

Introduction

journal or publication title	Senri Ethnological Reports
volume	121
page range	1-15
year	2014-09-10
URL	http://hdl.handle.net/10502/00008594

Introduction

Morris Rossabi

This volume marks the fourth book of English translations of interviews with twentieth-century Mongolians. *Socialist Devotees and Dissenters: Three Twentieth Century Mongolian Leaders* and *A Herder, A Trader, and A Lawyer: Three Twentieth-Century Mongolian Leaders*, two of the works, focus on prominent figures in the socialist era and document the development of *negdels* or collectives, State farms, industrialization, trade with the Union of Soviet Socialist Republics (hereafter, USSR), and changes in the legal system. They also offer the interviewees' accounts of customs before and after the socialist era, study in the USSR, and education in Mongolia, among other subjects. Three of the six interviewees were criticized by the Khural (or Mongolian Parliament) and dismissed from their lofty positions in the government and the economy. At the instigation of Yumjaagiin Tsedenbal (1916-1991), the Head of State and the Secretary of the Mongolian People's Revolutionary Party (hereafter, MPRP) from 1952 to 1984, one was imprisoned and another was exiled to a remote area in the country. The interviewees, who included Tsedenbal's younger brother, differed in their assessments of this powerful figure and his equally dominant Russian wife Anastasia Ivanova Filatova (1920-2001).

Although this new book consists of interviews with four men who were born and lived much of their lives in the socialist period, their roles in the immediate aftermath of the collapse of the one political party socialist system will be emphasized. Like the other prominent interviewees in the earlier volumes, all four in this book studied in the USSR, which appears to have been vital for the most significant positions in the Mongolian government and economy. The four are either mildly or seriously critical of developments in Mongolia since the fall of socialism in 1990. Several foreign governments and international aid agencies have praised Mongolia for the appearance of democracy—elections, peaceful transitions from one political party to another in ruling the country, and the expansion of a market economy. These four men have challenged the conventional wisdom of foreign advisers and officials, pointing out first about required payments to their respective political parties by candidates for the Khural and the expenses of campaigning (in the American style). The result has been that the herders who still consist of one-quarter to one-third of the population have had very few of their own elected

representatives in the Khural. Because of the costs of waging a campaign, business people increasingly dominate the Khural and the top positions in government. In their interviews, Dumaagiin Sodnom, a former Minister of Finance, and Choijingiin Khurts, a specialist on mining, mention the lack of experience, if not incompetence of some of the leading members of the new governments, including a Minister of Finance and negotiators dealing with foreign companies regarding Mongolia's great mineral wealth. Moreover, political democracy could not, from the Mongolian standpoint, be separated from economic democracy. Corruption, increasing economic inequality, and the high percentage of the population living below the poverty line clash with any conception of political democracy.

Dumaagiin Sodnom

Dumaagiin Sodnom, perhaps the most critical of the four individuals of developments since 1990, had risen from an ordinary herder family from Dornogov *aimag* (or province) to Minister of Finance. Born in 1933, he lost his father when he was still quite young. The Japanese imprisoned the father while he traveled in Inner Mongolia, and he was either executed or committed suicide at that time. Without her husband, Sodnom's mother could not support their eight children and thus allowed five of them to be adopted. Sodnom remained with his mother. Recognized as a bright child, he attended primary school from the age of nine, and he subsequently praised his mother lavishly for working hard so that he and his siblings could continue in school. To help out, he earned money over the summers by tending his uncle's camels. He and his mother mourned the death, in the 1940s, of his eighteen-year old brother from pneumonia, a death that perhaps could have been avoided, but his region did not have a doctor or adequate medical care. In addition, Sodnom's powers of observation, even as a young boy, made him aware that any connection with a Buddhist lama in this socialist period was cause for persecution or imprisonment. At the outset of World War Two, he also noticed that Mongolians sent clothing, horses, meat, and money for the building of Soviet tanks and planes, a great help to the USSR.

Sodnom himself was attracted by the arts, a predilection that proved to have an unexpected influence on his career. He enjoyed the theatrical productions performed by traveling troupes and also learned to play the flute. Recognizing Sodnom's artistic bent, his brother tried to enroll him in an art school in the capital city of Ulaanbaatar after he finished primary school in 1946. They were unable to find the school and instead Sodnom enrolled in the Finance and Economics Technicum in Ulaanbaatar, where among his favorite

teachers were the poet Begziin Yavuulkhulan (1929-1982) and the writer Tsevegmediin Gaitav (1929-), revealing once again his artistic and literary bent. His artistic interests helped land him a position at the Ministry of Finance after his graduation from the Technicum in 1950. The Ministry needed someone with an artistic sensibility to design and maintain its bulletin boards. Sodnom was employed as an accountant, but one of his major responsibilities was presenting information on the bulletin boards. His good performance at the Ministry and his study of the Russian language provided an opportunity to study Economics at the Higher School of Finance and Economics in Irkutsk, the institution from which Tsedenbal had graduated.

Sodnom's admission to study in the USSR virtually guaranteed an important career on his return to Mongolia. Returning to his native land in 1958 with Vera, the Russian woman he married in the same year, he received the position of Head of the Foreign Exchange Department in the Ministry of Finance. Good performance at that post translated into promotion to Minister of Finance in 1963, when he was just thirty years old. His six years as Minister witnessed considerable cooperation with the USSR. Unlike some officials, Sodnom valued Soviet assistance, which, he asserted, initiated an increase in agricultural and industrial production. He argued that Soviet loans and technical assistance were crucial from 1976 on to growth in copper, fuel, and animal production, which provided sufficient revenues for improvements in education, medical facilities, and radio and television transmissions. During this time, he climbed the career ladder. From 1969 to 1972, he was First Deputy Chair of the State Planning Commission, and by 1972, he became its Chair, as well as Deputy Chair of the Council of Ministers.

Although he continued to maintain that the USSR had aided Mongolia, he could still be critical of the Soviets and their frequently self-serving policies. He blamed them for the Stalinist-like purges of Mongolian intellectuals and the killing of Buddhist monks and the destruction of monasteries in the 1930s. Similarly, he asserted that the Soviets paid too little for their partial ownership of the Mongolian Erdenet copper and molybdenum mines, which began to be developed in 1974. One of his major complaints concerned the Soviets' pressure to delineate part of the Mongolian-USSR border in their favor. Vyacheslav Molotov (1890-1986), the former Minister of Foreign Affairs of the USSR from 1939 to 1949 who was disgraced after Stalin died in 1953 and sent as Ambassador to Mongolia, persuaded Tsedenbal, a staunch Soviet ally, to support the Soviets' position on the designation of the border. Sodnom now criticized the Mongolian Head of State for undermining Mongolia's territorial claims.

Although he criticized Tsedenbal regarding this issue, he had a generally

favorable view of the Mongolian leader and defended him against the aspersions of other officials. He portrayed Tsedenbal as hardworking and dedicated to Mongolia and praised him as an intellectual who emphasized education and supported Russian culture and language in Mongolia. He agreed that the Mongolian economy had had insufficient growth during the early years of Tsedenbal's rule, but he did not place all the blame on the former Head of State. He was not as generous in his appraisal of Tsedenbal's wife Filatova, whom he found domineering and manipulative, with too much influence on her husband. On the other hand, he concurred that Tsedenbal had boorish cronies and would not allow free speech or critiques of his policies.

Having served as Minister of Finance and in several other high positions in government, culminating in his appointment as Chair of the Council of Ministers, or Prime Minister, in 1984, Sodnom now defends himself and the MPRP-dominated State from the barrage of criticism directed at him in the post-socialist era. He repeatedly deflected critiques about the debt to the USSR, stating that the loans allowed Mongolia to increase its coal and cement production, electricity, and food supply, among other benefits. His use of funds for Tsedenbal and his associates also elicited disapproval. He justified transfer of monies to the USSR because Tsedenbal often spent summers in his wife's native land. Extra payments for pensions for a few officials and especially higher salaries to some leaders, he argued, had no impact on the economy.

Despite these justifications, Sodnom found himself under investigation after the end of socialism in 1990. Government agents confiscated his savings for two years to check on his wealth and to ensure that he had not taken bribes. He was found to be innocent, and his money was returned in August of 1992. He asserted that this treatment did not shape his views about the 1990 demonstrations, which he described, and the subsequent forced resignation of the government and the eventual decline of the MPRP. Claiming that he would have been delighted to develop a plan to shift to a market economy, he explained that privatization of the economy requires regulations and laws. The transition to a market economy had to be gradual in order to protect all citizens. Otherwise it would lead to inequality and corruption. Sodnom turned out to be right. Without regulations, a few Mongols did gain control over government-owned properties (e.g. tools and factories in the urban areas) and the herds, the modes of transport, including trucks in the countryside, greatly widening disparities in income and resulting in a significant increase in the number of people living below the poverty line. Sodnom was also critical of the inexperience and lack of expertise of some government officials in the period from 1996 to 2000, after the traditional political party, the MPRP, lost the elections in 1996. One of the Ministers of Finance, for example, was a

scientist who had no knowledge of basic finance and economics and made crucial mistakes concerning the economy and the banking system. To protect and foster the economy, Sodnom recommended changes to some of the policies pursued during this period. He suggested government assistance for the herders and lamented the precipitous closing of the *negdels* and the State Farms, which had provided for the inhabitants' economic, cultural, educational, and medical needs. Without these institutions, many Mongolians were deprived of much-needed support and fell into poverty.

Sodnom's predictions about the post-1990 failures came true. This, on occasion, led government officials to seek his advice on policy. He served as counselor on economic issues to Prime Minister Puntsagiin Jasrai (1933-2007) from 1992 to 1996 and Prime Minister Rinchinnyamyn Amarjargal (b. 1961) from 1999 to 2000. In 2013, President Tsakhiagiin Elbegdorj (b. 1963) invited him and other former Prime Ministers to a meeting to discuss Mongolia's economic crisis, with exports declining and imports becoming more expensive and with the Mongolian economy increasingly vulnerable to the vagaries of the Chinese economy. Sodnom was not shy about criticizing the use of the so-called Chinggis Bonds, which the government had issued to obtain additional revenue. He objected to allocation of most of the funds to infrastructure projects because "we can't pay back the bond by constructing roads. Therefore, we should spend this money on projects which can make products and gain profit." Instead he advocated the revival of industries that collapsed when the Mongolian government, following the advice of so-called neo-liberal representatives of international aid agencies, adopted a policy of liberalization, including the abolition of many tariffs and the support of free trade. Competition from cheap goods, mostly from China, had doomed many of the native industries. Thus Sodnom urged government support for a revival of these industries, as well as for construction of a cement factory and for mining development.

Sharaviin Gungaadorj

Sharaviin Gungaadorj, a well-trained agronomist, succeeded Sodnom as Chair of the Council of Ministers or Prime Minister from March 26 to September 11, 1990 as the first elections after the fall of socialism were held. Having played a role in the promotion of agriculture in the socialist period, he was disappointed in the dismemberment of the State Farms after 1990. He bluntly stated that "not all the results of privatization are good" and looked back nostalgically to the 1970s and 1980s, when agricultural production had increased.

Gungaadorj was born in 1937 in Dornogov, an *aimag* in the Gobi desert, certainly not an optimal place for a future agronomist. Two of his four siblings died young, which indicates the lack of accessible medical facilities outside the Mongolian capital. His father, a lama who dispensed Tibetan medicine, was arrested in 1939 during the government's anti-Buddhist campaign and was imprisoned until 1947. Gungaadorj was not stigmatized or harassed because of his father's imprisonment and was permitted to attend school. Indeed his good performance in school even resulted in an opportunity to study in the USSR, the path to success in socialist Mongolia. However, he could not choose his institution of higher learning or his field of study. In 1954, the authorities sent him to the Temeriazov Agricultural Academy in Moscow to study agronomy, an unusual choice for a young man with scarcely any experience in farming. Nonetheless, he graduated in 1960 and headed back to Mongolia to serve as one of the leaders of the Virgin Lands project in imitation of the USSR's experiments in fostering agriculture in marginal lands not entirely suitable for farming.

Gungaadorj and other officials at the Ministry of Agriculture recognized that they lacked knowledge and required foreign aid in planting, selection of seeds, and prevention of wind erosion. They sought assistance from Russian experts to fulfill these goals as well as to build proper storehouses for seeds and repair stations for farm equipment. Such facilities were needed to endure the harsh Mongolian winters. Even with Russian assistance, the first eight years of the Virgin Lands program, which was incorporated into the State Farms, witnessed failures. In 1968, the government appointed Gungaadorj Deputy Minister of Agriculture, and by the 1970s and especially in the 1980s, agricultural production increased, with forty per cent of the cultivated land located in Selenge *aimag*. Wheat and potatoes were harvested; hothouses for vegetables were constructed, and apples, black currants, carrots, turnips, onions, and grapes added to the bountiful yields.

These successes led to promotions in Gungaadorj's official career and to great satisfaction in his personal life. In 1980, he advanced to the position of First Deputy Minister of State Farms, and the following year, he became the First Secretary of the MPRP in Selenge. The culmination of his professional mobility was appointment as Minister of Agriculture in 1986 and his subsequent agreements with herders and farmers to lease land or a gradual movement toward privatization. He believed that these agreements had been administered equitably and efficiently as opposed to the turbulence of the shock therapy and immediate privatization that accompanied the fall of socialism. He concurs with Sodnom that regulations and laws and preservation of good socialist policies toward farming and herding were essential. During

his rise to power and much before the fall of the socialist government, his personal life had blossomed. He had married a teacher in a simple wedding unencumbered by elaborate rituals and ceremonies and had four daughters and a son, all of whom, he proudly stated, had graduated from university and one attended graduate school.

This optimism eroded because of events of the 1990s. He laments what he perceives to have been the precipitous closing of the State Farms and the *negdels*, leaving most people without government support. The well-connected and those most knowledgeable about a market economy profited from shock therapy. They laid claim to combines, tractors, animals, and *khashaas* or fenced-in enclosures for animals, contributing to growing income inequality. Because most herders and farmers scarcely knew about the operation of a market economy, they did not understand the vouchers granted to them as reputed owners of what used to be State property. They were unaware that the vouchers represented shares of State property and sold them for a pittance of their value to savvy and occasionally shady entrepreneurs. Without the State Farms and the *negdels*, ordinary people would not be assured of medical care, education for their children, social welfare, and access to arts and culture.

The agricultural system that Gungaadorj had helped to develop became chaotic. Less land was under cultivation, and without government support, farmers had to import sixty per cent of the seeds they needed. Some land was de facto privatized, and newly-built roads damaged the arable land. In the socialist period, the State Farms and the *negdels* could often withstand horrible winters known as *zuds*. Individual herders have not done as well in the post-1990 period. Gungaadorj notes that the decline in agriculture has translated into less fodder for animals, damaging the herding economy. Without government assistance, herders have often been unable to transport their animals to market. Many herders have thus moved closer to their markets, principally around Ulaanbaatar and other towns, imposing burdens on the grasslands near the capital and leading to desertification. Even more herders have abandoned herding and have migrated to Ulaanbaatar in the so-called *ger*; or tents, areas ringing the city and live without indoor plumbing, regular garbage collection, and reliable electricity, not to mention running water. Gungaadorj says that the turbulence in the herding and agricultural sectors have created the need for imports of food, which he labels as of poor quality, and even of dairy products in a country whose herds vastly outnumber its population.

Although the government has made some efforts since Gungaadorj's interviews to cope with problems in agriculture and herding, his proposals have not entirely been implemented. He suggested the restoration of State

Farms but with allowance for privatization of some land. However, he opposed privatization of the pasture lands. His most significant proposal was the revival of government assistance to the agricultural and herding sectors in the forms of promoting better transport, advice, seeds, and technology. Mongolians ought not to be importing grain and vegetables and certainly not dairy products. Gungaadorj would be appalled by the latest data, which indicates considerable Mongolian imports of vegetables from China and flour from Russia. He would instead have advocated a government-sponsored Green Revolution to feed the population and to provide fodder for the animals.

Since 1990, Gungaadorj has had a varied career. In 1992, the government appointed him Ambassador to North Korea and then later to Kazakhstan. In 1997, he took time off from public service to become the Managing Director of Agropro Corporation, a company promoting agriculture. However, the pull of politics was powerful, and he ran and was elected to the Khural from 2000 to 2004 and was appointed Chair of the Standing Committee of the Environment and Rural Development. He was, in part, responsible for the revival of agriculture.

Punsalmaagiin Ochirbat

In 1990, Punsalmaagiin Ochirbat eventually became the first freely elected President of Mongolia, a new office in Mongolian government. He remained as President until 1997, serving seven years during a time of considerable turbulence after the end of socialism. Yet he was not as nostalgic as Sodnom and Gungaadorj about the socialist era and was not as critical as they have been of the post-1990 policy of shock therapy. Like them, he had training in a practical economic field in the USSR in preparation for his employment.

Born in 1942 in Zavkhan *aimag*, Ochirbat did not have an auspicious background in a socialist and anti-religious State because his father had been a Buddhist lama. His father died when Ochirbat was five years old, and from that time on, he hesitated to acknowledge his father's background. The fragility of life in the steppes made a deep impression on him when his stepbrother died in an accident while he was on horseback. A short time after his father's death, he and his mother moved to Ulaanbaatar so that he could fulfill his father's dying wish that he become educated. Like so many Mongolians who moved to Ulaanbaatar in the post-World War Two period, he was dazzled by the city, including its cars and what seemed to him to be large buildings. However, he was not initially enthralled by the vegetables he came across and tested. After he finished school in 1960, he harbored a desire to become a journalist, but the Central Committee of the MPRP believed the country

needed experts in mining, which was rapidly becoming an important sector in the economy. Thus the authorities sent him to the Leningrad Higher School of Mining. He married a fellow engineer, and one of their two daughters followed in her parents' footsteps to train in Moscow to become an engineer.

As the rare and valued specialist in mining engineering, Ochirbat rapidly ascended into leadership positions. Within two years after his return to Mongolia, he was appointed the Chief Engineer of the Sharyn Gol coal mines in Darkhan Uul municipality in Northern Mongolia. Russians had served as the principal engineers at Sharyn Gol, so that he was the first Mongolian Chief Engineer. He arrived at a propitious time, as Paavangiin Damdin, the Minister of Industry, sought to promote industrialization, and coal was the fuel for this effort. Ochirbat portrays himself as a good manager, and his skills led to an increase in coal output and an attendant great growth in electricity and indeed more efforts to discover mineral resources. The central government authorities in Ulaanbaatar recognized his talent, and in 1972 appointed him Deputy Minister of Mining and Geology (or Minister of Fuel and Energy). Promotions followed rapidly. In 1975, he became the Minister, and a member of the Khural and of the Central Committee of the MPRP. His main concerns were the training of specialists for industry, especially experts in repairs and maintenance of equipment, and the limitations and regulations on Soviet advisers. He cherished their advice but wanted Mongolians to carry out the work. Moreover, because the Mongolian government paid the expenses of the Soviet advisers, he attempted to rein them in to avoid abuses of the system by their claims of false or illegal expenditures. He maintained that Russians, on occasion, exploited Mongolians.

In 1982, after ten years of service in the government, Ochirbat sought additional training for himself. He petitioned the government to allow him to pursue a doctorate in his field, but President Tsendenbal rejected his application. Despite this disappointment, his career continued on its upward spiral. In 1985, he became Chair of the State Commission for Foreign Economic Relations, and two years later was chosen as Minister of Foreign Economic Relations. These new positions offered him greater prominence, especially when Mikhail Gorbachev (b. 1931), Chair of the Presidium of the Supreme Soviet and General Secretary of the Communist Party of the USSR, electrified the socialist world by lauding *perestroika* or "restructuring of the economy." This new policy permitted Ochirbat greater flexibility in initiating commerce with a wider group of foreign countries, not merely those in the Soviet bloc. Mongolia then resumed trade with its close neighbor, China, which had been precluded during the Sino-Soviet dispute from the early 1960s on. In 1987, the U.S. and Mongolia restored official relations, prompting hopes for greater

trade with the West.

Ochirbat had many opportunities to observe Tsedenbal, whose opposition to the new policies toward the world had resulted in his ouster in 1984 as Head of State and Secretary of the MPRP. Ochirbat concurred with most perceptions of Tsedenbal as hard-working and dedicated, sometimes working all night. Well-read and well educated, Tsedenbal emphasized strong government support for education. He was somewhat puritanical and scarcely drank alcohol, perhaps because of his wife's influence. He was gentle and not quarrelsome in face-to-face meetings. His most significant defect was his unwillingness to allow criticism once a decision had been made. In addition, his Russian wife was reputedly high-handed and alienated many Mongolians. Yet, his close relations with the USSR provided Russia with many advantages in Mongolia. He supported the Russians' denigration of Chinggis Khan and the Mongolian Empire, lacked knowledge of and pride in Mongolian history, as evidenced by his prohibition on the wearing of *deels*, the traditional Mongolian costume, and by his support of Cyrillic as the written Mongolian script in opposition to the old Uyghur script. In 1984, when he was in the USSR, Tsedenbal was stripped of his position and was eventually relieved of his membership in the MPRP. The post-socialist government of the 1990s also stripped him of his numerous honors and awards. Yet his body was returned to Mongolia from Russia on his death in 1991, and he was buried in Altan Ulgii. Since then, a bronze statue of him has been erected in front of Government House in the town of Ulaangom in his native *aimag* of Uvs. Even more surprising, the government permitted a statue of him to be located in front of the State Academic Drama Theater, a prominent location in Ulaanbaatar. Within a few years, the new leaders had a change of heart about Tsedenbal and restored both his membership in the MPRP and his honors and awards.

Ochirbat was President during the shock therapy phase of Mongolia. The period was characterized by high rates of unemployment, poverty, and inflation, bank failures due to speculation and non-performing loans, reductions in expenditures on education, health, social welfare, and culture and the arts, and especially corruption. Ochirbat broke with the MPRP in 1993 and defeated the MPRP candidate in the Presidential election. However, in 1997, parlous economic conditions in the country led to his defeat at the hands of the MPRP candidate Natsagiin Bagabandi (1950-). At almost the same time, the Sharyn Gol coal mine with which he had been associated since early in his career was closed down because it still used outdated technology.

His career after departure from the post of President has attracted some controversy. The government voted to provide him with a home, but it later turned out that he had received fifty million *tugriks* (about \$62,000) from an

unknown source to build a house. Negative publicity about these bonanzas prompted him to return State funds, which, he recommended, be used to construct housing for the elderly.

Ochirbat still continues to play a public role. The Ochirbat Foundation that he founded has supported education and attempts to reduce poverty. In 2000, he became Director of the Center for Economic and Sustainable Development at the Mongolian University of Science and Technology. Even more significant, he was appointed to the Constitutional Court of Mongolia (*Tsets*) in 2005 and reappointed in 2010, although he does not have a law degree. After stepping down from the Presidency, he became involved with Tengeriin Tsag, a mineral resource company. As of 2010, Tengeriin Tsag has collaborated with MCS, Petrovis, and other extremely successful companies in the exploration and development of Mongolian mineral resources. Ulaanbaatar now boasts a “Tengeriin Tsag Center” where the Swiss and Czech embassies are located, and Ochirbat appears to have netted substantial profits from his association with the company.

Choijingiin Khurts

Choijingiin Khurts, born in 1939 in Sükhbaatar *aimag*, has played a vital role in the development of the twentieth-century Mongolian economy. Like many of the principal leaders in socialist Mongolia, he derived from a herding and rural background. His natural father allowed him to be adopted by a younger brother whose family was childless. His adopted father served in the army for ten years and soon recognized the value of education. He ensured that Khurts devote ten years to schooling in his native region, despite the boy’s chores in the demanding herding lifestyle. This schooling gave him an introduction to chess, which became a life-long passion. Khurts performed extremely well in school and was thus eligible for higher education in the Soviet Union. His parents and the families of other Mongolians chosen for such study in the USSR recognized its value and took part in celebrations when their children had been selected.

Khurts’ subsequent life and career confirm the importance of education, as well as training in the USSR, in social mobility. Although he did not know Russian, he was chosen because of his excellence as a student. When he reached the USSR, he failed a language exam and had to spend time in language training. Khurts had originally feared that his choice of profession, geologist, would prevent him from selection for additional study. Ordinary Mongolians associated geologists with despoliation of the country, which included the cutting of trees, the damaging of land, and the polluting of water,

all of which were devastating in bad winters known as *zuds*. Geologists allegedly disturbed the spirits of the earth, the worship of which took place at *oboos* or piles of stones and other objects involved in shamanism. *Oboo* worship had been curtailed or prohibited in socialist times, but many Mongolians still valued the practice. Despite these views, the Central Committee of the MPRP supported him, and he traveled to Moscow, which he found to be dazzling, to enroll at a mining and geology university.

On his return to Mongolia, the Central Committee decided that he would work in industry, although he had wanted to teach at a university. The Central Committee determined job placements, and he would have to acquiesce. He assumed responsibilities in the Geological Research Institute, which was mapping the land and prospecting for minerals. Russian scientists collaborated with their Mongolian counterparts. Khurts found most of the Russians to be experts, but some were overbearing and wrongheaded. Yet he could not disagree with them because he would be accused of undermining Russian-Mongolian friendship. He also believed that the Russians obtained Mongolian mineral resources cheaply and not at market prices, but again he could not be overly critical.

Government leaders soon recognized Khurts' expertise and quickly promoted him. At the age of twenty-six, he assumed the position of Deputy Minister of the Ministry of Geology and Mining, and in the same year, 1965, was chosen as a member of the Central Committee of the MPRP. His ascension to such important positions was unusual and may have been due to the significance of the enterprises in which he was engaged. The previous year, he and his Czech collaborators had discovered major copper and molybdenum deposits in Erdenet. The Czechs would have played a major role in developing these resources had it not been for the anti-government disturbances in 1968 in Czechoslovakia. The attendant turbulence prevented the Czechs from further involvement.

Without Eastern European technical expertise and capital, Mongolia faced obstacles in tapping the resources in Erdenet, but suddenly events halfway around the world would lead to development of the minerals. The USSR had devised an agreement with President Salvador Allende to purchase copper from Chile and to provide some economic assistance, but in September of 1973 General Augusto Pinochet initiated a successful coup, during which Allende either committed suicide or was assassinated. These events jeopardized the Soviet Union's access to the valuable resource. The USSR then had to assist in the development of Erdenet, which has become the third most populous city in Mongolia. In 1974, the city began to be constructed around the copper and molybdenum deposits, and over the years, other industries have

been located there. Mongolia owned 51% of the mining complex, and the USSR had a 49% share. Experts managed the mining industry, but Khurts asserts that each political party since the collapse of socialism in 1990 has attempted to impose its own executive over the plant. Khurts is also concerned about the fate of the complex's workers because the copper and molybdenum deposits will be used up no later than the first few years of the 2040s, or perhaps even earlier.

Khurts has been particularly disappointed by developments in Turquoise Hill or Oyu Tolgoi, a mineral rich area in the Gobi. As early as the 1960s, Mongolian geologists had known about the deposits of gold, copper, and coal but had focused on Erdenet because it was close to the USSR, Mongolia's most important trading partner at that time. After 1990, China began to replace the USSR as the main importer of Mongolian products, and the Turquoise Hill deposits are not far from its southern neighbor. Geographical propinquity offered opportunities for individuals, companies, or States able to mine and transport the resources over the relatively short distances to China.

Robert Friedland, known as "Toxic Bob" for his and his companies' reputations as polluters in their various enterprises, was the first foreign entrepreneur who identified the potential of the Oyu Tolgoi mine. Adopting the advice in the 1990s of neo-liberal Western advisers for a policy of shock therapy and limited government, the Mongolian State had dismissed thousands of geologists, bolstering Friedland's position in dealing with Mongolia. Few experts could challenge Friedland's proposal to obtain exploration rights in Oyu Tolgoi. However, after receiving these rights for Ivanhoe, his company, he did not help his own cause. In a secret speech to investors, which was leaked to the outside world, he said that the Oyu Tolgoi mine (was) a "cash machine" because the tax rate he sought in an agreement with the Mongolian government would be a paltry 5 to 6 percent. In addition, he noted that he would enjoy a five-year tax holiday from the government, which he asserted has a pro-business mentality. Shifting to profits, he used a comparison: "You're making T-shirts for 5 bucks and selling them for \$100. That is a robust margin." His admissions about damaging the Mongolian environment and earning 95 percent of the profits from the mines certainly raised Mongolian hackles when the speech became public. In the spring of 2006, demonstrators in Ulaanbaatar protested against Ivanhoe and even burned an effigy of Friedland.

Having earned the wrath of Mongolians by his remarks, Friedland had to alter his tactics, which has contributed to considerable murkiness about foreign activities in Oyu Tolgoi and, according to Khurts, foreign companies' breaking Mongolian laws. Friedland first sold Ivanhoe shares to the multi-national Rio Tinto Company, an act which Khurts believes was illegal under the Mongolian

Constitution of 1992. Khurts tells us that Friedland then placed his shares in his newly-founded Turquoise Hill Resources in the Netherlands to avoid paying taxes. Ivanhoe and Rio Tinto have deliberately created different companies, with different names, to prevent transparency, to avoid taxes, and to co-opt authority over the mines from the Mongolian government. Lack of transparency translated into inability of the public and its representatives to gauge the actual quantity of reserves in Oyu Tolgoi and to understand the manipulations of the corporate investors. There was also no way to verify Rio Tinto's claims about the number of Mongolians to be employed, especially in mines where much of the work is automated.

Khurts then documents Ivanhoe's and Rio Tinto's manipulations, which have been abetted by either ignorant or corrupt Mongolian parliamentarians. He starts by explaining that the 1992 Constitution proclaimed that Mongolia's mineral resources belonged to the people, not to private enterprises. Yet, in 2007, the Khural devised a formula for permitting private investment in these resources. It mandated that the State needed to own 51% of the shares in "strategic deposits," but only 34% in "non-strategic deposits."

This new law provided an opening for Rio Tinto, which insisted on a 51% share of the Oyu Tolgoi deposits while the State would own 34%. Because the Mongolian government could not provide the capital investment of 34% of the total to cover the initial costs of setting up the Oyu Tolgoi mine, Rio Tinto offered it a loan at a usurious rate of interest. Khurts said that, as of December of 2012, the interest on the loan already amounted to \$705 million. He estimated that the loan would not be repaid until 2033, and as a result, Mongolia would not receive any dividends until then. In addition, Rio Tinto had generated cost overruns due to high management fees and greater expenses for technical equipment and now sought to obtain additional loans, backed by the Mongolian government, to expand the mining complex. Yet it continued to be secretive, founding the Turquoise Hill Company, which did not employ Mongolian banks for its transfers and did not reveal the prices it charged customers for copper concentrate. Instead it sought to ingratiate itself to the Mongolian population by providing small grants to support schools, the Arts Council of Mongolia, and hospitals while reaping the much more valuable benefits of Mongolian government and international financial aid agencies expenditures for power, transport, and other infrastructure projects in the region of Oyu Tolgoi. One member of the Khural also questioned whether Rio Tinto's grants, which appeared to have no authorization from the Mongolian government, derived, in part, from the profits that would have accrued to the Mongolian State. Khurts concludes that "the precious metals at the Turquoise Hill deposit belong to the Mongolian people, and it is not right that a foreign

capital investor controls them, and it is strictly forbidden by law.” He adamantly states that foreign investors are not motivated by Mongolia’s best interests, but “worm their way into our economy” for their own profit. He implies that corrupt Mongolian officials worked out the Oyu Tolgoi agreement with Rio Tinto and had placed their ill-begotten gains in Swiss banks and with companies registered in the Virgin Islands.

All four of these prominent Mongolians recognized the need for change after the collapse of socialism in 1990 but disapproved of the shock therapy that was imposed on the country. It has resulted in high rates of unemployment and poverty, increasing income disparity, social dislocations, depredations, declines in education and health, outward migration to Korea and Western countries, and heightened corruption, all of which harmed the democratic process. It has also led to trade imbalances with China and other lands, significant debts, declines in industry, and less Mongolian control over natural and mineral resources. Will these trends be reversed?

We are grateful to Buyana Bayasgalan for checking and correcting some of the translations.