

II. Sharaviin Gungaadorj, Member of the Great Khural and Former President of Mongolia : Interview conducted in August, 2001

著者(英)	Yuki Konagaya, Ichinkhorloo Lkhagvasuren, Mary Rossabi, Morris Rossabi
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[Interview conducted in August, 2001]

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### 1. The Fate of My Father

**Sharav Gungaadorj (ShG):** Have you started filming yet because I am not really ready. I need to look good on Japanese television.

**Yuki Konagaya (YK):** Our filming is for the museum's archives.

**ShG:** I don't understand why you need this video. I thought that we would just meet and talk.

**YK:** I know that you must be busy and in a hurry, so I thought that our discussion could be part of our archives.

**ShG:** Alright, but let's start.

**YK:** Thank you very much.

**ShG:** Should I start with my autobiography?

**I. Lkhagvasuren (IL):** Yes, that is a good place to begin.

**ShG:** I was born in the old Sechen Khan *aimag*, Sechen Vangiin *khoshuu*, which is today Dornogov *aimag*, Sechen *sum*. I was the fourth son of Sharav and was born alongside the Maant Mountain. My parents had four children, but two died, so only my older brother and I remained. As a child, I watched over the young lambs and goats, collected *argal* (or manure) and firewood, and rode horses. This is how I spent my childhood along with my brother, my mother, and my grandmother. My father was a lama doctor of medicine at the Choir monastery. 1939, when I was two and my brother was six, was a time of many arrests, and my father was arrested because he was a doctor of Tibetan medicine with the title of lama doctor. By some good fortune, our family was not killed, although along with many lamas we were imprisoned for a month.

One night, at midnight, many people were loaded into a van for execution, but there was no space left, so one lama from Khentii *aimag* and my father stayed behind when everyone else was shoved into the van. We were sure that something terrible was going to happen to them. Perhaps they would be killed—I didn't know. Although my father and the other man had escaped death, the next morning they were told that they would be sent to prison for ten years at Zunkharaad, where I visited him. When I reached the age of thirteen, my father came out of prison. And all the time he was away, our mother took care of us. She acted as both mother and father, earning a living and supervising our studies. I had just finished primary school when my father, at forty-eight years old, came out of prison. I thought about dropping out of school as my brother had done to become a herder, but my father told me in no uncertain terms:

“By no means shall you leave school. Your older brother is a herder so you must be educated and attend the *aimag* school!” So I went to the Dornogov *aimag* school for ten years and finished in 1954. And for all that time I was an outstanding student and very much wished to study abroad in the USSR, but my father warned me not to neglect my school work in Mongolia. He, himself, had wished to be a medical specialist and thought that being a doctor was a purposeful profession and that medical school would be very interesting. I said that was alright for him but that I wanted to go abroad to study. So I went to Moscow, graduated, and returned to Mongolia in 1960.

## **2. Choosing a Profession**

**YK:** Which school did you attend?

**ShG:** I studied at the world famous Temeriazov Agricultural Academy where many renowned people have studied.

**YK:** Did you choose this school yourself?

**ShG:** No, although my first assignment was mislaid in fact, I didn't choose the profession of agronomy. I was a Gobi man, and planting and agronomy were unknown to me, so I only was introduced to these subjects in my first class in biology at Moscow University, named in honor of Lomonosov. Thus, in 1954 I went off for five years of study to master agronomy at the Temeriazov.

Then I began work at the Amgalangiin State Farm with its strong economy. Gachuurt, Tolghoi and Torkhurakhin were the first areas to come under the jurisdiction of the State which handled the agricultural economy so that green vegetables could be provided to Ulaanbaatar throughout the year. In addition, there was a milk farm where it was also profitable to raise foxes, stags, and sable. In this way, the "Amgalangiin Green Economy" came into existence in the 1950s. Some Mongols worked for the Chinese who planted some areas that were called Trade Town. Thus a solid economy was established on the Amgalangiin State Farm where I worked as an agronomist.

My major goal when I finished my education in Moscow was to work in the Ministry of Agriculture, but I was assigned to the Amgalangiin State Farm where the vegetables were planted and things went well.

**IL:** Were all the planters Mongolian?

**ShG:** Yes, most of them along with some Inner Mongolians who had settled in Outer Mongolia during the War in the 1940s. These Mongolian workers were good and produced many vegetables, along with a few Chinese workers who were quite skilled. We also had a greenhouse, and more than twenty varieties of vegetables were grown and sent to the city. We provided especially fine early vegetables like the Batsummer, Zunkharaa and Jargalant potatoes. My fate was tied to my planting expertise, and I set to work in the fields, using my hands rather than sitting at a desk where I could forget all that I had learned. I had been working for about a year when I was called to the State Farm Bureau that was responsible to the Council of Ministers. In the late 1950s, the Mongolian People's Revolutionary Party (MPRP) had put forward a plan for the "Reclamation of the Virgin Lands" as a major goal with O. Nanzad, a large man, named the director of this scheme for the State Farms. He told me that Mr. T. Lookhuuz was the Director of the Virgin Lands Plan and that I would work with him. But since I had only worked for less than a year, I needed more experience before I worked for Mr. T. Lookhuuz. However, after about twenty days I was again summoned, and I sensed that there was a bad feeling when I was told to see leader Lookhuuz. It was the first time after graduating from university that I had met such a leader, so I simply said "hello". But no one answered, so I waited. Then I was asked what I was doing there, and I explained that I was the chief agronomist at the Amgalangiin State Farm, and I was summoned here. Leader Lookhuuz then said to me "Don't you see that

for the sake of the Motherland, the People, and the Party that you cannot be such an undisciplined and wicked comrade and must participate in what you are asked to do?" I replied: "No, leader. All I asked for was a little more work experience." He replied: "I am reprimanding you and ordering you, without another word, to go to work right here!" I was young then, only twenty-four years old, and knew it was not good to receive a reprimand, so I started my second job working for the director of the Virgin Lands Plan. This movement spread quickly throughout the country and in May, 1960, I became its Director. Many thousands of youngsters were sent to the countryside, and several Soviet scientists and technical specialists came to advise us. A cloth tent was pitched for a work site on vacant land, and we managed more than three hundred hectares of virgin or untrodden land. These government-supported efforts at planting and growing grain were really rather small.

The goal of the Virgin Lands Plan was to meet the domestic demand for flour and the fodder for the herds who suffered from a short supply of food. The workers, therefore, were under pressure to produce a consistent food supply for the animals, so a major goal of the Plan was to cultivate three hundred and twenty-thousand hectares of new land in two to three years. In 1960, thirteen million hectares of land were sown with grain—the greatest increase in Mongolian history. At this time, a new era in Mongolian agriculture had begun, and I was happy to participate in and be responsible for that branch of the Mongolian economy. Throughout my life I have been engaged in all sorts of work and, even when I was President, I paid special attention to the agricultural economy.

### **3. Organizing the State Farms**

**IL:** How many State Farms were there then?

**ShG:** At the time, there were twenty State Farms and sixty including those that just raised fodder for the animals.

**IL:** In which areas of the country were these located?

**ShG:** In the north—in Selenge, Tov, Bulgan, Dornod, Khentii, and Sükhbaatar *aimags* and in the west—Övörkhongai, Arkhangai, Uvs and Zavkhan *aimags*. The *negdels*, or cooperatives, did a lot of the planting. There were nine large flour production industries established in Ulaangom, Mörön, Dornod, Choibalsan, Ondorkhan, Ulaanbaatar, Selengiin Sükhbaatar, and Bulgan, all located near a base of raw materials. In this way, the Virgin Lands Plan met the population's need for flour. I was the Deputy Minister at the Ministry of Agriculture from 1968 to 1975, when better materials were developed and seeds and agricultural equipment were stored in repair stations. The real peak time, however, for planting in Mongolia was in the 1980s when we grew our

own vegetables without the participation of outsiders. In 1986, 930,000 tons of crops were grown, but now we are down to 130 to 140,000 tons. There were enough seeds to meet our internal needs, so we could export some. The huge harvests were stored in the spacious Naadam stadium. We had a lot of tomatoes and vegetables, we exported Russian Siberian potatoes and even had enough fodder for the herds during a drought or *zud* and twenty large industries were established, which made mixed feed. I was an active participant in this historic agricultural development.

#### **4. The Wonders of Mongolia**

**IL:** Was it difficult to teach people about planting?

**ShG:** That is a complicated question to answer as it involves many social, economic and psychological issues. It is hard to make the transition from galloping in the saddle to farming. However, the tractor and combine drivers on the State Farms and in the *sum* centers worked with the Russian specialists for a forty-five day period, and there was a plan to set up courses in Arkhustai and Zaamart.

The Russians said that we Mongols were a very talented people and praised especially our technical abilities, which were evident from our young people who were accustomed to galloping bareback, but quickly learned to drive the machines, which ploughed the earth for those golden, swaying crops. Generally, it would take many years to master the necessary agricultural skills, but the Mongol workers learned in a few weeks. I was responsible for all the plowing and cultivation of grain.

**IL:** How did you select the areas for planting?

**ShG:** I worked with a major Soviet research group in choosing 1,300,000 hectares that were suitable for cultivation. The climate was good along the Selenge River, so it was decided to implement the Virgin Lands Plan in the central *aimags*. By the 1990s, nearly 1,000,000 hectares were in cultivation.

**IL:** You also worked as the leader of a collective farm in a western *aimag*. What is the difference between the central and western *aimags*?

**ShG:** I was assigned by the Party to work for two or three years on a fodder farm in Zavkhan *aimag*. For eight years the crops failed but finally, with help from the Soviets, a solid economy was built. I arrived in the central region when it was essential to have specialized skills and a strong comprehension of the cultivation process in order to select the right sort of plants and the technology for the poor soil and the growing period. One hectare in the central region was sown with one hundred and seventy to two hundred kilograms of seeds that were reduced to ninety to one hundred and twenty kilograms, since poor soil devoured so many seeds and the output was low. Then, new

technology to combat wind erosion was introduced. I stayed there for three years and, as an agronomist, I put things in order and was awarded a government prize in the second year.

**IL:** What was the best place for agriculture in Mongolia?

**ShG:** Selenge *aimag* is the most successful planting area, and it accounts for more than forty per cent of the agricultural production in the country, of which grains account for about forty-two to forty-three per cent. Selenge provides fifty per cent of the country's grain. We moved away from old-fashioned agriculture and added 200,000 hectares to the 900,000 hectares under cultivation, and even poor areas were planted. Now, however, about sixty per cent of seeds are imported, along with most of our potatoes and vegetables. What a shame we are in this situation which can only be ameliorated if the economy in the countryside is not based on market relations. Instead, we must be responsible for our own work to prevent a decline. I am pleased that the new government seems willing to encourage a recovery in agriculture.

## **5. Thoughts on Stimulating the Local Planting Industry**

**YK:** How did you revive the planting economy?

**ShG:** The decline in agriculture was partially the result of poor seeds. Better seeds are needed for an improved yield. The technique of collecting the dirty seeds in the fall and recycling them in the spring is outdated, and the market managers realized that. They also remarked on four or five problems in our agricultural economy, including the termination in 1990 of the Soviet influence on the rural economy and the necessity of updating obsolete technology. In addition, on one State Farm, ten to twenty small parts of the Farm were privatized, which led to its disintegration. With hindsight, we can see why these farms collapsed, but we hope that they will revive in the future. This year, after letting some fields lie fallow, the summer plowing has gone very well. Half the land is ready for planting, and the government is supporting agricultural products and supplies of fodder for the herds so necessary in times of *zud*. There have been many *zuds* over the years, so measures must be taken to save the herds. We are now quite helpless and even have to ask for help at home and abroad. There used to be enough food to withstand these harsh winters and defeat the *zuds*.

At that time, the herders did all the work of fattening the herds and preparing the *khashaas* or fenced-in enclosures for animals. Now that the herds have been privatized, some families seek State support, which is unacceptable. The food base for the animals has to be revived for the herding economy to be developed.

IL Do you think that the revival of agriculture will lead to a growth in the

supply of fodder for the herds?

**ShG:** Yes. The herds need to be fattened up. For almost ten years, the fodder industry has been abandoned, leading to a poor output, and it is now time to restore it. Although during socialist times the units of production may have been small, there was an attempt to locate these industries near the herders in their *aimags*. Thus, one can say that not all the results of privatization are good.

## 6. The Preparation of Specialists

**YK:** Can you give clear examples of the difficulties in the Virgin Lands Plan?

**ShG:** There were quite a few difficulties connected to the Virgin Lands Plan, which was a brand new branch of the Mongolian economy and presented to the Mongolian people a different approach to work. I, myself, knew little about this. In the past, the Mongolians had done some planting, but there were few directives so we had to figure out what needed to be done.

All of us directors went to the countryside to practice this cultivation of the soil, so we could teach others how to do it. Many had never seen things growing, and even Yu. Tsedenbal came to the countryside, sat on a combine, and asked how to plant things. The focus was on the Virgin Lands Plan but, at that time, there were no specialists, agronomists, or engineers who could teach us what we needed to know about growing crops. In 1959, a school for the rural economy was established to train professionals, and it is now in its forty-second year.

Because we did not have Mongolians who were specialists we relied on foreign professionals, although it was clear that our own people could do some very good work in these scientific and technological areas.

“The Orkhon” was one of the famous types of seeds that were developed. At first, there were poor storehouses for seeds, which could rot during transportation, but by the 1970s, the government had implemented better storage measures, so that 120,000 tons of seed were collected and stored with 40,000 tons in reserve. In addition, 115 repair stations for farm equipment were set up on the State Farms. These material and technological advances in the rural economy, in those ten to twenty years, were heralded. However, it turned out to be impossible to repair the foreign tractors during our very cold winters, and we could only begin to work on them in the spring. By the 70s and 80s, the cultivation in all areas of the country was at its peak.

**IL:** How many crops did one hectare produce?

**ShG:** In the 70s and 80s, we averaged 10 to 12 centners (50 to 100 kilograms—trans.) for one hectare. Then 10 to 15 centners was a wonderful yield but now 7 to 8 centners is considered good, which is very disappointing.

I believe that our output declined because we did not complete the summer plowing in time for the planting period, adequately transport good seeds, and keep up with technological advances. We relied on old techniques and procedures when we should have followed improved market strategies.

There are many facets of the old system, however, which must be preserved. Rather than basing the science of cultivation on the economics of private property, which regulates everything down to the seeds, a new tax policy and support from the government would make a difference.

## **7. The Goals of Privatization**

**IL:** The focus has been on the privatization of the land and although there are now private planting companies, the land that had been cultivated was State land. Could these differences be reconciled?

**ShG:** There was a major dispute whether to privatize the land, and local land relations were a predominant feature. Although the land was government property, companies managed some planting areas and some herds, so my goal was to resolve the legal issues regarding this mix of State and private property. We needed to keep in mind that our soil was rich and that after forty years we were quite experienced in agricultural production. Although there were few people and settlements and an abundance of land, it was difficult to work out these issues of privatization and State ownership. The European model of age-old private ownership was not relevant to our situation.

All facets of this problem were tricky, so the Mongolian people had to be educated in all of the legalities of privatization. The Constitution stated that a person could, in fact, own land, which could also be rented to those at home or abroad for sixty years, with a forty year extension. This provision opened up the possibility of leasing parts of Mongolia to foreigners for up to one hundred years.

Although it was not our tradition, some Mongolians privatized certain areas for their horses and their herds, which must have angered the spirits. The issue of pasturelands that is linked to the privatization of the herds also needs to be addressed. For several hundred years, however, the Mongolians had privately tended their herds and had sold the skins, furs, and food and drink from their animals. They had experience in where to put up their *gers* and where to pasture their herds, but they were not keen on planting the soil. There were strong demands for the privatization of the land, but the subject required more study. It was said: "Most countries in the world market have privatized their land and if we do not privatize, our economy could suffer." A new theory stated that the local economy was of paramount interest, while another emphasized that Mongolia had to study privatization now without delay and no

quarreling!

At the meeting of the National Great Khural, there was talk of a new land law, which would give greater freedom to privatization because certain places not covered by earlier laws were now up for grabs. Anyone who took over land had to make use of it for two years or give it up, so there was pressure to take over areas for ten, twenty, or fifty years.

Everyone was entitled to some land, and the law was celebrated particularly in fertile areas where the workers were eager to learn about mechanization and get a bank loan to fix up their lands. So we had a lot to learn about privatization in this transition period.

Of special significance to the Mongolians, the pasturelands would not, by and large, be privatized. The herder was at the mercy of the weather, especially the *zud*, and I wondered how I would manage it. Our pastures are essential to the herding economy, and one can ask a lot of money for one's herds because the pastures are not privatized. People must use the pastures wisely and only offer a small payment to the State. These things must be taken into account when the privatization plan goes into effect this spring led by the Ikh Khural (or Parliament).

## 8. Mr. Sharav Gungaadorj

**YK:** Now let me ask you a few questions about your personal life. How many children do you have? How did you get to know your wife?

**ShG:** We have five children, and my wife is a teacher. We met in the usual manner, and there was neither fuss nor a celebration. We had no possessions, and only one suitcase with our clothes in it when we got married. My wife came from Arkhangai *aimag*, but I got to know her in Ulaanbaatar. She finished her specialized training in a teacher's college and taught Mongolian language and literature. Now she does private teaching. I have four daughters and one son, and all of them have finished school, are cultured, and are working. The third daughter studied in Germany and is now studying for a Ph. D. in economics in America.

## 9. Working in the State Farms

**IL:** What crops were planted on the State Farms and the *negdels* when you began?

**ShG:** The *negdels* were involved, by and large, in the herding economy but also grew crops for their own needs, including fodder for their animals. However, since the State controlled about 1/3 of the planting areas, the *negdels*, which were quite profitable, had to raise crops for the State. Efforts were also taken to prepare an emergency fund in case of a *zud*.

**IL:** Were tractors and combines used for cultivation?

**ShG:** The Soviets had charged us for this technology, and now people have to buy it for themselves.

**IL:** Where did you get the initial financing for technology? Was it either the live herds or technology?

**ShG:** There were many sources of funding for technology in the rural economy. From the 40s to the 60s, the Mongols had to send their animals for export on foot. This stopped in the 70s because we had more equipment from the Soviet Union, and we developed meat *kombinats* (or enterprises), which made herding on foot less profitable. These *kombinats*, set up in Dornod, Darkhan and Ulaanbaatar, required changes in the slaughter of the animals whose meat was readied for export. The export of meat, skins, fur, wool, cashmere, and the hair shed by cows and horses helped finance technology for the rural economy. The riches of nature and its minerals were also important.

## **10. Planting Vegetables**

**IL:** Did you need a lot of consumers for the first green vegetables grown on the State Farms? I imagine that some herders would not eat the vegetables grown on their *negdels*.

**ShG:** We began to raise vegetables in the 1960s, but few people ate them since the Mongols, by and large, ate meat with only the occasional potato. In the city, people ate more vegetables and by the end of the 60s into the 70s, people were becoming more accustomed to them. Because the *negdel* workers who produced these vegetables often left them out to rot, the State Farms were forced to consider paying the workers in cash for their vegetables.

**YK:** Could you describe the Amgalangiin State Farm as it is today and tell us about your work there?

**ShG:** We cultivated flowers near a three story red building. Today there is no one to do this sort of work. Nearby, there was a white building and a red building, and next to it was the remains of a greenhouse. All these structures were vital to the State Farm, but now they have other uses. Where plants used to grow, there are now roads.

**YK:** What were the crops? Potatoes?

**ShG:** No, carrots, turnips, onions and garlic were planted, but I don't know what is planted now. The hothouse was to the west where green vegetables were planted there in all four seasons for the residents of Ulaanbaatar. You can go and see it. The old buildings were demolished, and now a boot factory occupies the area.

In 1972, when I was the Deputy Minister of Agriculture, the State Farms in the west were called "Agro-Amgalan" and "Devshid," and they occupied

six hectares. Crops, including tomatoes and cucumbers for pickles, were grown all year round. Things went well, and the Amgalangiin State Farm was successful.

## 11. Growing Fruits and Berries

**IL:** Did you plant any fruits and berries as well as vegetables?

**ShG:** In the 60s, planting fruits and berries was popular, and the Orkhon Shamaar State Farm was most renowned for its fruit, and T. Shagnar won a State prize. We learned about a technique from the people who lived near the Yellow River in Bulgaria which helped us build up our profits from apples, sea-buckthorn, and black currants among other fruits.

The Mongolians, however, have a bad habit of not adapting to changing times which can come upon them suddenly. Once fruits and berries were economically profitable, it was time to consider growing flowers. Grapes and vegetables were raised in Biger *sum*, Gov-Altai and along the Darmangiin River and the Bayankhongor Great River. There was a scientific station along the Khalkh River with all kinds of fruit where a man called Khuchig was a very good agronomist.

However, there were no fruits or vegetables grown along other parts of the Khalkh River until it reached the steppes—the largest growing area for fruits and berries—with 273,000 hectares of fertile land. In the forest steppe area, many things were planted, but little grew except yellow peas. A 30,000 hectare irrigation system was installed in this region, and the fruits and berries were very good. Now, however, only 3,000 hectares are irrigated.

## 12. The State Farms Break Up

**ShG:** There was little talk about what could be done for the State Farms as we didn't have the means to save them. We see, now, how regrettable that was and if we faced such a situation today, perhaps we would talk about it more fully. Today we confront new grievances arising from the problems of privatization of the rural economy. Although perhaps it was necessary to privatize the agricultural economy, what methods or plan should have been followed? However, those on the State Farms were simply told “You are on your own now!” leading to a disparity between the tractor driver and his small plot and the owner with his “69” company car. Since market conditions were rarely well understood, work continued to be traditionally organized, with no consideration of the division of the State Farms' property. There were no preparations for privatization so the State Farm lands were automatically divided based on naïve assumptions. It was left up to the market to regulate all of this.

I understood that the State followed certain regulations in making general changes, but there were no clear instructions about what to do with the herds, so a percentage was given away and others were abandoned. In addition, what would be done with the huge *khashaas* and stalls and what other resources for food would be found? It turned out that the *khashaas* and the pens were used by the privatized herds or they were demolished so it must be said that this privatization was based on faulty premises.

I was the leader of the Selenge *aimag* Party committee and, in 1986, I was the Minister of Agriculture and a deputy leader on the Council of Ministers dealing with the agricultural economy. We drew up agreements with the herders to lease the *negdel* or communal herds, and this sort of privatization proceeded quickly. Similarly, farmers leased fields and delivered their grain themselves

At that time people were pleased to have their own resources, so I think that was the appropriate path for Mongolia to follow. If we had followed that leasing plan, the herds and the land would have been privatized, and things would have been easier. But this plan was never seriously considered as we moved toward privatization and the ensuing suffering and confusion. These were some of my struggles working in the agricultural sector.

With the end of the *negdel* herds and the distribution of the State Farm lands, many people were unsure what would happen to them and how they would make a living. Unforeseen problems arose in part from an ignorance of how the market functioned in the herding and agricultural economies. In addition, people wondered what would happen to medical care, education, and cultural support in a privatized economy, and was privatization responsible for the mass migration from the western *aimags*? There were few explanations.

The government did not consider these privatization issues until later, and only now has a special committee of the Great Khural been proposed to look into these problems. But there are the same old mistakes.

**YK:** Have the farmers' planting areas decreased?

**ShG:** Of course, there has been a decrease. The fields used to be rotated with 900,000 turns. Now there is less than half of that with only 400,000 turns.

### **13. Recent Social Changes**

**YK:** Is there any information on the families who moved from far away into urban areas ?

**ShG:** There is no data on the recent population movements which should, however, be measured. In Ulaanbaatar alone there were 700,000 head of animals—mainly sheep—whereas in the past, there had been only about 140-150,000 head. This seems to indicate that a large number of families moved

into or near to the capital. Today the herds have grown five to six times larger and are concentrated in our Ulaanbaatar State, but that will change.

The major problem is how to disperse the animals more evenly, so they are not concentrated in one area where they can trample down the grass. In addition, as the climate changes, water will be less abundant as rivers and streams dry up. So, the future is unclear.

**IL:** In the past two years, there has been talk of a “Green Revolution.” What are the plans, and do any of them seem successful?

**ShG:** A successful plan was suggested by the Ministry of Agriculture, which encourages poor and less able people in towns, *sums*, and *aimags* to study planting and start their own “Green Revolution,” thereby reducing their poverty and improving their living standards. Crops were to be centralized in “agro-parks,” and the expenses of this “green revolution” were included in the budget. Although not all these goals could be reached, the plan was a positive step in the lives of the poor.

Do you have any other questions?

#### **14. Japanese Aid for the Agricultural Sector**

**YK:** How did the Japanese help the development of Mongolian agriculture?

**ShG:** The Japanese worked very closely with us on increasing our hay production as well as on the Ka-2 plan which up-dated our agriculture (The Mongols believed that their excellent grasses and hay were responsible for the fine quality and popularity of their meat, which also gave power to their sumo wrestlers—trans.).

Our newest agricultural technology follows this Ka-2 plan, and for the past three years we have gotten a combine and a tractor, the Yu-K being a very good model—but without a trailer from the Japanese. Unfortunately, the Russian trailers do not fit the Japanese tractors, so there was a lot of talk with the Japanese about a getting a good Japanese trailer. The Japanese were enormously helpful and gave us more than a milliard *tugriks* in seeds for the land ploughed during the summer.

Then there was the important issue of training new professionals for the agricultural sector, as well as introducing specialists from the old system to the new market situation. I went to Japan for two weeks to talk about strengthening our agricultural education and up-dating our laboratory equipment. And I said to the ambassador: “It is essential that the government, the professionals, and the Mongolian agricultural cadres support the Japanese plans, which unfortunately the budget will not cover. There should be a meeting of all the contributing countries, including Japan, to see what help can be offered us.”

We now import 31,000 tons of wheat because we are not increasing our

own yield, and in the first year Japan gifted us 20,000 tons of rice. Certainly Japan helped us a lot. There was a meeting of scholars in Hokkaido. There had been such a gathering the year before when growing potatoes was discussed because Hokkaido has a similar cool climate to ours. In the clean fresh air of our higher elevations, excellent potatoes grow very well. The Japanese have invested capital in our potato economy, and we have worked with them on research and the development of technology.

The following year, the Japanese visited us and told us that our potato seeds (or eyes ?) were of a poor quality, but they continued to help us, and we continued to work together in the fertile area of Khalkh Gol where production increased. So we had many questions and continued to work well on the development of our agriculture.

### **15. The Herder Returns to the Co-op**

**IL:** Has the herder decided to rejoin the *negdel* from his *khorschoo* (or cooperative) because of the market problems?

**ShG:** Some in agriculture would say that is the case. However, it would be hard to return to the *negdels*, which took fifty years to build, after the one shot privatization deal with the herds and agriculture. Strong measures were taken to organize the *negdels*, but now each person is on his own. For example, there is my family, your family, and one ravine and one valley. The herder says: “We live in one valley, so we can’t go our own separate ways. We need to co-operate in bringing in the hay from the fields, in the production of milk and during the *zud*. No one today is afraid of the past mistakes of the *negdels*, when the government intruded too forcibly in the operations of the *khoshoos*. Now, we need to combine our efforts! Five or ten folks who know each other should get together and organize an agricultural *khorschoo*—not a great big *negdel*.”

This made sense to me, and I thought that the Asian Development Bank could be helpful. We must support the farming economy. There are now 300,000 herders, which means there are also 300,000 farmers. The system of *khoshoos*, however, is complicated, and I couldn’t handle all their business accounts. I suggested that the herders take the initiative to get things done rather than relying on the government which could, however, offer financial and legal support. It was difficult to disperse the raw materials, such as skins, hides, wool, and cashmere to industry but the demands of such a system could lead to the *sums* coming together to buy or exchange goods, resources, and materials. In essence, this was the old “Trade Supply” system which looked to the orientation and structure of the market. We must have a strategy for the difficult issues of raw materials and transportation in the herding economy. It

is hard to carry the skins, hides, wool, and cashmere to the borders; horse carts are used by the southern *aimags*. We must deal with all these problems as well as the issues connected to foreign trade or we will be left empty handed. As time goes on, the government must get to work on a taxation and mechanization policy.

For a long time, our raw materials like wool and cashmere were very cheap abroad, but the carrots we grew and the flour we produced landed up on the rubbish heaps of the brightly colored markets. We lie about indolently and drink Russian milk, while our cows give birth. Thus, we appear weak, even helpless, and with no economy of our own we have become lazy. We import everything from abroad—milk, dairy products, and even potatoes. We have got to stop this. I have had a fresh start, and so must our country in improving its stocks and reserves.

Unlike in socialist times, people can't rely on handouts; people must become better workers and must be prepared to live on lower wages. The legalities of market relations are complicated, and there are no alternatives to work.

**YK:** I wrote an article in your paper.

**ShG:** I read it and read it to my wife and family. It was well stated, and I pretty much agreed with it. Basically you said that we encountered powerful *zuds* in which many of our animals died. I didn't support the famous plan to "restock" those animals because the lazy herders let their animals die saying "My animals died so I will get money!" Rather, food and fodder should be given, and support should really be given to the *khorshoos*. The herder insists when his flocks die that he should get the money, which is a big mistake. The Inner Mongolians produce enough food for their herds, but many of our animals have perished in the *zuds*. In the last twenty years, we have lost three million—in some years, 700,000-800,000 to one million in a year. We are helpless and can only temporarily protect ourselves from Mother Nature's impatience and harm. There has been no *zud* this year, but there might still be one. Nature and the weather are fierce, but if people are responsible they will suffer little damage from the *zud*.

In these last years, the herder has had to deal constantly with the climate and nature. During the summer Naadam there were horse races, wrestling matches, and lots of *airagh* or fermented mare's milk, and the first snow came in October covering the meadows, the *khorshoos*, and the *khashaas*. Many people cried out for help, but one cannot control nature, and in the new market economy the herds are private property, so each owner has to protect his own animals. One herder proclaimed: "I have five hundred animals, and with good luck and my own capability, I can prevent their deaths."

The country must protect its herds. It is well understood that when they eat, I eat!

## **16. Developing the Agricultural Industry the Right Way**

**IL:** Have strong measures been taken to revive Mongolian agriculture? Since there is greater demand for fruits and vegetables, are new crops being grown?

**ShG:** No, not really. Only a few things have been done, but we need to do more just to reach our past level.

**IL:** Some businessmen point out that Mongolia really isn't suited for growing crops and that all agricultural investments would be lost when the snows arrive. Therefore, they talk about the need for imports.

**ShG:** I don't agree with them. There are many places in the country where the weather is manageable, so why must we get agricultural products from abroad and cheap grain from China? Where is Mongolia's own industry? In the future, will grain always be cheap? Yes or No? Our future economy is based on our agricultural independence. Wheat production is essential to this strategy, and importing food from abroad is not. There is no magic bullet, but we must return to growing our own crops. Now I serve as President of the "Mongolian Plants and Grain Industry Union," which I organized after my visit to Kazakhstan in 1997. It has worked with the government in stimulating an educational program with an awareness of the agricultural industry. It was modestly hoped that agriculture could be brought back to former levels, but there were also new methods and the market economy to deal with! The grain imports were of poor quality, and one wondered if the health of the increasing population would be an issue. Such a frightening possibility needed to be considered. I could not support foreign imports from either Russia or China; potatoes should not come from faraway but from our southern regions. I can work with businessmen who have the money and decide what structures should be demolished and whether to build or not to build. The market regulates what is needed and achieved.

## **17. Privatization: Past and Future**

**IL:** What about the government? Did people give it much thought? Did it favor privatization?

**ShG:** Our government, by and large, did not understand the special issues of the market. For example, a Japanese professor by the name of Hirono consulted with our Council of Ministers and worked together with us to transform our market relations. He said to us: "You are moving from socialism to capitalism but because of your country's unique situation the theory followed by the highly developed Western nations is not applicable to

Mongolia.” We spoke often and agreed on general principles. However, the government’s D. Byambasüren and Comrade Da. Ganbold favored “shock therapy” which led to the introduction of sharp and sudden changes into our country’s market relations. This theory, introduced by the American scholar [Jeffrey] Sachs, should have improved our economy but, in fact, it did no such thing. Perhaps our youth might want to almost mechanically copy this Western theory, which was not really applicable to Mongolia.

There was no constructive policy or theory of privatization, promoted by Western advisors, that was really suitable for Mongolia. What sort of theory would apply to our country with its few people scattered far and wide?

In 1990, some people in our government presented the rough outline of a program of “government regulations for the market economy,” but many of those involved were arrested, so people became afraid. If a huge dam which holds the water back gets a crack in it, it explodes. So with our people who were suddenly free but were lost and could not find their way. Or you might say those times were like being on the open sea without a rowboat. Then in 1994-5, our eyes and ears began to open. We asked was this a cogent and useful theory of the market, and we questioned our dependency on hand-outs. We were familiar with economic theory from Adam Smith to Sachs, and we had to move forward. Now that socialist times were over, and the MPRP had been replaced by democratic rule, the government had to organize society and modernize the economy—modernize in spite of an initial period of chaos that could arise from the competitive nature of the reforms. How did the Western nations experience this? How does the economic level of England, France, and Germany compare to our own? We are quite backward, but we don’t want to fall off the cart and get hurt. Nor would anyone in his right mind want the Motherland to take the wrong path.

We actually did not fit our pattern of growth into the theory of the world market and instead created our own path of development. There was also a great deal of criticism about the way privatization was handled because many mistakes were made. The path toward democracy that began ten years ago was not an easy one. We had twenty to thirty million animals and great mineral wealth, with only two million people.

**IL:** Did people receive “pink vouchers” for privatization? And what was the theory behind these privatization vouchers?

**ShG:** These vouchers or tickets showed the value of properties, and thus were supposed to lead to an equal division. In fact, this was a misguided theory. I lost the vouchers I was given, and I have nothing even though I invested in Gobi (cashmere company). Those vouchers were not worth the paper they were written on.

We have made some progress after hearing from the Japanese Professor Hirono. The government, for the first time, has started to regulate properly. Then Baabar and Da. Ganbold questioned me asking, “You don’t know much about market theory but what do you think of the government regulations?” I told them that Adam Smith didn’t even know such things. It is all just theory, but what about privatization in Mongolia?

**YK:** Did you meet with the Prime Minister who is a great theoretician of democratic power?

**ShG:** I did. Da. Ganbold, R. Gonchigdorj, and Baabar all met, and they said: “We have a program to regulate the government,” but their words were irrelevant since the government had completed its tenure and would, by law, be disbanded but it would not resign. Some said that the government regulations had to be abandoned, and I asked if the government would implement the program when in fact the government had been reduced and was doing very little. There were, on the other hand, large Japanese companies that would work with the government in trying to get involved with our Mongolian companies. However, since they are not transparent, the government is irrelevant.

**IL:** Could you talk about what sort of initiative the agricultural *negdels* might take? Are the planting areas of the collective farms being forcibly privatized? What other actions are being taken?

**ShG:** The herding economy and the planting economy are quite different. Crops don’t need to migrate, so farms can be privatized. We need a larger production and yield in seeds for the future development of this important sector of the Mongolian economy. We need to learn more about techniques for working the earth to support the growth of nourishing grasses to feed the pigs and birds. Some places can be rented, and farms can even be passed from one generation to the next. Selling the land, however, is out of the question. Today, the privatized land is in poor condition, and one must be careful about foreign buyers. There is no place like our country, and it must continue to exist.

**YK:** Yes. Thank you.