian and Central Asian regions. Indeed, Mongolia’s geographic location, its attempts at neutrality, and its desire to participate in international peacekeeping activities all contribute to what Walt calls the ‘availability of allies’ (Walt 1990:30). This ‘availability of allies’ comes from the fact that states, particularly those like the United States that fear a ‘rising’ China, view Mongolia as a potential ‘foothold’ between two great powers that could serve a strategic military purpose should they find themselves in a military engagement in the region.

Perhaps just as important for Mongolia’s successful balance of power is China’s commitment to practice non-military interference in the state’s security strategy with the

insistence that it must remain unaligned and not allow foreign powers to use its territory for bases or for surveillance activities aimed at the PRC. While voluntarily limiting its overall military influence over Mongolia, this stance serves the purpose of reinforcing the PRC's commitment to acting as a conservative regional military power with little or no direct involvement in its neighbour's domestic affairs (Wang 2004:12). Indeed, as the PRC already enjoys a growing degree of leverage over Mongolia's economic structures, there is little reason for Beijing to expend the resources and effort to bring Mongolia into a forced position of military dependency, so long as the country remains unaligned.

The following chapter will examine Mongolia's foreign and security policy in order to determine whether the country's dependency on China is causing it to develop more of a bandwagoning approach, whether it is moving more towards a policy of balance of power, or whether it is engaged in both. The chapter will conclude with a critique of Mongolia's current strategy focusing on whether it is contributing to the state's sovereign ability to maintain human and territorial security or whether it is moving the country closer to greater dependency on China.

## **7.1 Mongolia's Security Strategy**

Mongolia's security strategy is divided into two parts: internal national defence, focused on issues relating to social stability, and external aspects of defence related to military security. These two aspects clearly divide the priorities of the Mongolian government and the Mongolian Armed Forces (MAF) between foreign and domestic security concerns. Yet the two are, in fact, closely related in so much as the Mongolian military focuses on external sources of threat when defining national defence priorities rather than identifying potential internal sources of unrest (Enkhsaikhan 1995). This is primarily the result of Mongolia's relative internal stability and the state's resulting perception that the country's largest military threats are exclusively external. Indeed, Mongolia's principal security documents pay scant attention to the country's internal threats when discussing the need to maintain social stability (Embassy of Mongolia 2007d). Rather, the MAF's security documents concentrate primarily on Russia and China as potential sources of

internal and external instability (Defence & Foreign Affairs 2006a). This focus suggests the Mongolian government and military largely believe the country's greatest threats come from its neighbours, both of which have historically viewed Mongolia proprietarily (Defence & Foreign Affairs 2006a).

The Mongolian government first conceptualised the country's internal national defence strategy in the 1991 Constitution, expanded upon it the 1994 document on National Security and Foreign Policy, and further refined it in the 1997-98 Mongolia Defence White Paper. In summary, the internal national defence strategy's stated purpose is that the Mongolian state assumes the responsibility to protect the 'vital national interests of Mongolia consistent with the existence of the Mongolian people and their civilization, the country's independence, sovereignty, territorial integrity, inviolability of state frontiers, relative economic independence, sustainable ecological development and national unity' (Embassy of Mongolia 2007d). It expands on the state's primary role by giving it control over the MAF and stating it must actively engage both defensively and pre-emptively in military action when necessary to secure these national interests. The strategy goes further to state that the Mongolian government recognises the need for economic security and, as such, takes upon itself the responsibility for developing the country's economic diversity and domestic strength (Ministry of Defence of Mongolia 1998:26). Similarly, the Mongolian government is responsible for expanding cultural, environmental, and scientific security so as to further ensure the 'vital national interests of Mongolia' (Embassy of Mongolia 2007d). In order to ensure national security, the strategy provides that the government is free to act unilaterally or under the auspices of an alliance or multilateral organisation.

While Mongolia's internal defence is an important part of its national security, particularly in relation to China, the remaining chapter will focus exclusively on the state's external security concerns and strategy. This is not to downplay the importance of Mongolia's internal defence, but rather to suggest the complexities and multidimensional approach needed to understand the state's domestic security are more evident in non-military related security sectors. Indeed, as Mongolia's internal defence is a complex

balance of political, economic, social, and environmental concerns, the preceding chapters all deal with elements of national securities in much greater detail by examining what are generally considered non-traditional security threats. Moreover, as earlier chapters specifically focus on Mongolia's foreign policy in relation to China, this chapter seeks not to summarise those findings, but rather to build upon the general inquiry into Mongolia's national security in relation to China by providing a detailed examination of its external military strategy; an area of concern largely unaddressed in other chapters.

The 1994 National Security and Foreign Policy and the 1997-98 Mongolia Defence White Paper both stress that Mongolia should have an army for self-defence while cultivating its international and regional military relations 'to balance against China' (Bayarmagnai 2005:14). The 1998 Basis of the State Military Policy of Mongolia first introduced the concept of peacekeeping as a priority for the MAF. In addition to this, the Strategic Vision 2015 whitepaper on defence focuses on reorganising and reforming Mongolia's armed forces and conscription system and strengthening Mongolian peacekeeping capabilities (Bayarmagnai 2005:14); (Embassy of Mongolia 2007b). According to O. Mashbat, Senior Researcher for the International Centre for Strategic Studies (ICSS), Mongolian National Security Council, these documents, while varying in that they reflect security priorities at the time of conception, are mutually supportive of one another in that they all stress the need to expand Mongolia's role in the international community through cooperation, training, and a reaffirmation of its commitment to peaceful military development (Interview 23). O. Mashbat notes, however, that they were all drafted with China specifically in mind.

According to J. Mendee, Chief of the Foreign Cooperation Department, Mongolian Ministry of Defence (MOD), the most important element of Mongolia's military security is the continued principle of participation in peacekeeping activities with likeminded democratic institutions and states such as the United Nations and United States as well as the effort Mongolia is making to build up the MAF's professional capabilities through regional and international military cooperation (Interview 13). J. Mendee noted that the State Great Hural (Parliament of Mongolia) first outlined the importance of the

Mongolian military's cooperation with international peacekeeping activities, whether under a coalition or the United Nations or coalition forces, in the 1994 National Security and Foreign Policy and later built upon the concept with the 1998 Basis of the State Military Policy of Mongolia.

Such a commitment to peacekeeping contributes to Mongolia's overall external military security in that it reinforces the commitment to peaceful military development, thereby making it increasingly difficult for any country to act aggressively against the country without intense international condemnation. Although the first instance of Mongolian troop deployment in a peacekeeping operation occurred only in 2002 when Mongolia committed two military observers for the United Nation-led peacekeeping force in Congo, further deployments have taken place in recent years and have become an attractive way for the Mongolian government to increase military-to-military cooperation, develop the international experience for Mongolia's soldiers, and raise Mongolia's military stature on an international stage (Mendee 2007:3). Indeed, since 2002 Mongolia has committed more than 2,000 troops to various peacekeeping missions around the world in conflicts as diverse as Kosovo, the Congo, Iraq, and Afghanistan. As, according to O. Mashbat, the country is essentially incapable of defending itself against invasion without the help of its allies, the MOD believes the best way to ensure military security is to become enmeshed in the international community's peacekeeping efforts as a reliable and stalwart actor.

In line with this rationale, the Strategic Vision 2015 whitepaper on defence states that Mongolia's external military strategy must have as a policy goal the desire for greater participation regionally and with its 'third neighbours'. The whitepaper states the policy aims as both balancing China and developing the Mongolian military through cooperation in coalition military activities. J. Mendee noted Mongolia's participation with the Central Asia Regional Economic Cooperation (CAREC), which deals with such issues as border control, the Shanghai Cooperation Organization (SCO), and the ASEAN Regional Forum (ARF) as examples of institutions through which Mongolia is seeking to engage more directly with regional partners. He cited military relations with the United States, Japan, India, and, to a much lesser extent, other non-regional countries, as

examples of what Mitchell refers to as greater ‘third neighbour’ cooperation (Mitchell 2001:221).

The purpose of such alliances, according to O. Mashbat, while seemingly awkward for a landlocked country several thousand miles from its main ‘third neighbour’ partners, is to diversify Mongolia’s interaction with as many militaries as possible in order to increase technology exchanges and to build international experience among Mongolia’s career military officers. The alliances can additionally provide Mongolia a lifeline to the international security community that it hopes will lessen the country’s geographic isolation between China and Russia.

In relation to reform, the Strategic Vision 2015 whitepaper on defence seeks to further the MAF’s peacekeeping image by modelling the MAF in line with the Swiss and Swedish armed forces in so much as it does not seek to build an army capable of defeating a ground invasion but rather of stressing the need for sustained, short-term defence. The ultimate goal, according to O. Mashbat, is to have a Mongolian army of roughly 300,000-400,000 troops (100,000 permanent troops, 200,00-300,000 reservists) assuming that any foreign force would have to have five times that amount to launch a successful invasion. While quick to point out that any invasion would likely be a part of a regional conflict or war and not a simple instance of China (to use his example) focusing the entirety of its forces on Mongolia, O. Mashbat stressed that the MAF’s sizable number would mostly act as a deterrent incapable of providing for the state’s actual long-term defence. In the instance of actual sustained combat, Mongolia would have to depend on its regional and international partnerships for military and diplomatic support.

Mongolia’s reliance on its allies for military aid, according to O. Mashbat, requires a commitment to supporting their own security concerns, which in turn re-enforces the MAF’s determination to increase the country’s peacekeeping abilities. The MOD has figured the best way to do this is to reform the MAF so that units of its overall armed forces are consistent with international peacekeeping criteria. The MAF hopes to

accomplish this by focusing on the training of one brigade (2,500 soldiers) to meet United Nations' peacekeeping standards so that it might participate in more peacekeeping activities, thereby raising the MAF's overall military quality.

The Mongolian government also hopes to use the soldiers it is training towards UN peacekeeping standards to further develop the MAF's overall ability to participate in regional and international peacekeeping development. As the UN provides USD11,000 a month per soldier to the MAF's general account for each of the 2,500 soldiers, the Mongolian government hopes to divert a significant percentage of the funds to develop an internationally recognised peacekeeping training facility in the Gobi desert. To accomplish this, the MAF will have to work closely with the international military community, particularly with its 'third neighbours', in order to gain the necessary experience in conflict zones and reputation of working with coalition peacekeeping forces needed to convince institutions like the UN and NATO that it has the capacity to maintain such a training centre. While O. Mashbat admits such reform goals are quite ambitious and will be difficult to achieve, they are indicative of the direction the MAF hopes to take in further developing its military security.

Having better trained professional armed forces would allow Mongolia to use its conscription system to focus more on issues of border security and to build up a reserve that could be easily mobilised for national defence. While conscription would remain mandatory for all Mongolian men and the current one-year duration left unchanged, those willing to volunteer for two-year duty would receive training incentives and bonuses. Such policy would extend the number of qualified soldiers serving at more sensitive posts, such as border patrols and military base security, while simultaneously creating a much-needed group of semi-trained reservists. This is particularly important in light of the Mongolian military planners' estimation of how many troops are necessary to prevent a successful invasion from China and the current gap in actual troop levels.

The MAF and conscription reforms, therefore, renew commitment to peacekeeping while reinforcing the country's long-standing strategy of maintaining international and regional

partnerships to balance China. They also contribute to the state's expressed military strategy of building defensive capability through cooperation. According to O. Mashbat, MOD and MAF officials designed this approach to military security particularly with China in mind (with Russia considered a secondary threat), despite what he called a lack of evidence the PRC has aggressive military intentions towards Mongolia. While J. Mendee disagrees with O. Mashbat in that he stresses the MFA did not conceptualise the country's overall military strategy with any one country in mind, he does admit that it is a defensively designed document and that China is a key consideration. Yet J. Mendee also stated that it is the MOD's expressed purpose to maintain good relations with China as it is a country that plays an extremely important role in Mongolia's security conception.

## **7.2 Mongolian-Sino Military Relations**

Predictably, Mongolian military defence strategies focus far more on China as a security factor than China's consideration of Mongolia. Indeed, whereas China mentions Mongolia in security dialogues only in relations to border defence, non-proliferation treaties, and the larger field of the PRC's security concerns regarding other countries, Mongolia's key defence documents were either formulated specifically for a Chinese threat or with China implicitly in mind.

The reasoning behind this disparity of threat perception is self-evident. Mongolia's military capacity is minute compared to China's forces and presents no serious logistical concern to the PRC or the PLA. In contrast, China's growing importance militarily in the Central Asian and Northeast Asian regions has Mongolia rightly concerned. Although China has stressed its commitment to a peaceful Asian-Pacific Region since first publishing a white paper on defence and security in 1995, it has not been as benign in action as in principle (Gill 2005). China's decision to test two large scale nuclear weapons in the Chinese-Mongolian border region in 1994, and again in Xinjiang in 1996, is a clear example of this contradiction in its self professed 'good neighbour policy' (Madhok 2005). So, too, does the PLA's deployment of 630,000 ground troops in the

PRC's Beijing and Lanzhou Military Regions (MR), both of which border Mongolia, give Mongolia's MOD cause for concern (Shambaugh 2004:147-153).

According to O. Mashbat of the Mongolian National Security Council, there are two generally held views among Mongolian military leaders and strategists in regard to the Mongolian-Chinese military cooperation and the Chinese 'threat': one optimistic, one pessimistic. Both views are helpful in an attempt to understand Mongolian-Chinese military cooperation, or lack thereof, as they focus on different aspects of the two countries' military relations while also considering different future scenarios in an attempt to forecast the opportunities and obstacles facing Mongolia's military security vis-à-vis China.

Key to the optimistic viewpoint is the assumption that as China grows it will follow its self-declared policy of a 'peaceful rise' and learn to settle its disputes within the confines of regional and international organisations in a peaceful manner. The evidence supporting this point of view is compelling as despite the PLA's occasional belligerent activities in the IMAR or Xinjiang, there is a real sense of sustained willingness on the part of the Chinese military to cooperate with Mongolia that seems to have, for the moment, helped alleviate the Mongolian MOD's fear of imminent Chinese military aggression (Scalapino 1999). Indeed, while Mongolia is not a hugely important element of China's security strategy, the two states have cooperated for more than a decade in instances where Mongolia serves a specific purpose in China's larger military concerns. Motivation behind Chinese military cooperation with Mongolia is, therefore, geo-strategic and stems from two primary objectives: the need for border control and assuring the absence of regional great power military projection (particularly by the United States) by encouraging Mongolia to remain non-aligned (Zhang Liujie 2005).

In 1999, China and Mongolia signed the 'Sino-Mongolian Agreement on Cooperation in Frontier Defence'.<sup>9</sup> While important for Mongolia in so much that the agreement

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<sup>9</sup> In the Sino-Mongolian Agreement on Cooperation in Frontier Defense border cooperation is defined as, 'efforts to keep peace and stability on the boundary between China and Mongolia; exchange information in the interest of

contributed to overall border security and the ability to control cross-border smuggling, the defence agreement was far more important for China as it addressed issues directly relating to its overall domestic security and stability, particularly in the sense of securing one of the Xinjiang Autonomous Region's eight shared borders (Shambaugh & Yang 1997:349; Sutter 2005). Limiting illegal cross-border traffic is essential for China's control over Xinjiang and, to a lesser extend, Inner Mongolia. Indeed, a nightmare scenario for Beijing is increased cross-border support for Xinjiang's separatist movements, especially from Muslim extremists from Central Asia. Mongolia's role in relation to this Chinese security concern is in its control over its western provinces, Khovd and Bayan Olgi, which are home to Mongolia's sizable Muslim (Kazak) minority as well as sharing a border with Kazakhstan. For this reason, the Chinese government is particularly anxious to monitor border activity from western Mongolia into Xinjiang and requires Mongolia's cooperation (Zhang Liujie 2005). As most analysts believe that the greatest threat to the CCP is internal, failure to ensure cross border traffic that could foment ethnic unrest could be catastrophic for the Chinese government (Shirk 2007). According to optimists, participation on border defence, a key element of Mongolian-Chinese military cooperation, has, therefore, benefited military relations between the PRC and Mongolia as both sides are able to address issues of military security through partnership that further decreases regional security tensions.

Of equal importance in Mongolian-Chinese military cooperation is the issue of Mongolia's non-alliance, which is, according to S. Ross, Country Director for Mongolia, Office of the Secretary of Defence, United States, of primary concern for the PRC. Conveniently, Mongolia's security strategy stresses the need for the state to remain unaligned in order to maintain the ability to balance China and Russia while also cultivating security relations with as diverse an array of international and regional

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maintaining normal order in the border areas and other related information; discuss measures and share experiences in guarding and managing the border and maintaining normal order there; prevent accidental incidents or disputes in the border areas; crack down on illegal activities across the border, such as smuggling of weapons, trafficking in narcotics and other contrabands, robbery and theft; strengthen cooperation between boundary representative bodies of the two countries in handling border incidents through consultation, and assist each other in the search for and timely transfer of the people crossing boundaries illegally, together with their transportation means, livestock and other belongings; and inform each other of any possible natural disasters or epidemic diseases which may cause losses to the other and measures to be adopted to prevent them from crossing the boundary.' (Information Office of the State Council of the People's Republic of China 2000).

partners as possible. Thus, Mongolia's own desire to limit the influence of any one state on its military security has also had the added effect of mollifying the PRC's concern, according to J. Mendee, that Mongolia could become part of a US Military strategy to encircle China. For Mongolian optimists, Mongolia's non-alignment strategy has strengthened China's willingness to cooperate and further reinforced Mongolia's military security while effectively costing the state nothing. Indeed, Mongolia's commitment to non-aliance and foreign troop restriction is the result of the entirely domestic, 1994 State Great Hural adopted document entitled 'Fundamentals of the Military Doctrine of Mongolia'. This legislation clearly states that Mongolia will not only not allow foreign troops to be stationed in, or pass through, Mongolian territory in peace time but that the State will remain non-aligned (Ministry of Defence of Mongolia 1998). Drafted with Mongolia's seventy years of dependence on the former Soviet Union in mind, as well as the desire to state a clear position of neutrality in relation to the regional balance of power, the legislation extended to all nations with the intention of Mongolia retaining the ability to balance power while bolstering its fledgling military sovereignty. Regardless of the motivation behind the strategic decision, the Chinese government, according to J. Mendee, was very pleased as it clearly benefited from Mongolia's self imposed non-alignment in so much as it saw Mongolia's willingness to remain unaligned as key to its own regional security concerns.

China's focus on issues related to border security and a fear of military encirclement indicate that Mongolia is a key component of China's 'periphery countries' (*zhoubian guojia*) security policy and, therefore, part of integrated regional policy, known as '*zhoubian zhengce*' (periphery policy); both of which stress the need for China to maintain good military relations with the numerous countries in the Asian region, particularly those with which it shares a border (Zhao Suisheng 2003). Indeed, in a showing of Mongolia's importance to China's overall periphery security, the PRC suggested the two countries establish a bilateral annual security dialogue, alternating between Ulaanbaatar and Beijing, including foreign ministry and military official exchanges (Shambaugh 2005).

In short, Mongolian optimists believe the country has successfully insulated itself from Chinese military influence while also benefiting from good military relations with China that have led to exchanges and training opportunities. Evidence to support this position can be seen in the country's ability to maintain a rather independent security strategy emphasising neutrality while successfully building alliances and joining regional and international security organisations. For optimists, present day Mongolian-Chinese military cooperation translates to a stronger military security that will likely grow as Mongolia further develops its relations with regional and international partners.

Mongolian pessimists see Mongolian-Chinese military relations in a very different light. According to J. Mendee, some of Mongolia's military leaders believe that China's insistence on Mongolia's remaining non-aligned should not be interpreted as simply in line with Mongolia's own military security principles, but as an attempt to isolate Mongolia from the international community so that China can take the place of the former Soviet Union as Mongolia's 'protector'. Moreover, pessimists view China's willingness to provide military funding, around USD1 million a year for military housing, transportation, and social welfare issues, as a direct attempt to gain influence over the MAF. This suspicion was reinforced when, according to J. Mendee, China suspended its annual military aid following the Dalai Lama's visit to Ulaanbaatar in 2006.

Yet, according to O. Mashbat, the real pessimist concern is not over the PRC, but what might happen if China were to collapse and how current policies of helping China control non-Han Chinese nationalism in Xinjiang and Inner Mongolia might affect Mongolia's relations with those potential regions in the future. In the event the CCP or any future political party or parties could not maintain unity of the PRC, either the result of an economic, military, or social catastrophe, Mongolia could find itself sharing its border with any number of new 'states'. Such a radical change in regional dynamics would create new threats for the Mongolian government that could result in increased regional instability. While a hypothetical scenario at this point in time, O. Masbat stressed that Mongolian military policy makers and strategic think tanks such as his own ICSS devote a great deal of energy conceptualising the eventualities should China collapse. O.

Mashbat elaborated that the ICSS has even gone so far as to include the need for Mongolia to have the ability to defeat any of these potential neighbours should they rise as aggressors in recommendations for current and future troops levels. According to S. Ross, such a contingency plan is an essential part of any nation's defence when considering China.

Furthermore, O. Mashbat stated that while the MOD is just focusing on its relations with the PRC at a systems-level, it should not allow its support of China's military policy to override its concerns with minorities in the Chinese state such as the Kazaks, Uighurs, Tibetans, ethnic Koreans, or, of course, Inner Mongolians. While current security policies tend to focus on China as a whole, the reality, according to O. Mashbat, is not that simple and should not be treated as such. While O. Mashbat agrees Mongolia must maintain good relations with China and assume it will continue to rise peacefully, he does not believe that enough evidence points to China's ensured survival that the MOD can afford to ignore the more disturbing, far more threatening, 'collapse' theory.

Despite these differing approaches to conceptualising Mongolia's military security in direct relation to China, both the optimists and the pessimists agree that Mongolia must diversify the military actors the state currently has contact with to strengthen its military security. In short, neither side believes that bilateral relations with China are enough to secure Mongolia and that it should actively engage in peacekeeping and military cooperation with international agencies such as the UN and 'third neighbour' countries like Japan and the US.

Furthermore, both optimists and pessimists believe Mongolian participation and observation in regional security organisations such as the ASEAN Regional Forum (ARF), which encourages security cooperation and diplomatic dialogue among participant states in the Asia-Pacific, and the Shanghai Cooperation Organisation (SCO), an organisation founded to facilitate trade and security exchanges throughout China, Central Asia, and Russia, are essential for Mongolia's regional security stability. Participatory status with the ARF, of which China is an active part, assures Mongolia of

regional security support and legitimacy. Membership in the SCO (of which Mongolian is currently an ‘observer’) would strengthen Mongolia’s position vis-à-vis Central Asia and Russia. China’s interests in turning the ARF into a more comprehensive East Asian Security Community (EASC) and its dependency on the SCO to address non-traditional security issues such as cross border terrorism in Central Asia, greatly increase the chance that Mongolia’s participation in both could cement China’s already formal declaration of non-military aggression (Shambaugh 2005).

### **7.3 Mongolian-Russia Military Relations**

Russia’s role in Mongolia’s military security is prominent in that the two countries enjoy close cultural relations and a history of military-to-military cooperation. Until the late 1980s, the former Soviet Union dominated Mongolia’s military affairs by posting more than 100,000 troops in Mongolia and directly training several generations of Mongolian officers. Indeed, Russian remains the predominant spoken second language for older generation Mongolians and the Soviet socialist legacy is still entrenched in Mongolia’s institutions and cultural perceptions.

Yet following the collapse of the former Soviet Union and subsequent withdrawal of economic and military support from Mongolia, the significance of Russo-Mongolian military relations from a Mongolian perspective shifted from a desire for collaboration to an attempt to replace Russia’s military support through other regional and international partnerships (Blagov 2005b). In many ways, the end of the Cold War created a situation where Russia, with a renewed security strategy stressing a need to engage with the Asia Pacific to balance its relations with Western countries, found itself far more anxious to pursue strategic military cooperation with Mongolia than Mongolia was to have such relations with Russia (Watanabe & Senta 1999:48). Furthermore, instances of cross border violence related to smuggling and immigration, which increased 60% in 1991 between Mongolia and Russia’s Tuva region in Siberia, created security tension in the early 1990s that led to a relative cessation of military cooperation between the two countries for much of the decade (Hodder, Lloyd, & McLachlan 1998:150).

The strategic loss of Mongolia as a military ally, most especially as Mongolia sought closer cooperation with its ‘third neighbours’ Japan and the United States, was of considerable strategic concern for Moscow. This is particularly true as following the dissolution of the Soviet Union, the Federation of Russia sought to recast itself as a Eurasian power with an equal presence in the Asia Pacific as in Europe. This new policy, referred to as the ‘two headed eagle’ in that it stressed Russia’s need to focus at the same time and in similar efforts on Europe and Asia, began in 1992 with Russian President Boris Yeltsin’s Asia tour of India, China, and South Korea (Watanabe & Senta 1999:48). These new policies were formulated in a 1993 strategy report that summarised Russia’s interests in the Asia Pacific as the desire to establish a ‘good neighbour security zone’ in order to secure Russia’s economy in Siberia and the far East, the need to engage in security affairs in the region to increase its status as a Eurasian country, and the need to maintain and expand its influence in the region (Watanabe & Senta 1999:48-49).

While Russia does not necessarily want to reinstate its direct military support for Mongolia any more than Mongolia wants its military security to come in the form of a Russian held security umbrella, Mongolia remains a geo-strategically important country for Russia as it serves as a gateway for Moscow into East Asia, particularly for Russia’s Siberian-based relations with China (Blagov 2006). Indeed, in Russian projected security scenarios in which it engages with China in war, Mongolia is expected to try to remain neutral, but will be of utmost importance for either country for the traditional geo-strategic rational that it serves as a buffer between the two great nations (Cimbala 2001:44); (Buzan & Wæver 2003:432).

Mongolia keenly realises its importance in Russian-Chinese strategic relations and has attempted to act to increase its advantages as such. This includes, in part, a distancing from Russia, which Mongolia pursued throughout much of the 1990s, while cultivating other bilateral or multilateral military relationships to provide for its security (Sutter 2000:146). Yet, in recent years, in part due to Russia’s 2003 decision to cancel the majority of the debt Mongolia incurred while under its Soviet patronage, Russo-

Mongolian military cooperation has improved. This indicates that after a decade of hesitant military interaction the Mongolian government has managed to re-conceptualise Russia as a strategic partner, rather than a former suzerain.

The renewed Mongolian-Russian military partnership started in 2000 with the signing of a military cooperation plan between the two nations (BBC 2000). In 2001, Russian and Mongolian Defence Ministers Sergei Ivanov and Jugderdemidyn Gurragchaa agreed to joint exercises involving the two country's border guards as well as a Russian commitment to help the Mongolian military modernise Soviet-era military equipment (RIA Novosti 2001). The two countries' military involvement was given a boost by the 11 September 2001 terrorist attacks in New York and the United States' subsequent 'War on Terror'. Indeed, in 2004, the Russian military announced it would provide an undisclosed amount of 'free' military assistance in the form of weapons and training to the Mongolian military for use against regional terrorism (BBC 2004). The Russian military further stated that it hoped to help Mongolia establish regional 'subunits' for the fight against terrorism.

Despite the newfound security cooperation between the two states, Mongolia remains committed to maintaining a military distance from Russia. Most Mongolian-Russian military interaction takes place under the auspices of the Shanghai Cooperative Organisation and is, therefore, balanced by Central Asian cooperation and China. Border incidents in which raiding Russians attack local Mongolian villages, often killing herders for their livestock, are still common and still serve as touch points for diplomatic tension as Mongolian politicians feel pressured to respond vigorously to any Russian originating encroachment (Blagov 2005a). To be certain, Mongolia remains wary of Russian help as it has an all too familiar shape and memory. Whereas, culturally, many older Mongolians maintain sentimentality towards the way things were under Soviet control, Mongolia's military security strategy has been specifically designed in the post Cold War era with a particular stress laid upon distancing the state from Russian security dependency. Moreover, Russia serves as one part of a binary regional system upon which the entire Mongolian security strategy is based. Just as in the case of China, Mongolian leaders

believe that military dependency on Russia would lead to an imbalance that could threaten the current equilibrium under which Mongolia has managed to find an independence strengthened by regional and international partnerships.

Russia's role in relation to Mongolia's military security vis-à-vis China is that it acts as a direct balancer. Indeed, the Mongolian government's maintenance of a constant perceived threat of having Russia as a potential ally while maintaining enough of a distance to give the impression of not having become aligned with Moscow is essential to balancing China. Through this strategic give-and-take policy, Mongolia's military relationship with Russia is a strength in that China will remain committed to competition over Mongolia's loyalties rather than attempt to coerce the state to adopt a Chinese-slanted military alignment. As the Mongolian government learned well under Soviet suzerainty, too close a relationship with either one of its neighbours means having to maintain an antagonistic stance towards the other.

According to Masbat, Russia is the only state upon which Mongolia could rely for support in a ground war against China in addition to serving as an important balancer. While Mongolia relies on its 'third neighbours' for strategic technologies development, training, international recognition, and diplomatic clout, it is under no illusion that these same partnerships would translate into direct military assistance should China act aggressively and invade Mongolia. The same is not, however, true for Mongolia's relations with Russia. According to O. Mashbat, the Strategic Vision 2015 white paper clearly states that Russia could contribute troop support to Mongolia's Armed Forces in the case of invasion. This indicates that channels for military cooperation between the two countries still exist and could be effectively utilised should Mongolia find itself in direct need, despite Mongolia's move away from Russian military protectorship.

#### **7.4 Mongolian-US Military Relations**

The Mongolian-American military partnership, while seemingly awkward and difficult to maintain in light of regional opposition, has proved strategically important and mutually

beneficial for both states. As an important component of Mongolia's security policy regarding potential regional threats is to cultivate a 'third neighbour' relationship with non-regional powers, the alliance with the United States, the dominant military force in the Asia-Pacific, is considered a great success in this regard. For the United States, Mongolia's geographic position between China and Russia, its commitment to remaining unaligned, as well as the Pentagon's perception since President Clinton's tenure that the United States should have security interests in every possible East Asian state to contain growing Chinese military capacity, all make Mongolia particularly attractive as a regional strategic partner (Bandow 2006:105). Despite increasing displeasure from China at Mongolian-American military cooperation, particularly in response to the belief that America is establishing listening stations on Mongolian soil that it uses to spy on nuclear installations in Xinjiang, the two countries' military ties have increased in recent years and are likely to become even closer in the future (Tow 2006:17).

While the United States did not consider Mongolia a feasible partner in its East Asian security strategy until the mid-1990s, American diplomats and military leaders recognised the importance of the country's geographic location during the Cold War. United States' officials made several attempts to establish diplomatic ties with Mongolia throughout the 1960s and 1970s, but were unable to do so partially because of the Mongolian People's Republic's close ties with the Soviet Union as well as the United States' own fear that increased diplomatic interaction with Mongolia would upset the far more important relations it maintained with the Republic of China (ROC) on Taiwan. As the ROC believed Mongolia was part of greater China, and therefore refused to acknowledge the country's independence, the United States opted towards a self-appointed moratorium on all political action directed towards Mongolia. This policy of non-interference continued after the United States' recognition of the PRC as China's official government (Garthoff 1994:670).

American policy towards Mongolia changed in the late 1980s as the Soviet Union withdrew its troops and economic support from the country. Initially, diplomatic contact came in the form of economic advisors and transition 'experts' who sought to facilitate a

total transformation of the Mongolian state from socialism to a liberal democracy. In this sense, Mongolia became of strategic importance because it offered a friendly, pro-western democracy between authoritarian Russia and socialist China. Under the Clinton administration, however, the Pentagon re-examined its interests in Mongolia and concluded that the United States could benefit from closer military ties with the Mongolian government in addition to a close economic relationship (Bandow 1999:4).

The 1998 United States Security Strategy for the East Asia–Pacific Region states clearly that America is committed to remain the predominant military force in East Asia indefinitely and, as such, will pursue diplomatic relations with all Asian countries, regardless of their initial relevance to its national security. One section of the report, entitled ‘Enhancing Nascent Relations with Mongolia’, spells out in detail that although Mongolia had never before been figured into American security policy, the United States would henceforth engage with bilateral training exercises and education through the International Military Education and Training programme (IMET). The report specifically shifted the United States’ support for Mongolia away from solely economic to include military cooperation (Bandow 1999:8). To meet with the shift in strategy, the U.S. Department of Defence (DOD) initiated a wide range of distance learning actives with the Mongolian military, as well as conducting numerous training seminars in Mongolia (Bayarmagnai 2005:6). Moreover, the Special Operations Command, Pacific, a subordinate unified command of U.S. Pacific Command, has conducted annual Joint/Combined Exchange Training (JCET) codenamed BALANCE MAGIC in Mongolia since the late 1990s. These training exercises focus on different elements of military capacity building each year (Denecke 1999).

Mongolia gained further stature in American security strategy following 11 September 2001. The attacks and subsequent ‘war on terror’ provided the MAF with an opportunity for closer military cooperation as the US military invaded Afghanistan and Iraq while calling on all willing allies to contribute forces for both. Immediately condemning the attacks in New York and Washington DC as acts of terror, the Mongolian military sent troops to join the US-led coalition in Iraq while similarly contributing troops to the

American-led NATO forces in Afghanistan. According M. Schwab, the MAF were, and remain, particularly valuable allies in Afghanistan as they are the only coalition partner with experience using many of the nascent Afghan Army's more antiquated Soviet supplies weapons and equipments. Moreover, the Mongolian military's involvement in 'Iraqi Freedom' also contributed to the US-led 'coalition of the willing', which sought to create greater international legitimacy for the US military invasion. For Mongolia, operation 'Iraq Freedom' marked the country's first ever participation in a non UN-led coalition military activity and it has proven its commitment to continued support through the National Security Council of Mongolia's decision to extend its troops presence in Iraqi to an ninth rotation in 2008 (Mongolia-Web 2008).

The United States military responded to Mongolia's voluntary partnership by instituting the American funded 'Khaan Quest' military exercises in 2003. Held annually since inception, 'Khaan Quest' joint military exercises staged in Mongolia includes, as of 2008, participants and observers from 32 countries as diverse as India, Brussels, Thailand, and Japan. Notably, Mongolia extended observer status invitation to Russia and China for the 2006 'Khaan Quest', which both states accepted as of 2007 (Defence & Foreign Affairs 2006b). According to M. Schwab, Mongolia, with the United State's support, hopes to increase Chinese and Russia participation in the military exercises for transparency's sake and to prove a commitment to regional stability.

The United States has also invited the Mongolian military to observe the US-Thai annual 'Cobra Gold' military exercise in Southeast Asia while supporting the MAF's bid to participate in the International Institute of Strategic Studies-organized (IISS) 'Shangri-la' dialogue in Singapore. The US government has further supported Mongolia's peacekeeping development strategy by proving military equipment through the US financed 'Global Peace Operations Initiative' (GPOI) (Blair 2001); (Gertz 2005). Moreover, in acknowledgement for Mongolia's continued support for the US 'war on terror', US President George Bush, accompanied by Secretary of State Condoleezza Rice and Assistant Secretary for East Asian and Pacific Affairs Christopher Hill, paid the first ever presidential visit to Ulaanbaatar in 2005, meeting with Mongolian President

Nambaryn Enkhbayar to express his appreciation for Mongolia's continued military support (Office of the Press Secretary 2005).

For Mongolia, the chance to develop closer ties with the United States is an opportunity to develop its own military capacity through cooperation and technology exchange, to add to its portfolio of allies the world's only military 'hyper power', and to cultivate a military partnership that has real effect in diplomatically balancing both Russia and China's military forces. While, according to J. Mendee, Mongolia does not want to become any more dependent on the United States than it does on any other country, the access Mongolian-American military cooperation gives Mongolia to the international community and to world class training opportunities is invaluable.

As a result, the strategic advantage the United States provides Mongolia's military security in relation to China is the support it gives to the Strategic Vision 2015's stated goal of developing the country's peacekeeping forces. According to J. Mendee, a large factor in considering whether Mongolia would contribute troops for participation in operation 'Iraq Freedom' was whether or not the war was a chance to provide the MAF with the necessary experience it needed in an international, coalition-led military operation to raise the level of its peacekeeping troops to UN international standards. The same, according to O. Mashbat, is true in relation to the MAF's participation with United States-led forces in Afghanistan. Moreover, according to Suzanne Ross, Country Director for Hong Kong and Mongolia, Office of the Secretary of Defense, the United States has contributed to enhancing Mongolia's peacekeeping abilities by not only allowing it to participate in the US-led 'Global Peace Operation Initiative' (GPOI) in Thailand, but even going so far as to suggest Mongolia act as a temporary host to the activities when Thailand's 2007 coup made it impossible to stage the operation in their traditional location (Interview 26). Mongolia hosted the event and has since, with US support, attempted to turn the international prestige the GPOI brought to Mongolia's peacekeeping development into a regional peacekeeping training centre.

In this regard, the Mongolian-US military partnership serves Mongolia well and will likely continue to do so into the near future. China's rise, its increased influence in the Asian region, and regional organisations like the SCO that purposefully exclude the United States, will all add to Mongolia's strategic value in the eyes of United States military leaders. Mongolia, in turn, can use these advantages to increase its own military capacity. Indeed, as it becomes ever more difficult for the United States to maintain its 'perpetual military dominance' in Asia, its stalwart Asia regional allies will benefit exponentially. As one likely cause of this increased difficulty will be China's rise, both militarily and economically, the Mongolian government should be able to capitalise on its inherent and strategic value to US military goals for many years to come.

### **7.5 Mongolian-Japanese Military Relations**

Mongolia's military relations with Japan, although not as direct as those with the United States in terms of military-to-military training cooperation, remain an important element of its overall regional strategy to diversify the number of great power partners it has in East Asia to balance one off the other. Indeed, as Mongolia's security strategy stresses the need for regional 'third neighbour' integration, Japan is the ideal candidate in East Asia. Moreover, as Mongolia and Japan are both 'China wary' states, and both ideally situated to add an element of strength to their otherwise isolated positions, cooperation between the two nations is natural and mutually beneficial (Sisodia & Naidu 2005:466); (Kumaraswamy & Subrahmanyam 2004:132). While Mongolia and Japan have not held bilateral military exchanges, their mutual attendance at regional forums on security such as the ASEAN Regional Forum (ARF) as well as their respective attendance to country hosted defence activities (Mongolia to Japan's annual 'Tokyo Defence Forum Summary', Japan to Mongolia's 'Khaan Quest' exercises) have added to a healthy alliance.

For Japan, a nation still hesitant to project military power, Mongolia does not figure in its security strategy in the same way it does for the United States military. While the Japanese self-defence forces realise the geo-strategic advantages Mongolia's position has in relations to Russia, North Korea, and China, it does not have the same need, or desire,

to project its military presence onto the East Asian continent. This is due to Japan's US-centric defence policy in which Japan voluntarily remains under a United States provided security umbrella rather than remilitarise as well as its imperial past which limits the nation's ability to project military power without re-stoking regional animosities (Kliman 2006:32). Indeed, regionally, Japan prefers to strengthen security alliances such as the ARF rather than act unilaterally, or even bilaterally. While some increased military cooperation between Japan and South Korea might be expected through the US-led 'minilateral' alliances like the US-Japan-Republic of Korea (ROC) Trilateral Coordination and Oversight Group, increased bellicosity from North Korea and an increased commitment to defending Taiwan in the event of PLA aggression make a unilateral break from the current US-Japanese military status quo highly unlikely in the short to medium term (Krauss & Pempel 2003:50).

For these reasons, Japanese military relations with Mongolia are limited to diplomatic and political cooperation with a high degree of importance placed on symbolism. Indeed, as Japan and Mongolia currently enjoy good state as well as social interactions, symbolism, in which each country respectively moves to show respect and friendly support for the other's security and popular concerns, plays a very important role in the two countries' relations.

A very good example of the importance of symbolism is the issue of Japanese soldier's remains in Mongolia. Starting in 1994, the Japanese government launched a programme to repatriate the remains of Japanese soldiers killed in the 1939 Battle of the River Halka (known in Japan as the Nomonhan Incident) as well as the bones of prisoners of war sent to Mongolia from Siberia—an estimated twenty thousand—interred in Mongolian soil (Japanese Economic Newswire 1994). While unable to convince the Chinese government to return Japanese soldier's remains, Mongolia was largely cooperative in Japanese endeavours to find and recover lost soldiers. In 2004, a Japanese military team, assisted by Mongolian Foreign Minister Erdenechuluun, succeeded in finding and extricating more than ten thousand soldiers (BBC Monitoring Asia Pacific 2004). Japanese officials, as well as the Japanese public, greatly respect and appreciated the

continued gesture and Japanese-Mongolian military affairs improved to the point of conducting a mutual event to commemorate the two countries' fallen soldiers (The Daily Yomiuri (Tokyo) 2003).

Moreover, Mongolia's continued support for the Japanese bid for a seat of the United Nations' Security Council is viewed both by Mongolia and Japan as largely symbolic, political support. Mongolia, ever appreciative of Japan's role as the largest of its development aid donor countries, has followed this line of support since 1992, when President Dashiyn Byambasuren assured Japan's Prime Minister Kiichi Miyazawa at the Second Annual Mongolian Assistance Meeting Group in Tokyo that Japan could count of Mongolia's support for a permanent seat (BBC Summary of World Broadcasts 1992). Support for a permanent seat continued in 2005 while in 2007 Mongolia renounced its right to apply for a non-permanent seat on the Security Council, opening the way for Japan to bid for the position (Mongolia Web 2007). As Mongolia's continued support offers Japan a friendly voice in an otherwise hostile East Asian region, symbolically its friendship means a great deal to Japan's attempt to move forward rather than focus on its imperial past.

More important diplomatically in regards to Mongolian-Japanese military relations is the role Mongolia has been able to play in indirect talks between Japan and North Korea. While Japan does not have official diplomatic ties with North Korea, Mongolia has a rather congenial relationship with the 'hermit kingdom' and has been able to act as a successful intermediary between the two countries (Mitchell 2001:221). Indeed, on 5 September 2007, Japan and the Democratic People's Republic of Korea (DPRK) met in Ulaanbaatar as a breakaway working group to the six party talks in order to work towards normalisation of diplomatic relations. While Mongolian government officials did not attend the meeting, the country's relations with both countries assured a moderate, neutral setting for the discussions.

In this sense, Japan has offered an international platform upon which Mongolia could potentially serve as an important actor in one of the international community's most

contentious diplomatic endeavours. While, according to O. Mashbat, the Mongolian government does not want to directly participate in the six party talks as it tends to view the negotiations as three against three (the US, Japan, South Korea versus China, the DPRK, and Russia) and does not want to damage its relations with any country over an issue that does not necessarily directly concern it, it still believes it could build on the role it played between Japan and North Korea in so much that it is a neutral Northeast Asian country that is willing and able to act as mediator. Moreover, as the MAF believes that a successful outcome of the six party talks could be the establishment of a continuing Northeast Asian Security Dialogue of which Mongolia would absolutely want to be a part, a certain degree of active participation in the current process makes sense. Regardless of the outcome, Mongolia believes helping to neutrally negotiate an end to North Korean isolationism and the resulting regional instability would significantly help it achieve its expressed desire to establish itself in the international community as a proponent of peace.

Mongolian-Japanese security relations are, therefore, not based upon tangible military aspects such as technology transfer, weapons provisions, or joint training exercises (as in the case of Mongolian-US relations), but rather on a more symbolic, image-based need that both countries have and which they can fulfil for each other. For Japan, Mongolia is a friendly country in East Asia where the people harbour no ill feelings towards the country's imperial past, but are more interested in the two countries' common culture and future cooperation. Indeed, according to a survey of Mongolian perceptions towards Japan conducted by the Ministry of Foreign Affairs of Japan in 2004, more than 70% of Mongolians reported having an 'affinity' towards Japan while 37% ranked it as the 'country with which Mongolia should be the friendliest'—the highest single ranking of any country listed (Ministry of Foreign Affairs of Japan 2005). When questioned about the 1939 Battle of the River Halka (Nomonhan Incident), more than 70% said it was either in the past or that they had no feelings about it while more than 65% reported they expected Japanese-Mongolian ties to improve in the future. For Japan, Mongolia is a truly valuable ally in that it is willing to look forward rather than dwell on the past whereas other East Asian countries, notably the Koreas and China, are often unwilling to forget the past for the sake of the future.

For Mongolia, ties with Japan represent a successful manoeuvring towards regional integration as well as a chance to increase the nation's voice and perception on a regional and international stage. That Mongolia is able to assist Japan in the United Nations and through regional initiatives such as the Six Party Talks increases the country's experience within some of the international community's most important institutions while similarly allowing the Mongolian military and government the chance to develop strategic diplomacy.

In relation to China, Japan is a powerful regional ally that is all too familiar with the potential destabilising effect China's rise might have on the region and, as such, can provide Mongolia with a regional security partner. While it is perhaps naïve to suggest Japan would sacrifice its much more important relationship with China for the sake of Mongolia, the closeness of the modern Japanese-Mongolian relationship suggests that Japan would be a high profile diplomatic opponent to any country acting aggressively against Mongolia.

## **7.6 Regional and International Security Cooperation**

While Mongolia has managed successfully to cultivate bilateral military relations with China, Russia, the United States, and Japan, the Strategic Vision 2015 gives equal importance to the participation of the Mongolian Armed Forces in international and regional collective security organisations. Regionally, cooperation with multilateral security organizations such as the ASEAN Regional Forum (ARF) and Shanghai Cooperation Organization (SCO) acts to balance, or engage so as to limit, any potential regional military hegemonies, China in particular (Ball 2000:130). Internationally, the motivation behind participation in multilateral military operations, such as those under the auspices of United Nation-led peacekeeping missions, is similar to that behind Mongolia's 'third neighbour' policy. Specifically, the Mongolian government hopes to capitalise on cooperation to provide the MAF with opportunities to develop peacekeeping experience in international military affairs while simultaneously lending the nation

credibility as a participant in the international security community and a proponent of stability and peace (Sisodia & Naidu 2005:489). In this sense, the Mongolian government understands that, for a weak state anxious to preserve its sovereignty and position in the international and regional communities, participation in multilateral security organisations is an essential element of survival.

The rationale behind collective security for Mongolia developed at the end of the Cold War when subsequent changes in the Asian-Pacific and Central Asian greatly altered its regional and international security environments. The disappearance of the previously prevailing bilateral security agreements, which had successfully maintained a regional balance of power for decades, in many ways fostered a far more volatile arena in which newly independent countries found the need to develop their own security strategies and partnerships. Despite historical division among the region's distinct cultures, newly independent states, as well as those already independent, had to redefine their security strategies and did so by focusing on cooperation rather than competition. The result for Mongolia was the rush to join the regional and international multilateral organisations through which it could ensure its own security while simultaneously maintaining a standard of military transparency and preventative diplomacy (Hoshino 2000:276).

Mongolia first sought access to the ASEAN Regional Forum (ARF) as it was, according to O. Mashbat, a mature organisation that stressed transparency and shared intelligence from which it believed all members benefited equally. An offshoot of the Association of Southeast Asian Nations (ASEAN), the ARF was established in 1994 and now includes 27 countries (ASEAN Regional Forum 2008). Focused on fostering interregional dialogue and diplomacy between member states in order to reduce the threat of the use of force as a means by which member states solved disputes, it was, and remains, the ideal regional medium through which Mongolia could interact with the larger Asian-Pacific community (Emmers 2003:32).

For Mongolia, the ARF is a useful forum in that it includes the region's three principal military forces—China, Japan, and the United States—as well as many of Asia's smaller

and weaker states such as Laos and Papua New Guinea. As all members of the ARF have agreed to act by the organisation's principle rules, which include transparency in relation to defence policy and a commitment to mediation rather than a resort to force when solving regional conflicts, the larger powers have effectively agreed to limit their military power projection for the sake of peace. For Mongolia, a weak state interested in balancing China, the ARF allows it to pursue bilateral and multilateral military relations under the mandate of an organisation to which China subscribes and which is supported by two of Mongolia's closest great power allies, the United States and Japan. In this sense, any aggression made towards Mongolia by China, or any other ARF member state, would elicit a multilateral diplomatic response much adding to Mongolia's defensive capabilities.

In this regard, the presence of both Russia and China in the Shanghai Cooperation Organisation (SCO)<sup>10</sup> is particularly valuable to Mongolia. Established in 2001, the SCO is a self-described intergovernmental international organisation with a mandate to increase security cooperation (as well as trade) throughout the Central Asia region while simultaneously reducing the number of military forces in the states' respective border areas (The Shanghai Cooperation Organisation 2007). Cast in many ways as an 'anti-NATO' coalition seeking to diminish American military influence in the region, in particular since 11 September 2001, the SCO is gaining momentum as a collective military organisation despite both Russia's and China's claim that it is not the SCO's intention to become a regional security block (BBC Monitoring Central Asia Unit 2007). Yet, as the SCO is committed to dealing with terrorism, separatism, and extremism, that outside countries consider the SCO as primarily security focused is not surprising. Nor have the recent annual Sino-Russian 'Peace Mission' military exercises, involving an average of ten thousand troops, done much to assuage Western concerns (Nickeson 2007).

Mongolia currently has Permanent Observer Status with the SCO and has, along with Iran and Pakistan, expressed interest in membership. Yet, according to O. Mashbat, the

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<sup>10</sup> The current members in the SCO are as follows: the Republic of Kazakhstan, the People of Republic of China, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan and the Republic of Uzbekistan (The Shanghai Cooperation Organisation 2007).

MAF are currently reviewing their application in light of worries that the SCO is developing into an ‘anti-western’ organisation as well as concerns over the lack of transparency and the seemingly two-tiered approach to information sharing through which China and Russia often withhold intelligence while expecting full transparency on the part of the smaller, weaker states. Yet, according to M. Schwab, the US MOD believes Mongolia’s participation in the SCO remains beneficial as it does not affect its relations with the United States and other ‘third neighbours’ and would benefit from permanent membership as it could achieve greater regional integration that would help balance China. Indeed, membership in the SCO offers the Mongolian government and MAF a historic chance to enter into a cooperative organisation in which its two greatest perceived security threats have voluntarily agreed to respect its sovereignty and its borders. This natural balance of power between Russia and China, in which both countries would keep a check on the other, could benefit no other country in the region, indeed the world, more than Mongolia (Paul, Wirtz, & Fortmann 2004:279).

While the ARF and SCO are cooperative security organisations that have contributed to Mongolia’s regional integration and stability, the United Nations has played a similar role in Mongolia’s constant struggle to project its claim to sovereignty and independence onto an international stage. So, too, does NATO offer Mongolia the chance to participate in some of the world’s most robust peacekeeping activities and trainings while reaffirming Mongolia’s bilateral and multilateral Western alliances.

Strategically, the Mongolian government believes that the United Nations is the single greatest contributor to the nation’s independence and that participation in the United Nations through peacekeeping activities has lent Mongolia international legitimacy it could have found nowhere else (Embassy of Mongolia 2007c). The importance of the United Nations for Mongolia as a weak state is great as, theoretically, in the UN General Assembly each nation has an equal voice. As discussed earlier in the chapter when examining Mongolian-Japanese relations, Mongolia has strategically used its UN vote to increase its importance regionally and internationally.

More important in considering the role Mongolia has with the United Nations in terms of military involvement is the role Mongolia has played in UN-led peacekeeping missions. This role differs greatly from that Mongolia has with the ARF or SCO in that it has, on numerous occasions, contributed troops to actual combat whereas the ARF in particular does not endorse the same ‘force for good’ pre-emptive military doctrine the UN does through its various peacekeeping missions (Emmers 2004:146). This contribution of troops has raised Mongolia’s commitment in terms of actual costs while simultaneously increasing the benefits. Indeed, Mongolia’s close relationship with UN peacekeeping, for which Mongolia is considered a Troop Contributing Country (TCC) responsible for training and preparing its own troops for peacekeeping missions, has led to greater bilateral and multilateral ‘third neighbour’ military exchanges with countries like the US and Japan that are able to engage with Mongolia in part under UN auspices (DeRham-Azimi 2001:256);(Sisodia & Naidu 2005:498).

Mongolia’s relations with NATO, while far from established, would serve its military security in similar ways to its relations with the United Nations albeit in a less multinational sense. Indeed, according to J. Mendee, Mongolia is extremely keen to pursue closer relations with NATO, despite Chinese and, even more so, Russian expressed opposition, because it is intent on further developing its military in line with other free market democratic nations. Mongolia has contributed troops to Kosovo, Afghanistan, and Iraq and is actively working to cooperate with NATO’s Partnership for Peace (PfP) programme to increase its peacekeeping abilities and further strengthen ‘third neighbour’ relations (North Atlantic Treaty Organization 2008).

That NATO has not extended an offer for greater cooperation to Mongolia is difficult to understand as, according to O. Mashbat, the MAF would prefer to belong to NATO than establish closer ties with the SCO. O. Mashbat stresses that the MAF believes NATO is less political, more structured, more enduring, and not as ambiguous in its agenda as the SCO. Indeed, he points out that the basis for greater cooperation already exists between NATO and Mongolia in that the MAF is active in Afghanistan and Mongolian military officers and officials are actively invited to train at NATO’s Marshall European Centre

for Security Studies. Yet, according to Suzanne Ross, Mongolia's participation in Afghanistan is under the auspices of coalition cooperation, not NATO. Indeed, NATO remains lukewarm to Mongolia's desire for greater participation.

Both O. Mashbat and J. Mendee agree Mongolia's failure to convince NATO to extend an invitation for greater cooperation is the result of several factors. Most importantly, the two men believe NATO already has a number of Asian partners and might simply view Mongolia as irrelevant to the organisation's security needs. O. Mashbat and J. Mendee also believe NATO officials might be worried about further upsetting Russia and China by extending membership to Mongolia as it occupies a rather vulnerable and unique position in both states' military security and strategy. Finally, and more technically, is the issue of cost-sharing which Mongolia would not be able to fulfil. Regardless of the precise reasoning behind NATO's failure to accept the MAR's overtures towards cooperation, the likelihood of Mongolian membership in the organisation in the near future is unlikely.

The strategy of working through multilateral cooperative organisations like the ARF, SCO, UN, and NATO is particularly attractive to the Mongolian state and MAF because of the government's own stated military security development goals and its desire to strengthen its regional and international military security. While the importance of balancing China and Russia is, in part, enacted through Mongolia's bilateral military relations with each respective country, regional security organisations such as the ARF and SCO are also important balancing tools in that they provide an intra-mural set of allies committed to maintaining the security status quo and an agreement by the two great powers to limit their own military actions in relation to member states.

On an international level, cooperation within the framework of the United Nations has enhanced Mongolia's own defence capabilities while creating an environment through which it might pursue other military working relationships with UN member states. This has increased Mongolia's position in the international community and allows the country

to overcome its relative geographic isolation and increase the projection of its domestic security strategy onto the world stage.

Relations with NATO would also serve a similar military security need in so much as Mongolia would develop its own armed forces in line with more advanced democratic nations while allowing for a more diverse array of international partners. Through indicatives like the PfP, Mongolia could also further its commitment to peacekeeping.

## **Conclusion**

In large part, Mongolia's military strategy is focused on maintaining sovereign control of the country's physical and territorial security in the face of its geographic vulnerability between Russia and China. Yet, while the Mongolian Armed Forces must consider each country in relation to the state's security, Mongolia's growing economic dependence on China, China's own growing stature as the East Asian 'core' state, and Mongolian perceptions of the PRC as the country's greatest threat contribute to a security strategy focused more on mitigating China's military influence than any other actor. While Mongolia's security strategy now encompasses the expanded goals of developing the country's ability to act as a regional centre for peacekeeping activities and training and as a neutral mediator in relationship to North Korea, such strategic goals originate in large part from its need to diminish China's influence on the country's military security.

In contrast to Walt's claim that small states are 'more likely to bandwagon...if the threatening power [is] believed to be appeasable', the Mongolian government and the MAF appear to have primarily adopted a balance of power policy that draws heavily on 'third party' allies so as to limit the state's geographic and physical security vulnerability in relation to China (Walt 1990:173). While such alliances do maintain elements of bandwagoning, particularly in Mongolian-US military exchange, the Mongolian government has successfully diluted the possibility of overdependence on any one actor by working with a wide range of like-minded allies committed to the state's sovereignty and its military development.

Examples of successful balance of power relations are evident throughout Mongolia's current bilateral and multilateral military cooperation. Both the United States and Japan have become key allies in providing development and political support for Mongolia's military development. Russia remains an important ally in that it has the potential to contribute to the country's physical resources in the event of Chinese military aggression. In addition, Mongolia's participation as a member in the ARF and the SCO has added regional legitimacy to its sovereignty while also limiting China's ability to act aggressively against it without undermining its regional commitments to the same organisations and its professed intent on 'rising' peacefully. Lastly, the Mongolian government's and MAF's participation with the United Nations has contributed to its international standing among countries committed to peacekeeping while allowing Mongolia to increase the MFA's overall quality.

Noteworthy, however, is that Mongolia's success in engaging in bilateral and multilateral balance of power activities aimed against China are only possible because of the PRC's own integrated regional policy of maintaining good relations with its periphery states (Lampton 2008:61-62). In this sense, Mongolia's foreign policy is in fact limited in that it depends in large part on consensus with the PRC for its effectiveness. Indeed, such 'freedom' to act in terms of its internal development strategy has not come without a cost as the Chinese government has insisted Mongolia remain unaligned and not allow foreign powers to operate bases from its territory. While seemingly in line with Mongolia's own professed multilateral security strategy, the inability of the Mongolian government to allow foreign troops to establish a presence on its own soil without 'violating' China's own security strategy effectively undermines the state's sovereignty in deciding the degree and level of cooperation it maintains with foreign countries.

Indeed, without the Chinese government's 'approval', Mongolia would find it difficult to maintain multiple partnerships with individual countries and security institutions as they would likely be unwilling to strain their relations with the PRC in order to pursue military relations with Mongolia. An example of this is NATO's disinclination to extend

membership to Mongolia as the organisation, according to officials from both the US MOD and Mongolia's National Security Council, worries such a move might anger the PRC, as well as Russia.

In this sense, Mongolia's balance of power strategy is seemingly in line with the PRC's own regional security strategy. Indeed, it is possible to argue that the Mongolian government and MAF are engaged in a complex type of bandwagoning with China that focuses on appeasing the PRC while pursuing intra-mural relations that pose no serious threat to it. Evidence that this is indeed the case is present in the MAF's persistent military policy towards China as found in its 1994 National Security and Foreign Policy, 1997-98 Mongolia Defence White Paper, 1998 Basis of the State Military Policy of Mongolia, and Strategic Vision 2015 white paper in which its stresses cooperation with the PRC rather than alignment against it.

Such military relations make sense for the PRC on several different levels. First, its economic relations with Mongolia assure it maintains the ability to economically 'coerce' the country should the need arise, thereby allowing it to maintain tight control over Mongolia's foreign policy directives while adhering to its principles of a 'peaceful rise' (Lampton 2008:66). Second, in 'allowing' Mongolia to develop an array of allies, it has effectively passed a large portion of the cost and effort of maintaining Mongolia's internal and external security to the regional and international communities. As the Chinese government benefits more from a stable, weak country on its northern border than an unstable state with the potential to become either allied with a competing country or home to transnational organisations that could encourage separatism in Xinjiang or Inner Mongolia, such security is essential. And, finally, in encouraging Mongolia to diversify the number of actors it cooperates with militarily, the PRC's soft power in Mongolia will grow and subsequently challenge the persistent sense of it as the country's greatest 'threat'.

## Conclusion: Mongolian Weakness, Foreign Policy, and the PRC

Whether a state is strong or weak, according to Krasner, depends in large part on a government's relationship to society (Krasner 1978:55). As 'strong' government institutions serve the function of representing the 'general will' rather than specific interests, state weakness stems from a dissonance between political and social structures.

While more tangible variables such as geographic, demographic, and economic factors also contribute to state weakness, a strong state can mitigate these physical limitations through concerted domestic and foreign policy. Conversely, a weak state may be unable to successfully manage a domestic development agenda even if the country enjoys an abundance of resources.

Mongolia's post-Cold war transition to a liberal democracy and market capitalism created such a rift between the state and society. This is largely due to the government's decision to allow international financial institutions and foreign actors to shape its domestic institutions with no consideration of Mongolian identity. This led to an abrasive break between the state's institutions of control and the country's existing political and social identity, as well as any remaining concept of a Mongolian *ethnos*.

The post-Cold War development of Mongolian identity has further exacerbated the division between the Mongolian state and society. Whereas the state has turned to the regional and international communities for development support, recent increases in Mongolian anti-foreign sentiments suggest that elements of Mongolian society are becoming increasingly what Parekh calls 'monoculturalist' and exclusionary (Parekh 2002:226). These simultaneous developments of Mongolian government and society are in fact contradictory and would suggest a further weakening of the state.

The relationship between such weakness and the state's foreign policy is difficult to determine. While Katzenstein notes that domestic structures are one component of a government's foreign policy, it is not possible to draw a direct correlation between the

two as neither is an exclusively dependent variable (Katzenstein 1976:13). Indeed, Krasner notes that ‘a state that is weak in relation to its own society can act effectively in the strategic arena [when] its preferences are not likely to diverge from those of individual societal groups’ (Krasner 1978:70). Conversely, it is also necessary to consider whether a weak state can institute a foreign policy that the majority of society believes is detrimental to its interests.

The Mongolian government’s foreign policy is instructive in this regard. While a weak state, it has been able to implement foreign policy that maximises its strengths. This is particularly true of the Mongolian government’s security strategy. So, too, however, has the state exacerbated domestic political-social tensions in pressing forward with a foreign policy that contradicts the identity concerns that are found in society. This is evident in the Mongolian government’s economic and environmental foreign policies as well as its attempts to push forward with greater cultural exchange with the PRC.

This complicated linkage of foreign policy with social concerns presents problems for Mongolia’s growing dependency on China. Whereas state weakness is an essential component of Mongolia’s dependency, in many ways China has helped the Mongolian government become stronger. Chinese support for Mongolia’s international legal sovereignty, Chinese FDI, and military cooperation have all contributed to a more stable domestic and international situation. In this sense, it is possible to view Mongolia’s policy towards the PRC as at least partially successful in that it has provided stability and domestic growth potential.

Yet increased dependency on China contains within it all the necessary ingredients to undermine the Mongolian state. Indeed, while the Mongolian government and special interests may stand to gain from Chinese economic relations, Mongolian public opinion is turning against such involvement as evidence of dependency’s negative aspects becomes clearer at a societal level. These include lost domestic economic development opportunities, resources exploitation, and pollution. Moreover, increased dependency is

contributing to societal fears of a Chinese ‘threat’ based on a historical sense of China as the Other.

### **8.1 State Weakness: The Dissonance Between the Mongolian State and Mongolian Identity**

It has been argued above that some of the most serious problems in the relationship between state and society in Mongolia are not directly due to China but are products of adjustments externally imposed under the Washington Consensus since the end of the Cold War. Opinion polls focused on the Mongolian public’s satisfaction with the country’s current political system, parliament, and judiciary offer a mixed picture. While mostly divided between those who are ‘fairly satisfied’ and ‘rather not satisfied’, the number of respondents who report they are ‘totally unsatisfied’ have on average grown (tables 3.2, 3.3, 3.4). This is particularly true of the judiciary system as in 2008 72% of residents polled noted they believe there was more injustice than justice in the country (Sant Maral 2008b).

Public support for both major political parties has also steeply declined since 2000, with the MPRP’s approval rating dropping from just under 60% in 2000 to 25% in 2008 (table 3.1). While support for the MDP has been more constant over this time period, it nevertheless remains consistently below that reported for the MPRP. Moreover, a growing number of respondents claim that they either ‘rather disagree’ or ‘totally disagree’ when questioned as to whether the government is acting in the people’s best interest (table 3.5).

Conversely, 95% of respondents polled as to whether or not they had pride in their ethnic Mongolian identity answered that they were either ‘very proud’ (78%) or ‘rather proud’ (16%) (Sant Maral 2008b). This would suggest that while public support for the state and current political structure is lessening, identity based on Mongolian ethnicity is strong.

Lack of public support for the state's institutions of control coupled with a strong social identity is not, however, enough to definitively prove state weakness. While weak state theory does suggest this division can lead to vulnerability in that it mirrors what Midgal calls a strong social base versus a weak institutional state, it is also necessary to consider the severity of such dissonance. Indeed, while many states have a strong social identity with varying degrees of dissatisfaction with their government, it is not appropriate to simply classify them all as 'weak'. Clearly additional variables are necessary when considering such a classification.

For Mongolia, the key to determining weakness lies in an examination of both post-transition concepts of identity and the government's ability to implement successful domestic policies. Only then is it possible to speculate on whether these two factors are mutually compatible or whether they are diverging to such a degree that suggests weakness.

### ***Identity***

Mongolian identity politics are complex and dynamic, leaving them easily influenced by domestic and foreign factors as well as historic and modern day norms. Yet several trends in Mongolian identity's development since the end of the Cold War are worth considering, particularly as their underlying causes are intensifying rather than abating.

Firstly, while stifled during socialism, Mongolian ethnic identity has experienced a resurgence since the country's transition. This is evident in the pan-Mongolian movements of the early 1990s, increased instances of ethnic pride, and attempts to reclaim ethnic symbols ranging from Chinggis Khan to the *Morin khuur* (horse-head fiddle). This revival of 'Mongolian' identity is largely based on an imagined past that places the Khalkh Mongols at the centre of Mongolian identity (Campi 2006:23-33).

This, in turn, has led to nationalist sentiment among a small number of increasingly influential groups that equate Mongolian identity with Mongolian 'purity', thereby

marginalising the country's multiethnic make-up by focusing on the Khalkh Mongols. At the extreme end of this nationalist sentiment is a growing anti-foreign sentiment, particularly focused on Chinese residents and visitors to the country, which has occasionally erupted into violence. While this type of anti-foreign sentiment is still very much a fringe element of the larger Mongolian identity, it is nevertheless gaining in prominence as its proponents become more organised and politicised.

These factors together indicate that there are elements in Mongolian society that are pushing towards a more exclusionary stance under the guise of maintaining national cohesion. Indeed, while the more extreme examples of violent anti-foreign sentiment remain limited, concerns over the effect foreigners are having on Mongolian identity are widespread (Batbayar 2001:150).

Although Mongolia remains a multiethnic and multicultural state based on ethnic Kazak and Buriat identities, the trend to assimilate into a Khalkh-centric state identity represents a move towards monoculturalism. According to Parekh, monoculturalism occurs when a state with two or more cultures does not encourage multiculturalism, but rather opts for a communal identity around a single, dominant culture. Such an alignment has both positive and negative effects on social stability. Negatively, it can contribute to cultural 'asphyxiation' as the dominant culture shuns external influence out of fear of its potential influence. Positively, it can create a 'single communitarian order' that can use identity to influence social policy (Parekh 2008:45-46).

Regardless of whether the effects of monoculturalism on Mongolian identity are positive or negative, shaping the post-transition cultural and ethnic Mongolian identity poses a challenge to the state. Whereas the state seeks regional and international cooperation to enhance its legitimacy at both the state and sub-state levels, increasingly prominent aspects of Mongolian identity are questioning whether or not such cooperation is beneficial for the Mongolian public in general. That such dissonance between the two can erupt in violence and social instability became clear during the 2008 Ulaanbaatar riots.

### ***The Mongolian State***

Key variables in determining whether a state is weak domestically are the effectiveness of its institutions of control, its ability to supply public goods, and its means to provide security (Buzan 1983:53). By examining each in turn, it is also possible to determine relative strengths separate from what may be overarching weakness. This is necessary as, according to Krasner, no state is entirely weak (Krasner 1978:55).

For the post-transition Mongolian state, the outcome is bleak. Corruption, petty political infighting, and nepotism have become prevalent throughout the country, affecting both government efficiency and security. Domestically, the state has been largely unable to direct the country's development, improve living standards and the delivery of public goods equally between urban and rural areas, and implement legislation designed to protect the country's environment. Moreover, Mongolian public opinion has at least partially turned on the country's two main political parties, creating a perception of weakness that the government has done little to assuage. In short, while examination of the state's foreign policy suggests the Mongolian government has been able to leverage its geographic, economic, and demographic weakness for strength, the same is not true at a domestic level.

Many of the state's underlying inefficiencies stem from a lack of transparency that has allowed for an increase in government corruption (U.S. Agency for International Development 2005:3). Indeed, corruption among government agencies, institutions, and politicians has increased exponentially since the country's transition to capitalism as the private sector have gained political influence (Asian Foundation 2006). This, in turn, has led to an increase in a 'spoils system' that encourages legislation aimed at appeasing special interests rather than Mongolian society at large. So, too, has it contributed to an increase in nepotism that has greatly eroded the state's legitimacy in the Mongolian public's eyes (News Today 2007a). In this regard, corruption has directly contributed to a weakening of public support for the Mongolian government.

The state's failure to implement domestic policies aimed at providing public goods such as housing, basic sanitation, employment, and access to clean water also indicates that it is fundamentally weak. The most manifest examples of this failure are Ulaanbaatar's *ger* districts' worsening conditions (T.Tsevegmis 2007). While specifically allowing for a *laissez-faire* approach to the issue of in-migration, the Mongolian government has not provided necessary resources to mitigate increased urbanisation. Nor has the state implemented an urban development plan that effectively manages the *ger* districts growth and resources use. As the result, residents in the capital's *ger* districts are increasing more likely to suffer from non-communicable diseases, poisonings, injuries, and cardiovascular disease (World Health Organisation 2008).

State inaction has also allowed for widespread environmental degradation. Failure to implement legislation, or to enforce existing laws, has allowed for resource exploitation that has contributed to desertification. State and local government corruption has allowed polluting industries to operate in and around the country's protected areas. So, too, have the *ger* districts' unmitigated growth contributed to air pollution in Ulaanbaatar.

Lastly, the Mongolian government and customs agency have been unable to secure the country's borders, thereby failing to provide an essential component of national security. Such border insecurity has allowed extensive goods smuggling, illegal trafficking in natural resources, and the cross-border flow of illegal workers from China.

In short, the Mongolian government's domestic record contains all the variables necessary to classify it as a weak state. This is further enforced by Mongolian public opinion, which has expressed a decreasing amount of confidence in the state's institutions, the country's main political parties, and its ability to govern on behalf of society.

### ***Theoretical Implications***

The tension between the Mongolian identity and state draws attention to the centrality of Mongolian cultural identity in opposition to the government's institutions of control.

Indeed, Mongolian society's perception that the state is ineffective in meeting the people's needs is at least partly the result of its failure to address socio-cultural issues specific to a Mongolian *ethnos* such as preservation of the environment and protection against immigration. The result has been the state's and Mongolian identity's failure to manifest into nationalism or a nation.

This identity-state division supports Smith's ethno-symbolic paradigm in that it stresses the importance of cohesion between a perceived ethnic community and the state.

Whereas an *ethnos* that either maintains or perceives a historical and geographic continuity in the development of its state can achieve nationalism and a resulting nation, an ethnic community forced into an externally constructed political structure cannot.

This understanding of nation building stands in contrast to modernist paradigms that stress the importance of socioeconomic and socio-political variables in shaping nationalism (Smith 2001:47).

It also breaks with modernist conceptions of socio-cultural causes of nationalism in that it clearly shows the elite alone are incapable of creating a nation with their 'high culture' (Smith 2001:47). This is evident in the Mongolian public's high level of disapproval of the country's major political parties and the growing sense that the government is acting against the people's best interests. While such sentiments can and do exist in states with a high level of nationalism, in Mongolia's case they are symptomatic of the state's inability to translate its political agenda into a cultural-based ideology that the public can support.

This understanding of the dissonance between the country's elite and non-elite also provides greater insight into questions related to Mongolia's sovereignty. Indeed, while Mongolian's sovereign weakness was initially the result of foreign imposed political and economic systems, elite corruption and nepotism have further undermined the state's ability to effectively maintain its institutions of control.

In this regard, it is possible to view Mongolia's inability to establish a sovereignty of control, or 'positive' sovereignty, to two factors. The first is the existing framework within which the government must work. The second is an assumed divergence in norms between those Mongolians holding power and the non-elite that contributes to weakness with the Mongolian identity.

Together, these variables contribute to state weakness in line with both Buzan's and Migdal's paradigms. Indeed, Mongolia state-society relations clearly show the negative effect that a dissonance between the 'physical base of the state' and 'the institutional expression of the state' can have on the 'idea of the state' (Buzan 1983:40).

## **8.2 Mongolian Dependency**

While through its foreign policy successes the state has formed a variety of regional and international relationships that help balance any one country's influence, it is not at all certain it has done enough to avoid dependency on China. Indeed, examination of the country's economic and environmental sectors suggests that Mongolian dependency on Chinese goods and the Chinese market is growing. Moreover, while the state's political foreign policy has sought to mitigate over-dependence, evidence suggests that it is largely responsible for economic conditions that have allowed for dependency.

While no evidence suggests that the Chinese government is purposely seeking greater control over Mongolia's sovereignty, its interest in securing Mongolia's mineral resources as its own is undeniable. This suggests that rather than working to establish direct control over the country's domestic and foreign policy, the Chinese government's motivation behind closer ties with Ulaanbaatar is primarily economic in nature. That this increasingly asymmetrical relationship translates into what Strange calls 'unconscious power' is, however, currently taking place and likely to increase (Strange 1996:26).

The potential impact on Mongolia's government and society is great. Among the Mongolian public, China remains a perceived threat as well as a much feared historical Other. For this reason, social perception of expanding Chinese influence in the country has the potential to trigger social instability. This is particularly true if Mongolian public opinion correlates growing dependency on China with its existing perception that the state is inefficient, corrupt, and acting to satisfy special interests. This conception will also gain traction if dependency leads to a decrease in domestic production and disproportionate exports of the country's natural resources. Both, indeed, are already occurring.

So, too, does the Mongolian state's increased dependency on China have the potential to challenge the country's environmental security. Indeed, through examination of Mongolia's environmental sector, it is possible to see how such dependency is turning into a multi-sector 'syndrome'.

### ***Economic Dependency***

Chinese demand for Mongolia's mineral resources is at the centre of the country's growing economic dependency. It has led to 'asymmetrical trade' is so much that the Chinese government and Chinese business benefit from the import of raw materials while the outflow of resources prevents Mongolia from developing the ability to produce value-added goods domestically. As more than 70% of Mongolia's natural resources end up in the Chinese market, and as Chinese businesses and the Chinese government become more invested in Mongolia's mining industry, such dependency is likely to increase.

This trend is particularly evident in Chinese originating FDI, which accounts for close to 90% of all foreign investment in Mongolia. Indeed, in response to this large percentage of overall FDI, the Mongolian government has adjusted the country's domestic development strategy to match Chinese government and business interests. As such investment largely goes to mineral or mineral related industries, the Mongolian domestic economy has grown disproportionately with an emphasis in natural resources exploitation.

As a result, the country has seen a correlated decline in domestic industries such as construction or manufacturing. This contributes to an unsustainable growth dynamic that increases Mongolian dependency for funding while also contributing to a stripping of its resource wealth for the benefit of the regional core.

Mongolia has also become dependent on Chinese imports for basic manufacturing goods and food. This has also led to a decrease in domestic production as Chinese goods are of a higher quality and more cheaply produced than those in Mongolia. This is particularly true of the country's food production, which has decreased dramatically as imports of fruits, vegetables, and other essential foodstuffs from China have risen. Indeed, the Mongolian market is now so dependent on Chinese food imports that a recent rise in import prices contributed to a 15.5% spike in inflation in 2007. In this regard, it is possible to conceptualise Mongolia's food dependence on China as a fundamental vulnerability to the state's economic security.

### ***Environmental Dependency***

As the Chinese government has limited domestic use of natural resources such as timber in order to mitigate its own environmental concerns, Chinese businesses have increasingly turned to neighbouring countries to supplement the lack of domestic supply. This demand has, in turn, led to an increase in activities in Mongolia such as poaching and illegal resource harvesting. In this sense, Mongolia's economic dependency on China has directly affected the country's environmental health.

While the Mongolian government is largely responsible for the country's environmental degradation, as it has failed to curb environmentally damaging activities, it is limited in what it can realistically accomplish. This is evident in state's inability to provide newly arrived migrants with housing in Ulaanbaatar as the price of building materials has become restrictive due to Chinese demand. So, too, has the decrease in non-resource based domestic economic activities limited the government's ability to provide an economic alternative to those engage in environmentally damaging activities.

### ***The Potential for Societal Dependency***

Societal exchange between Mongolia and China has the potential to contribute to what Harrell calls an asymmetrical dialogue of cultures between the two countries. Harrell uses this term to describe the process of a dominant core ideology subsuming a periphery state's ethnicity and identity through what Lampton calls 'ideational power' and Nye calls 'soft power' (Lampton 2008:164). This ideological dependency can occur at both a state and society level and is often the result of longer-term economic dependency.

The increased number of young Mongolians interested in studying in China or studying Chinese in Mongolia would suggest the potential for an asymmetrical dialogue to form between the two states. Indeed, Walt notes that the education of a weak state's population in a dominant state contributes to deepening of asymmetrical alliances (Walt 1987:43-45).

So, too, does the steadily rising amount of Chinese workers and travellers to Mongolia suggest that Chinese presence of 'soft power' in the country is increasing (table 6.2). This presence of Chinese nationals in the country will continue to expand as Mongolia's economic dependency on China grows.

### ***Potential for Political Dependency***

Lastly, Mongolia's economic dependency has the potential to influence the state's political and foreign policy domains. Indeed, Moon's bargaining and dependency consensus theories clearly demonstrate how a strong, dominant state can use economic strength to affect change in a weaker state's domestic political development and foreign policy agenda. Should Chinese businesses gain an even more dominant position in Mongolia's domestic market, it will become increasingly difficult for the government to enact legislation that works against their collective best interests. This displacement of

Mongolian business interests for dominate Chinese interests would result in policy decisions that increase Mongolia's dependency and weaken its sovereign control.

Such a scenario will be difficult for the Mongolian state to avoid. Despite growing anti-foreign sentiment present in Mongolian society, Moon suggests that as a state becomes increasingly tied to a dominate state's economy, so, too, will the dependent state's elite begin to imagine their own interests enmeshed with the dominant state. This suggests that rather than occurring in contrast to the Mongolian state's wishes, greater Chinese government and business control over the domestic economy would be in line with the state's own agenda. The resulting convergence of economic agendas could then result in the Mongolian state's aligning its foreign policy to support Chinese priorities. Such an occurrence would further weaken the state, allowing for even greater penetration by Chinese-based actors from both the private and public sectors.

That the Mongolian state is already considering the Chinese government's demands in formulating its foreign policy is evident in the unanimous decision by lawmakers to shun the Dalai Lama during his monumental visit to Mongolia, despite intense public support for the Buddhist spiritual leader. It is also apparent in the state's decision to limit all contact with Taiwan to commercial and educational exchange, despite the Taiwanese government's attempt to forge closer ties. As both examples of Mongolian state policy are very much in contrast to Mongolian identity politics, which advocate greater diversity among foreign partners, they indicate a willingness on behalf of the state to align its interests with the Chinese state despite potential social backlash.

### ***Theoretical Implications***

This understanding of Mongolian dependency suggests that it may be in the process of shifting from Moon's dependency consensus theory towards a bargaining model. This is evident in the state's unwillingness to regulate Chinese economic activity in the country and its growing alignment of its development agenda in line with Chinese originating ODA. While dependency consensus theory accounts for such linkage between systems if

it results from a ‘community of interests’, it does not explain why a state would allow dependency to continue unchecked when it has negative effects on its security. In this regard, Moon’s bargaining model is far more applicable for understanding why a state would disregard its own policy preferences so as to increase its material capacity.

Nevertheless, it is not yet possible to classify Mongolian dependency on China as entirely within a bargaining framework as it still maintains elements of mutual beneficence that are best understood through dependency consensus theory. This suggests that some movement between the two models is possible. Moreover, in considering Mongolia’s path towards dependency, one can infer that transition from dependency consensus towards a bargaining model may be inevitable.

Indeed, as dependency over time naturally leads to an ‘asymmetrical relationship’ that perpetuates a state’s weakness in relation to its industrialised core, it is naïve to assume the dependent state will always have the ability to formulate policy that is in its own best interest. This suggests that Moon’s dependency consensus model is best understood as an early stage dependency that is not sustainable. It also implies that dependency consensus theory may likely lead to a bargaining model over time.

Yet Moon’s bargaining model is not entirely appropriate for explaining Mongolia’s situation in that it focuses on a dependency’s influence on foreign rather than domestic policy. While the Mongolian state has altered (or failed to alter) its domestic policies to meet Chinese’ demand, it maintains a rather independent foreign policy. This would suggest that either Moon’s bargaining model is inappropriate for understanding Mongolian dependency or that extending its understanding of dependency to a state’s domestic policy would strengthen it as a theoretical framework.

It is this dissertation’s position that Mongolian dependency offers a strong case for reconceptualising bargaining model theory to include dependency’s effects on domestic policies as well as foreign. Indeed, in doing so, the bargaining model would gain the

ability to prescribe varying levels of dependency severity, as it would increase the number of variables available to its analysis.

### **8.3 Mongolian Foreign Policy and China**

The Mongolian state's post-Cold War foreign policy does not fall as neatly into a weak state paradigm as do its domestic politics. While limited in many ways due to demographic, economic, and geographic concerns, the Mongolian government has been able to carry out a comprehensive foreign policy aimed at maximising its strengths. In order to maintain such a policy, the state has worked efficiently within international institutions, with its neighbouring countries, and with 'third party' foreign partners. In this regard, Mongolian foreign policy defies weak state theory, which would suggest that its 'weakness' would allow external forces to shape its foreign policy.

This is not, however, to suggest that the Mongolian state has been entirely successful in avoiding overreliance on one state. Indeed, as the previous section detailed, Mongolian dependency on China has grown dramatically since the country's transition. This dependency, in turn, has at times influenced Mongolian foreign policy and has the potential to do so more in the future. What is significant in relation to the Mongolian state's foreign policy 'successes' is that it has used all the tools at its disposal to lessen its dependency. To this end, Mongolian foreign policy has been at least partially effective.

#### ***Mongolia's 'China' Foreign Policy***

The principle foreign policy challenge for the post-transition government was to solidify its independence in light of its geographic position. In order to achieve this, the state had to establish relations with China that would satisfy its security concerns while allowing Mongolia to maintain a wide array of regional and international partnerships. This political balancing act was difficult in so much that post-transition Mongolia was undergoing an economic crisis domestically that left it especially vulnerable to foreign actors.

Central to this foreign policy strategy was the decision to remain militarily unaligned. This commitment to neutrality has allowed Mongolia to pursue foreign relations and military ties with China based on balancing, despite its proximity that would suggest a weak state strategy of bandwagoning (Walt 1987:29-30).

The state's nonalignment has assuaged the PRC's main security concern in so much that Mongolia has promised that no foreign military will use its territory as a base. In turn, the Chinese government has agreed to respect Mongolian territorial sovereignty and independence. The PRC has taken concrete actions towards this end by cooperating with the Mongolian government to strengthen the countries' borders through the bilateral 'Sino-Mongolian Agreement on Cooperation in Frontier Defence' (Information Office of the State Council of the People's Republic of China 2000). The Chinese government has also responded to Mongolia's non-alignment by initiating bilateral annual security dialogues and military exchanges (Shambaugh 2005).

The Mongolian government has leveraged its resulting stable relations with the PRC to increase the amount of ODA it receives from China. It has done this by aligning its domestic development needs with Chinese commercial interests. This has allowed the Mongolian state to direct aid towards infrastructure building rather than the social development projects most Western aid agencies insist upon. The Mongolian government has also successfully negotiated a USD 300 million loan from China that it will use to develop infrastructure around mining. While there is some danger that increased aid could contribute to greater economic dependency, the state believes that such development assistance is beneficial in that it is contributing to the country's sustainable domestic development.

Lastly, the Mongolian government has successfully leveraged its ethnic relations with China's IMAR's Mongols to expand education and cultural exchange throughout the PRC. The Mongolian Ministry of Education and the National University both benefit from funding and expertise originating in the IMAR. So, too, do does the Chinese

government provide a growing number of full scholarships to Mongolian students anxious to study in the IMAR or other parts of the PRC.

### ***Alliance with ‘Third Neighbour’ States and Russia***

Mongolia’s ‘third neighbour’ strategy has been central to its ability to maintain non-alignment, which is important considering its isolation and historical inclusion in concepts of greater China. The policy has allowed for a diversification of external partnerships that has strengthened Mongolian international legal sovereignty and the government’s legitimacy. Its ability to maintain relations with states such as the United States and Japan has increased Mongolia’s political support and added to its international visibility. Most importantly, Mongolia’s ‘third neighbour’ relations act as important balancers against China and Russia.

In regard to the United States, the Mongolian government has successfully utilised common ideology, as well as its geographic proximity to China and Russia, to establish an alliance with the world’s predominant military power. Indeed, since the end of the Cold War, US cooperation with Mongolia has increased substantially. The Mongolian government has benefited from this relationship as the US Military has contributed to the country’s development of its peacekeeping forces while also providing it opportunities to participate in regional security forums and exercises.

So, too, has the Mongolian government been able to cultivate relations with Japan that provide the country with diplomatic support and opportunities to participate in regional security forums. Most important, however, is Japan’s use of Mongolia’s neutrality to serve as a mediator with North Korea. Such opportunities greatly enhance Mongolia’s role as a regional actor and are very much in line with its hope to develop into the ‘Switzerland’ of Northeast Asia.

Perhaps most important is Mongolia’s relationship with Russia. While the Mongolian government has been careful to distance itself from its former ‘protector’, it has

maximised on existing ties to develop close state relations that support Mongolian independence. Central to Mongolia's desire for good relations with Russia is its need to balance China. In this regard, Russia plays a hugely important role in Mongolia's security strategy in that it provides a large part of the equilibrium it needs for ensuring a form of regional stability that does not evolve into dependency. Moreover, the Mongolian MOD believes Russia would provide troops in the unlikely event of any Chinese military aggression against Mongolia.

### ***Participation in international military operations***

The Mongolian government has also been largely successful in pushing forward a foreign policy aimed at developing the state's military capacity through cooperation in international military operations. The state has achieved this by participating in coalition military actions in Iraq and Afghanistan and in security operations with the United Nations. While both types of participation contribute to the MAF's increased capability and modernisation, they are markedly different in nature. While Mongolia's participation in Iraq and Afghanistan has allowed the MAF to develop its international military relations, the purpose behind its contribution of troops to the UN is to build its peacekeeping capabilities.

Mongolia's troop commitment to Iraq and Afghanistan has helped forge closer relations with the United States military. This relationship has been hugely beneficial to the MAF in that it has allowed a small number of Mongolian soldiers and officers to gain experience in a coalition-led military campaign while also creating opportunities for its participation in international and regional military exercises. Indeed, since 2003 the US military has funded and supported the annual 'Khaan Quest' military games in Mongolia. As participants and observers from 32 countries now attend this annual exercise, it has become a centrepiece of the state's strategy for military development.

The Mongolian government has adapted its security policy to translate this international military experience into peacekeeping potential. The purpose behind this move is to

further emphasise the country's position as a non-aligned, neutral state. While the MAF has been able to advance this policy through participation in such events as the US-led 'Global Peace Operation Initiative' (GPOI), the main focus in increasing its peacekeeping capacity comes through the Mongolian military's cooperation with the United Nations.

Indeed, the MAF cooperation with the United Nations on peacekeeping has been a significant policy success for the state. In addition to direct funding it receives from the United Nations to maintain a battalion of troops trained to international peacekeeping standards, participation with the United Nations helps strengthen Mongolia's position in the international community. Indeed, the Mongolian government hopes MAF participation in UN-led peacekeeping activities will contribute to its goals of establishing itself as a regional peacekeeping centre.

### ***Cooperation with regional and international organisations***

Since the end of the Cold War, the Mongolian government has established diverse multi-sector partnerships with regional and international organisations that have helped offset its domestic weakness with expertise and funding. In many ways, these relationships have served as the linchpins that have held Mongolia's post-transition society together. Indeed, whereas the Mongolian government alone has been largely unsuccessful in pushing forward meaningful domestic development, it has been more effective at addressing development concerns when working in conjunction with regional and international organisations.

Examples of the role such organisations play in Mongolia's domestic development are most prevalent in the country's environmental sector. While unable to confront the country's most pressing environmental concerns alone, the Mongolian government has been able to address some issues through foreign cooperation. Most notable in this regard are the World Bank, Asian Development Bank, and United Nations. All three organisations have pushed forward projects aimed at mitigating environmental problems ranging from desertification to illegal wildlife trafficking. They have supported these

projects by providing funding and expertise where the Mongolian government alone was unable. In this sense, the Mongolian government has successfully maximised a domestic weakness through its foreign policy.

The same is true for Mongolia's cooperation with the ASEAN Regional Forum and the Shanghai Cooperation Organisation. Mongolia's participation in both these regional security organisations has strengthened its regional security, particularly in relation to China.

### ***Theoretical Implications***

By all accounts, the Mongolian state's foreign policy has been successful in that it has allowed it to overcome inherent material weakness through diverse partnerships with a variety of states and organisations. It has done this despite its weak domestic control over the country's institutions of authority and lack of public support. In this regard, Mongolian foreign policy confirms Katzenstein's position that there is not necessarily a correlation between domestic weakness and foreign policy.

It is, however, necessary to consider the state's foreign policy from both an economic and political perspective. The distinction is important when considering the state-society relationship as political policy tends to affect the public equally while economic policy can affect groups differently (Krasner 1976:70).

For Mongolian foreign policy, this conceptual approach presents a mixed message. While the state has been successful in its political foreign policy, its economic foreign policy has resulted in dependency. As the public, according to Krasner, will focus on policy related to economics first and foremost, it is questionable whether political foreign policy successes can translate into state 'strength'.

Indeed, in conceiving of state weakness in line with Buzan and Migdal, a state's foreign policy is only an important variable as it contributes to the 'idea of the state' or brings the

state's institutions in line with social identity. This implies that a public's perception of the government's foreign policy is more important than the actual policy outcomes in regard to state-society relations.

Mongolian public opinion polls indicate a widespread dissatisfaction with political parties, the government's efficiency, and its ability to act on behalf of the people's best interests. So, too, have elements of Mongolian society gained in stature and influence by casting foreign countries and companies as a primary cause of the country's economic ills. Together, these two variables contribute to a sense that the state's political foreign policy, in which it relies heavily on foreign expertise and aid, will not provide it with sufficient legitimacy to offset its domestic weakness.

In this sense, it is not at all clear that the government's foreign policy accomplishments have the potential to fundamentally mitigate the state's weakness. Indeed, public perceptions of corruption and a government run by a self-serving elite have the potential to undermine the country's foreign policy when the outcome is not clearly beneficial to society at large. This is particularly true so long as the state's policies continue to allow for greater economic dependency on China without addressing the country's pressing development needs.

#### **8.4 Implications for Mongolian-Sino Relations**

By all accounts, Mongolia-Sino relations are becoming closer at the state-to-state level. This is primarily the result of the two countries' economic relations and resulting Mongolian dependency. Subsequently, ties between the two countries are deepening multi-sectorally and appear to be on track to continue to do so into the immediate future.

For the Mongolian state, the linkage of the country's economic sector to China has both positive and negative implications. Positively, closer ties with the Chinese state and Chinese businesses will allow the Mongolian domestic economy to develop faster than it would otherwise. Chinese FDI will allow Mongolia to construct infrastructure in and

around the country's more important mining sites while Chinese originating investment will help development the mines themselves. Closer ties between the two countries have also translated into more generous commitments of Chinese ODA. This has allowed the Mongolian government flexibility in its development that was previously absent.

The Mongolian state will also benefit from cooperation with the Chinese government in dealing with some of the country's most pressing environmental concerns. For example, the two states are now working towards a joint approach to dealing with Mongolia's desertification. As the Mongolian government does not have the resources or the technical expertise to deal with such issues alone, Chinese involvement is essential.

Various Mongolian industries are also benefiting from increased access to Chinese workers and expertise. This is particularly true of the country's construction industry, which is becoming more reliant on Chinese labour for its operations. Chinese workers are also active in the country's small-scale mining industry, helping develop mines that would otherwise lay fallow.

Negatively, Mongolian dependency on Chinese goods and investment has the potential to limit the country's political autonomy. The more reliant the state becomes on Chinese FDI, labour, and ODA, the more leverage the CCP will have over the country's institutions of control. While evidence does not suggest that the Chinese government is currently pursuing such goals in relation to Mongolia, the country's dependency is naturally increasing the PRC's influence.

Additionally, in pursuing closer ties with China, the Mongolian state runs the risk of weakening elements of its sovereignty. Both the state's democratic and interdependence sovereignty are largely dependent on limiting the role foreign actors play in the country's domestic affairs. If the PRC does gain a disproportionate influence through a monopoly supply of essential assets like food, it could translate this into direct pressure over these aspects of the state's control.

For China, however, the potential gains from enacting such control over Mongolia's domestic institutions would be limited. Indeed, Chinese businesses (some state-owned) have already largely penetrated the country's economic system by operating within the existing political system. In this regard, Mongolia's economic and political 'openness' have served Chinese-based interests well as it has allowed them to establish an economic relationship very much like a patron-client state without having to spend any resources of their own to maintain the relationship. It has also kept them largely insulated from criticism of having become enmeshed in Mongolian domestic politics. Rather, the main criticism the Mongolian public aims is at the Chinese 'presence' in the country's economy and society.

Were the Chinese government to leverage its economic clout for political advantage, it would likely undermine the Mongolian state's legitimacy. This is due to the fact that Mongolian public opinion would likely turn against a government perceived to be acting as a Chinese government 'puppet'. In this sense, the Chinese government has a vested interest in not using its economic leverage to institute change in Mongolia's domestic political sector.

This is not to say, however, that the Chinese government or Chinese-based companies will not continue to seek a more prominent role in Mongolia's economic sector. Nor is this to imply that Mongolia's resulting dependency will not have political consequences of its own. Rather, it is to suggest that the current status quo is in the PRC's best interest and that any deviation from this runs the risk of causing instability.

Yet, failure to augment the country's growing dependency could have serious consequences for the Mongolian government. As a weak state, it runs the risk that perceived ties to the PRC might provide Mongolian society with an impetus to challenge its authority. Moreover, as growing anti-Chinese and anti-foreign sentiments grow among parts of Mongolian society, the state will face pressure to show that the country is free from overreliance on any foreign actor. To address these social concerns, the Mongolian state may be tempted to push forward a more nationalistic foreign policy.

Such a change in foreign and domestic policy would not, however, be without consequence. While the Chinese government and Chinese businesses may currently be satisfied with working within Mongolia's economic and political system, they could very well respond to an increase in anti-Chinese policies by increasing political pressure through economic coercion. This would further undermine the Mongolian government's legitimacy as it would not be able to provide such necessities as food and manufactured goods.

So, too, would an increase in state sponsored anti-foreign policies challenge the Mongolian government's ability to maintain the relationships it has established through its successful foreign policy since the end of the Cold War. As these relations are a vital component of its ability to balance Chinese influence, a break in these alliances would undermine the country's political security.

This would suggest that regardless of the state's policy, Mongolian dependency on China will grow. The possible variations in this dependency are whether the state works within these confines to achieve domestic development or whether it chooses to adopt more anti-Chinese and anti-foreign policies to appease public concern. As overt opposition to Chinese dependency would only serve to highlight the state's already existing vulnerability, the Mongolian government may find continuation of its current policies most beneficial.

## **Conclusion**

Despite a post-transition foreign policy aimed at strengthening its position in the international and regional communities, the options available to the Mongolian government are constrained by its remaining a weak state. While its geographic isolation between Russia and China, its small population spread over expansive territory, and its underdeveloped economy contribute to this weakness, the most significant constraint on maximising the optimal use of these meagre resources is the division between the state

and society. This would imply that Mongolian ‘weakness’ is domestic in nature and that the state’s foreign policy cannot mitigate this weakness. It would also suggest that the state’s foreign policy is hindered by its inability to successfully attend to the country’s domestic affairs.

This complicated account of state weakness supports the dissertation’s use of a synthesis of FPA and constructivism as a theoretical framework. Whereas FPA has provided insight into the state’s institutions and policy, constructivism has allowed the interplay between identity concerns and the international system to play a more central role in the analysis. The result has been a nuanced approach to state weakness that has helped highlight the Mongolian government’s strengths as well as its vulnerabilities. It has also provided a theoretical foundation upon which it was possible to identify the sources of Mongolia’s dependency on China. This, in turn, contributed to the chapter’s use of dependency theory to explain post-Cold War Mongolian-Sino foreign policy relations.

While not entirely applicable to Mongolian foreign policy, dependency theory is essential to understanding Mongolian-Sino relations. In focusing on Mongolia’s growing economic dependency on the Chinese market, it is possible to view much of the two states’ remaining relations within a patron-client paradigm. This allows for a widening of dependency from a purely economic perspective across various sectors including the environment, society, and the military. While Mongolia’s security strategy has successfully cultivated an array of allies to balance Chinese power, fear of dependency remains central to the government’s motivations and is, therefore, a variable in need of consideration.

Noteworthy is how this multi-theoretical approach functions holistically. Indeed, the synthesis of FPA and constructivism shows how different factors work together in an almost cyclical manner: As the country’s dependency on China increases, so identity becomes a more important component for analysis. As identity gains influence, it directly challenges the state’s institutions and foreign policy. This then contributes to further state weakness that may lead to greater dependence on China as the Mongolian

government seeks to strengthen itself. The implications of the ‘marriage’ of FPA and constructivism are thus promising for the development of theory. Whereas both remain powerful explanatory frameworks in themselves, a synthesis of the two serves to accentuate each theory’s respective weakness. This would suggest singular use of one theory to discuss state weakness is inadequate.

When looking at the case of Mongolia’s relations with the PRC, taking either FPA or constructivism on its own can only account for one-half the overall picture. For while FPA provides theories and methods that are useful for understanding Mongolia’s institutional weaknesses, its dependency, and its foreign policy successes, it does not pay enough attention to exploring the way in which identity interacts with the international system. It has been argued above that identity is in fact essential to understanding post-Cold War Mongolian-Sino relations as well as present day societal stability, and should therefore hold a central position in any analysis of the foreign policies of weak states. This bears out Houghton’s argument that constructivism’s focus on identity and norms is a useful complement to FPA discourse.

The need for combining constructivism with FPA is thus amply illustrated by the dissertation’s selection of Mongolia’s policy towards China as the case study as well as the decision to examine Mongolian-Sino relations across a variety of sectors. As the analysis has shown, China is without a doubt Mongolia’s most important bilateral relationship. It is also the country with the most potential to influence the evolution of Mongolia’s domestic institutions, society, and overall security. This is apparent as both the CCP and Chinese businesses occupy central roles in Mongolia’s political, economic, environmental, societal, and military sectors. Indeed, no other country has succeeded more than China in establishing links between its own national needs and Mongolia’s domestic development. These established ties between the two countries are likely to influence Mongolian political and societal developments for years to come.



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## **Appendix 1: List of Interviews**

Interview 1: Agni Baljinyam, Ulaanbaatar, 20 May 2008.

Interview 2: Altantsetseg Shiilegmaa, Ulaanbaatar, 13 February 2008.

Interview 3: Bill Bikales, Beijing, 15 October 2007.

Interview 4: Birvaa Munkhjargal, Ulaanbaatar, 12 March 2008.

Interview 5: Boldbaatar Gaadulam, Ulaanbaatar, 12 March 2008.

Interview 6: Boris Chang, Ulaanbaatar, 1 April 2008.

Interview 7: Byambajav Batsukh, Ulaanbaatar, 2 April 2008.

Interview 8: Chen Shan, Beijing, 10 December 2007.

Interview 9: Deborah Davis, Ulaanbaatar, 4 April 2008.

Interview 10: G. Baigalmaa, Beijing, 29 December 2007.

Interview 11: Giovanna Dore, Ulaanbaatar, 18 May 2008.

Interview 12: Jambal Doljinsuren, Ulaanbaatar, 16 March 2008.

Interview 13: Jargalsaikhan Mende, Ulaanbaatar, 28 May 2008.

Interview 14: Jeffrey Liang, Beijing, 23 November 2007.

Interview 15: L. Nyamtseren, Ulaanbaatar, 15 January 2008.

Interview 16: Luke Distelhorst, Ulaanbaatar, 3 March 2008.

Interview 17: LuvsanchulTem Vanjildorj, Ulaanbaatar, 1 April 2008.

Interview 18: Matthew Schwab, Ulaanbaatar, 7 May 2008

Interview 19: Menereliin Chimeditseye, Ulaanbaatar, 3 May 2008.

Interview 20: Munkhjin Bayanjargal, Ulaanbaatar, 5 April 2008.

Interview 21: Morris Rossabi, New York, August 7 2009.

Interview 22: N. Odgerel, Beijing, 1 October 2007.

Interview 23: O. Mashbat, Ulaanbaatar, 3 April 2008.

Interview 24: Onno Van den Heuvel, Ulaanbaatar, 21 February 2008.

Interview 25: Patrick Evans, Ulaanbaatar, 17 March 2008.

Interview 26: Suzanne Ross, Washington, DC., 13 May 2008.

Interview 27: Ts. Batbayar, Ulaanbaatar, 15 January 2008.

Interview 28: Ts. Jargalsaikhan, Ulaanbaatar, 21 March 2008.

Interview 29: Tsogzolmaa Bayandorg, Ulaanbaatar, 28 March 2008.

Interview 30: Uranbileg Jamba, Ulaanbaatar, 2 March 2008.

Interview 31: Ulzii Myagmar, Ulaanbaatar, 28 March 2008.

Interview 32: Wang Jisi, Beijing, 15 August 2007.